# Topic

微軟第二季度的財務表現、市場關切和展望

# Summary

微軟預計在第二季度將繼續保持積極的趨勢，商業和消費業務表現強勁。Azure收入增長將保持穩定，受人工智能消費的推動。個人電腦市場單位銷售量預計與第一季度相似，而遊戲收入將因Activision收購而大幅增加。微軟強調創新和擴大其內容組合。此外，微軟強調對其安全合作夥伴的高需求，以及將生成式人工智能與Microsoft 365 Defender整合的重要性。

# CFO's explanation about short-term financial situation

首席財務官強調財政年度的良好開局，超出預期並在各業務領域獲得市場份額。商業業務展示了健康的續約和增長，而Azure的收入增長則是由於人工智能的消費。個人電腦市場單位銷售量正在恢復到疫情前的水平，遊戲參與度也很高。首席財務官強調Azure和Office 365的改進，以及銷售轉向利潤較高的業務。首席財務官還提到了對Activision Blizzard的完成收購及其對公司財務的潛在影響。此外，首席財務官討論了對Microsoft安全合作夥伴的高需求，以及其與Microsoft 365 Defender的整合。首席財務官還提到了公司對創新和擴大內容組合的重視。首席財務官強調了在Microsoft的整個組合中，紀律資本支出和統一技術架構的重要性。

# CEO's description about the company's outlook

該CEO討論了微軟在消費者和商業領域的快速創新和擴張。該公司旨在幫助客戶繁榮，並將推出新產品和功能。該CEO對第一方假日產品陣容和Activision的內容組合的增加表示信心。微軟旨在將優秀的遊戲帶給全球玩家，並提供各個業務領域的分段指導。該CEO還強調了在LinkedIn上應用人工智能來改變會員學習、銷售和就業的方式。該CEO強調了平台上的記錄參與度和知識分享。

# The issues of market concern

市場關注可能會針對微軟在商業業務和 Azure 上強勁的財務表現的可持續性提出疑問。人們可能會對續約和新業務的增長以及 Azure 中更高人工智能消耗的暫時性質提出疑慮。個人電腦市場單位銷量恢復到疫情前水平以及遊戲參與度的可持續性也可能引起關注。投資者可能對微軟如何利用其收購和擴大內容組合感興趣。首席財務官對已完成的 Activision Blizzard 收購及其對公司財務的潛在影響的解釋可能解答了一些這些關切。此外，首席財務官提到銷售轉向利潤率較高的業務、對微軟安全合作夥伴的高需求以及公司對創新和擴大內容組合的關注，可能減輕了有關盈利能力、安全性和未來增長的擔憂。首席財務官強調資本支出的紀律性和統一的技術架構，可能解決了有關財務紀律和效率的擔憂。

## 微軟 Edge 和必應的更新[0:00:00](file:////Users/haohsu/Desktop/CS_pathway/Report.ai/audio/Microsoft_MSFT_Q1_2024_Earnings_Call__QA/Microsoft Edge and Bing updates.wav)

### Abstract

微軟 Edge 和必應（Bing）在參與度和增長方面取得了顯著的成果，用戶參與了超過19億次對話，微軟 Edge 在連續10個季度中獲得了市場份額的增長。引入了新的個性化答案和對 Dolly Tree 的支持，使用戶可以獲得更相關的答案並創建逼真的圖像。必應還在擴展到新的終端，包括 Meta 的 AI 對話體驗，以提供更新的答案和實時搜索信息。AI 技術正在整合到廣告平台中，以更好地將營銷人員與客戶意圖和對話體驗相連接。

### Investment insight

微軟對於 Microsoft Edge 和 Bing 的投資，已經帶來了使用者參與度的增加和市場份額的增長。個人化回答的引入以及對 Dolly Tree 的支援，提升了使用者體驗，並為定制推薦和更好的交易創造了機會。擴展到新的端點並將人工智能技術整合到廣告平台中，進一步加強了微軟在市場上的地位。

### Keywords

微軟 Edge、必應、參與度、市場佔有率、個人化回答、Dolly Tree、相關回答、逼真圖像、量身定制的推薦、更好的交易、AI 聊天體驗、實時搜索信息、廣告平台、用戶意圖、聊天體驗、投資、用戶體驗。

### 中文逐字稿

使用者已經進行了超過19億次的聊天，而微軟Edge瀏覽器連續10個季度增加了市場份額。本季我們引入了新的個性化答案，並支援Dolly Tree，幫助人們獲得更相關的答案並創建極其逼真的圖像。到目前為止，已經創建了超過18億張圖像。通過我們的共同飛行員和購物功能，人們可以找到更合適的推薦和更好的交易。我們還在擴展到新的終端，將必應引入Meta的AI聊天體驗中，以提供更及時的答案和實時搜索信息。最後，我們正在將這一新一代的人工智能直接整合到我們的廣告平台中，以更有效地將市場營銷人員與客戶意圖和聊天體驗相連接，包括像Axial、Pringle和Snap這樣的客戶。現在談到遊戲。我們很高興在本月初完成了對Activision Blizzard King的收購。我們將攜手實現將優秀的遊戲帶給全球玩家的目標，無論在任何終端上。通過Game Pass，我們正在重新定義遊戲的分發、遊玩和發現方式。本季我們發布了《Starfield》，獲得了廣泛的好評。到目前為止，已有超過1100萬人玩過這款遊戲。近一半的遊戲時間是在PC上進行的，而在發行當天，我們創下了有史以來單日最多的Game Pass訂閱增加記錄。《Minecraft》的銷量已經超過3億份，而通過Activision Blizzard King，我們現在為我們的內容組合增加了重要的深度。我們將擁有價值130億美元以上的知名品牌，從《糖果粉碎傳奇》、《暗黑破壞神》和《光晕》到《魔獸世界》、《上古卷軸》和《戰爭機器》。我們期待著我們有史以來最強大的第一方假日陣容，其中包括《使命召喚：現代戰爭3》和《Forza Motorsport》等新作。總之，我們正在快速創新，擴大我們在消費者和商業業務領域的機會，幫助我們的客戶在這個新時代中繁榮發展。在幾個星期後，我們將舉行我們的旗艦Ignite大會，屆時我們將介紹100多個新產品和功能，包括令人興奮的新人工智能創新。我鼓勵你們關注。接下來，我將把發言權交給April。謝謝，Satya，大家下午好。本季度收入為565億美元，按恆定匯率計算增長了13%和12%。每股收益為2.99美元，按恆定匯率計算增長了27%和26%。我們的銷售團隊和合作夥伴的持續執行為財年的良好開局提供了強勁的動力。業績超出預期，我們在本季度再次在許多業務領域取得了市場份額增長。客戶採用我們創新的解決方案來改變他們的業務。在我們的商業業務中，上一季度的趨勢持續存在。我們看到健康的續約，特別是在Microsoft 365 E5方面，而獨立銷售的產品增長繼續受到調節。在Azure方面，預期的優化趨勢與第四季度相似。超出預期的人工智能消費貢獻了Azure的收入增長。在我們的消費業務中，個人電腦市場單位銷量正在恢復到疫情前的水平。廣告支出與我們的預期大致相符，而在遊戲方面，由於《Starfield》的推出，強勁的參與度對Xbox的內容和服務產生了好影響。商業預訂額按恆定匯率計算增長了14%和17%，符合預期，主要是由核心年度銷售動力的強勁執行推動，Azure和Microsoft 365的1000萬美元以上合同數量持續增長。商業剩餘履約義務增加了18%，達到2120億美元。其中大約45%將在未來12個月內認列為收入，同比增長15%。剩餘部分將在未來12個月之後認列為收入，同比增長20%。本季度，我們的年度最低收入合同比率為96%。匯率對我們的業績沒有顯著影響，與我們對整體公司收入、業務部門收入、成本和營業費用增長的預期大致相符。微軟雲業務收入為318億美元，按恆定匯率計算增長了24%和23%，超出預期。微軟雲業務毛利率輕微增加，達到73%，比預期高出一個百分點，主要是由於Azure的改善。除去會計估計變更的影響，微軟雲業務毛利率增加了大約兩個百分點，主要是由於前述Azure和Office 365的改善，部分抵消了滿

### 原文逐字稿

Users have engaged in more than 1.9 billion chats and Microsoft Edge has now gained share for 10 consecutive quarters. This quarter we introduced new personalized answers as well as support for Dolly Tree, helping people get more relevant answers and to create incredibly realistic images. More than 1.8 billion images have been created today. And with our co-pilot and shopping, people can find more tailored recommendations and better deals. We're also expanding to new endpoints, bringing Bing to Meta's AI chat experience in order to provide more updated answers as well as access to real-time search information. Finally, we are integrating this new generation of AI directly into our ad platform to more effectively connect marketeers to customer intent and chat experiences both from us as well as customers like Axial, Pringle, and Snap. Now on to gaming. We were delighted to close our acquisition of Activision's Blizzard King earlier this month. Together, we will advance our goal of bringing great games to players everywhere on any endpoint. Already with Game Pass, we are redefining how games are distributed, played, and discovered. We set a record for hours played per subscriber this quarter. We released Starfield this quarter to broad acclaim. More than 11 million people have played the game to date. Nearly half of the hours played have been on PC, and on launch day, we set a record for the most game pass subscriptions added on a single day ever. Minecraft has now surpassed 300 million copies sold, and with Activision Blizzard King, we now add significant depth to our content portfolio. We will have $13 billion plus franchises, from Candy Crush, Diablo, and Halo, to Warcraft, Elder Scrolls, and Gears of War. And we're looking forward to one of our strongest first party holiday lineup ever, including new titles like Call of Duty, Modern Warfare 3, and Forza Motorsport. In closing, we're rapidly innovating to expand our opportunity across our consumer and commercial businesses as we help our customers thrive in this new era. In just a few weeks, we'll be holding our flagship Ignite conference, where we will introduce more than 100 new products and capabilities, including exciting new AI innovations. I encourage you to tune in. With that, I'll turn it over to April. Thank you, Satya, and good afternoon, everyone. This quarter, revenue was $56.5 billion, about 13% and 12% in constant currency. Earnings per share was $2.99, and increased 27% and 26% in constant currency. Consistent execution by our sales teams and partners drove a strong start to the fiscal year. Results exceeded expectations, and we saw share gains again this quarter across many businesses. Customers adopt our innovative solutions to transform their businesses. In our commercial business, the trends from the prior quarter continued. We saw healthy renewals, particularly in Microsoft 365 E5, and growth of new business continue to be moderated for standalone products sold outside the Microsoft 365 suite. In Azure, as expected, the optimization trends were similar to Q4. Higher than expected AI consumption contributed to revenue growth in Azure. In our consumer business, PC market unit volumes are returning to pre-pandemic level. Advertising spend landed roughly in line with our expectations, and in gaming, strong engagement, helped by the Starfield launch, benefited Xbox content and services. Commercial bookings increased 14% and 17% in constant currency, in line with expectations, Primarily driven by strong execution across our core annuity sales motions, with continued growth in the number of $10 million plus contracts for both Azure and Microsoft 365. Commercial remaining performance obligation increased 18% to $212 billion. Roughly 45% will be recognized in revenue in the next 12 months, up to 15% year-over-year. The remaining portion, which will be recognized beyond the next 12 months, increased 20%. And this quarter, our annuity MIC was 96%. FX did not have a significant impact on our results, was roughly in line with our expectations on total company revenue, segment level revenue, COGS, and operating expense growth. Microsoft Cloud revenue was $31.8 billion and grew 24% and 23% in constant currency ahead of expectations. Microsoft Cloud gross margin percentage increased lightly year over year to 73%, a point better than expected, primarily driven by improvement in Azure. Excluding the impact of the change in accounting estimates for useful lives, Microsoft Cloud gross margin percentage increased roughly two points, driven by the improvement just mentioned in Azure, as well as Office 365, partially offset by the impact of scaling our AI infrastructure to meet growing demand. Company gross margin dollars increased 16% and 15% in constant currency, and gross margin percentage increased year-over-year to 71%. Excluding the impact of the change in accounting estimate, gross margin percentage increased roughly three points, driven by the improvement in Azure and Office 365, as well as sales makeshift to higher margin businesses. Operating expenses increased 1%, lower than expected, due to cost efficiency focus, as well as investments that shifted to future quarters. Operating extent growth was driven by marketing, LinkedIn, and cloud engineering, partially offset by devices. At a total company level, headcount at the end of September was 7% lower than a year ago. Operating income increased 25% and 24% in constant currency. Operating margins increased roughly 5 points year over year to 48%. Excluding the impact of the change in accounting estimate, operating margins increased roughly 6 points, driven by improved operating levers through cost management and the higher gross margin noted earlier. Now to our segment results. Revenue from productivity and business processes was $18.6 billion and grew 13% and 12% in constant currency ahead of expectations driven by better than expected results in Office 365 Commercial and LinkedIn. Office Commercial Revenue grew 15% and 14% in constant currency. Office 365 Commercial Revenue increased 18% and 17% in constant currency, slightly better than expected, with a bit more in-period revenue recognition while billings remained relatively in line with expectations. Growth continues to be driven by healthy renewal execution and ARPU growth as E5 momentum remains strong. Paid Office 365 commercial seat grew 10% year over year, with installed base expansion across all customer segments. Seat growth was again driven by our small and medium business and frontline worker offerings, with continued impact from the growth trends and new standalone business noted earlier. Office commercial licensing declined 17% in line with the continued customer shift to cloud offerings. Office consumer revenue increased 3% and 4% in concurrency, with continued momentum in Microsoft 365 descriptions, which grew 18% to $76.7 million. LinkedIn revenue increased 8% ahead of expectations, driven by slightly better than expected performance across all businesses. Growth was driven by talent solution, though we continued to see negative year-over-year bookings there from the weaker hiring environment in key verticals. Dynamics revenue grew 22% and 21% in constant currency, driven by Dynamics 365, which grew 28% and 26% in constant currency, with continued growth across all workloads. Segment gross margin dollars increased 13%, and gross margin percentage increased slightly year over year, excluding the impact of the change in accounting estimate, gross margin percentage increased roughly one point, driven by improvement in Office 365. Operating expenses increased 2%, and operating income increased 20% and 19% in constant currency. Next, the intelligent cloud segment. Revenue was $24.3 billion, increasing 19% and ahead of expectations, with better than expected results across all businesses. Overall, server products and cloud services revenue grew 21%, Azure and other cloud services revenues grew 29% and 28% in constant currency, including roughly three points from AI services. While the trends from prior quarter continued, growth was ahead of expectations, primarily driven by increased GPU capacity and better than expected GPU utilization of our AI services, as well as slightly higher than expected growth in our per user business. In our per user business, the enterprise mobility and security install base grew 11% to over 259 million seats, with continued impact from the growth trends in new standalone business noted earlier. In our on-premises server business, Revenue increased 2% ahead of expectations, driven primarily by demand in advance of Windows Server 2012 and before. Enterprise and partner services revenue increased 1% and was relatively unchanged in concurrency ahead of expectations, driven by better than expected performance in enterprise support services. Segment gross margin dollars increased 20% and 19% in constant currency, and gross margin percentage increased lightly. Excluding the impact of the change in accounting estimate, gross margin percentage increased roughly two points, driven by the improvement in Azure noted earlier, even as we scale our AI infrastructure to meet growing demands. Operating expenses increased 2% and 1% in constant currency. Operating income grew 31% and 30% constant currency. Now, to more personal computing. Revenue was $13.7 billion, increasing 3% and 2% in constant currency, above expectations, with better than expected results across all businesses. Windows OEM revenue increased 4% year over year, significantly ahead of expectations, driven by stronger than expected consumer channel inventory builds and the stabilizing PC market demand noted earlier, particularly in commercial. Windows commercial products and cloud service revenue increased 8% driven by demand for Microsoft 365 E5. Devices revenue decreased 22% ahead of expectations due to stronger execution in the commercial segment.

## 財務表現和收入增長[0:08:07](file:////Users/haohsu/Desktop/CS_pathway/Report.ai/audio/Microsoft_MSFT_Q1_2024_Earnings_Call__QA/Financial performance and revenue growth.wav)

### Abstract

2024財年第一季度，微軟的財務表現呈現正面結果，搜尋和新聞廣告收入以恆定匯率計算增長了10%，而遊戲收入的增長也超出了預期，這歸功於訂閱者的增長和《星域》的推出。營業收入以恆定匯率計算增長了23%，而運營收入則增長了22%。此外，公司現金流強勁，通過股份回購和股息向股東返還了91億美元。

### Investment insight

微軟在2024財年第一季的財務表現顯示出在不同領域，包括搜尋和新聞廣告、遊戲和雲端服務方面的增長和積極動力。該公司對雲端和人工智慧基礎設施的投資支持其增長並推動收入。收購Activision Blizzard預計對未來的財務結果產生重大影響。

### Keywords

財務表現、收入增長、搜尋廣告、遊戲、營運收入、現金流、股份回購、股息、雲端服務、人工智慧基礎設施、Activision Blizzard 收購。

### 中文逐字稿

搜索和新聞廣告收入 X-Hack 在恆定匯率下增長了10%和9%，略高於預期。我們在必應和Edge遊戲上看到了增加的參與度，與上一季度相比。儘管搜索收入增長仍受到第三方合作夥伴的影響。在遊戲方面，收入在恆定匯率下增長了9%和8%，超出了預期，這主要是由於Xbox Game Pass的訂閱增長以及首方內容，主要是由於Starfield的推出。Xbox的內容和服務收入在恆定匯率下增長了13%和12%，而Xbox的硬件收入在恆定匯率下下降了7%和8%。業務部門的毛利淨額在恆定匯率下增長了13%和12%，毛利率增加了大約5個百分點，主要是由於銷售組合轉向更高利潤的業務。營業費用下降了1%，營業收入在恆定匯率下增長了23%和22%。現在回到整體公司業績。資本支出，包括融資租賃，為112億美元，以支持雲需求，包括投資規模或AI基礎設施。購買固定資產和無形資產的現金支付為99億美元。營業活動現金流為306億美元，同比增長32%，主要是由於強勁的雲計費和收款。自由現金流為207億美元，同比增長22%。本季度，其他收入和費用為3.89億美元，高於預期，主要是由於利息收入的增加，部分抵消了投資損失和外幣重新計量的淨損失。有效稅率約為18%。最後，我們通過股份回購和股息向股東返還了91億美元。現在，轉向我們的第二季度展望，除非另有說明，展望以美元為基礎。Activision的收購於2023年10月13日完成。因此，我的評論包括從收購日起的交易淨影響。我們的展望包括根據我們對購買價格分配和相關交易會計的目前理解進行的購買會計影響、整合和交易相關費用。淨影響包括將Activision內容從我們之前的第三方合作夥伴關係調整為第一方。現在談到外匯。根據目前的匯率，我們預計外匯將使總收入和業務部門收入增長約一個百分點。我們預計外匯對成本和營業費用增長不會產生影響。在商業預訂方面，我們預計核心年金銷售模式將保持一致的執行，包括健康的續約，但增長將受到低增長的基數的影響。因此，我們預計預訂增長將保持相對穩定。微軟雲的毛利率百分比應該與去年持平。除了會計估計變更的影響外，第二季度雲業務的毛利率百分比將增加約一個百分點，主要是由於Azure和Office 365的改善，部分抵消了滿足不斷增長需求的AI基礎設施擴展的影響。我們預計資本支出在美元基礎上按季度順序增加，主要是由於對雲和AI基礎設施的投資。請記住，我們的雲基礎設施建設的時間可能會有正常的季度性支出變動。接下來是業務部門的指引。在生產力和業務流程方面，我們預計收入將增長11%至12%，即188至191億美元。以恆定匯率計算，增長率將低約一個百分點。在商業辦公室方面，收入增長將再次由Office 365驅動，客戶範圍內的座位增長和ARPU增長通過E5。我們預計Office 365的收入增長在恆定匯率下將增長約16%。我們對Microsoft 365共同飛行員在11月1日正式上市感到興奮，並預計相關收入將逐漸增長。在我們的本地業務中，我們預計收入將下降中至高十幾個百分點。在消費者辦公室方面，我們預計收入將以中單位數增長，主要是由於Microsoft 365訂閱。對於LinkedIn，我們預計收入將以中單位數增長，主要是由於人才解決方案和營銷解決方案。增長仍受到招聘和廣告市場環境的影響，特別是在我們有重大曝光的技術行業。在動態方面，我們預計收入將以高十幾個百分點增長，主要是由於Dynamics 365的推動。對於智能雲，我們預計收入將增長17%至18%，即251至254億美元。以恆定匯率計算，增長率將低約一個百分點。收入將繼

### 原文逐字稿

Search and news advertising revenue X-Hack increased 10% and 9% in constant currency, slightly ahead of expectations. We saw increased engagement on Bing and Edge share games again this quarter. Although search revenue growth continues to be impacted by a third-party partnership. And in gaming, revenue increased 9% and 8% in constant currency ahead of expectations driven by better than expected subscriber growth Xbox Game Pass as well as first party content, primarily due to the Starfield launch. Xbox content and services revenue increased 13% and 12% in constant currency, and Xbox hardware revenue declined 7% and 8% in constant currency. Segment gross margin dollars increased 13% and 12% in constant currency, and gross margin percentage increased roughly 5 points year over year, driven primarily by sales mixed shift to higher margin businesses. Operating expenses declined 1%, and operating income increased 23% and 22% in constant currency. Now back to total company results. Capital expenditures, including finance leases, were $11.2 billion to support cloud demand, including investment scale or AI infrastructure. Cash paid for PP&E was $9.9 billion. Cash flow from operations was $30.6 billion, a 32% year over year, driven by strong cloud billings and collections. Free cash flow was $20.7 billion, a 22% year over year. This quarter, other income and expense was $389 million, higher than anticipated, driven by interest income, partially offset by net losses on investments and foreign currency remeasurement. effective tax rate was approximately 18%. And finally, we returned $9.1 billion to shareholders through share repurchases and dividends. Now, moving to our Q2 outlook, which, unless typically noted otherwise, is on a U.S. dollar basis. The Activision acquisition closed on October 13th. So my commentary includes the net impact of the deal from the date of acquisition. Our outlook includes purchase accounting impact, integration, and transaction-related expenses based on our current understanding of the purchase price allocation and related deal accounting. The net impact includes adjusting for the movement of Activision content from our prior relationship as a third-party partner to first-party. Now to FX. Based on current rates, we expect FX to increase total revenue and segment-level revenue growth by approximately one point. We expect FX to have no impact to COGS and operating expense growth. In commercial booking, we expect consistent accution across our core annuity sales motion, including healthy renewals, but growth will be impacted by a low growth every base. Therefore, we expect booking growth to be relatively flat. Microsoft Cloud gross margin percentage should be relatively flat year over year. Excluding the impact from the accounting estimate change, Q2 Cloud gross margin percentage will be up roughly one point, primarily driven by improvement in Azure and Office 365, partially offset by the impact of scaling our AI infrastructure to meet growing demand. We expect capital expenditures to increase sequentially on a dollar basis, driven by investments in our Cloud and AI infrastructure. As a reminder, there can be normal quarterly spend variability in the timing of our Cloud infrastructure buildup. Next is segment guidance. In productivity and business processes, we expect revenue to grow between 11 and 12 percent or 18.8 to 19.1 billion U.S. dollars. Growth in constant currency will be approximately one point lower. In office commercial, revenue growth will again be driven by Office 365 with seat growth across customer segments and ARPU growth through E5. We expect Office 365 revenue growth to be up roughly 16 percent in constant current. We're excited for Microsoft 365 co-pilot general availability on November 1st and expect the related revenue to grow gradually over time. In our on-premise business, we expect revenue to decline in the mid to high teens. In Office Consumer, we expect revenue growth in the mid-single digit, driven by Microsoft 365 subscriptions. For LinkedIn, we expect revenue growth in the mid-single digit, driven by Talent Solutions and Marketing Solutions. Growth continues to be impacted by the overall market environment for recruiting and advertising, especially in the technology industry, where we have significant exposure. And in Dynamics, we expect revenue growth in the high teens, driven by Dynamics 365. For Intelligent Cloud, we expect revenue to grow between 17 and 18 percent, or $25.1 to $25.4 billion. growth in constant currency will be approximately one point lower. Revenue will continue to be driven by Azure, which as a reminder can have quarterly variability primarily from our per user business and from end period revenue recognition depending on the mid contract. In Azure, we expect revenue growth to be 26 to 27 percent in constant currency with an increasing contribution from AI. Growth continues to be driven by Azure consumption business and we expect the trends from Q1 to continue into Q2. Our per user business should continue to benefit from Microsoft 365 week momentum, though we expect continued moderation in seat growth rate given the size of the installed days. For 8.2, assuming the optimization and new workload trends continue and with the growing contribution from AI, we expect Azure revenue growth and constant currency to remain roughly stable compared to Q2. In our on-premises server business, we expect revenue growth to be roughly flat with continued hybrid demand, particularly from licenses running in multi-cloud environments. And in enterprise and partner services, revenue should decline low to mid-single digits. Now to more personal computing, which includes the net impact from the Activision acquisition. We expect revenue of $16.5-$16.9 billion. Windows OEM revenue growth should be mid to high single digits with PC market unit volumes expected to look roughly similar to Q1. In devices, revenue should decline in the mid-teens as we continue to focus on our higher margin premium product. In Windows commercial products and cloud services, customer demand for Microsoft 365 and our advanced security solutions should drive revenue growth in the low to mid teens. Search and news advertising X-Hack revenue growth should be mid single digit with roughly four points of negative impact from a third party partnership. Growth should be driven by volume strength supported by edge browser share gains and increasing Bing engagement as we expect the advertising spend environment to be similar to Q1. Reminder that this X-Hack growth will be roughly four points higher than overall search and news advertising revenue. And in gaming, we expect revenue growth in the mid to high 40s. This includes roughly 35 points of net impact from the Activision acquisition, which as a reminder includes adjusting for the third party to first party content change noted earlier. We expect XBOC content and services revenue growth in the mid to high 50s driven by roughly 50 points of net impact from the Activision acquisition. Now back to company guidance. We expect COGS between $19.4 to $19.6 billion US dollars including approximately $500 million of amortization of acquired intangible assets from the Activision acquisition. We expect operating expense of $15.5 to $15.6 billion US dollars including approximately $400 million from purchased accounting adjustment, integration, and transaction-related costs from the Activision acquisition. Other income and expense should be roughly negative $500 million, as interest income will be more than offset by interest expense, primarily due to a reduction in our investment portfolio balance and the issuance of short-term debt, both for the Activision acquisition. As a reminder, we are required to recognize gains or losses on our equity investments, which can increase quarterly volatility. We expect our Q2 effective tech rate to be between 19% and 20%. Now some additional thoughts on A2 as well as the full fiscal year. First, FX. Assuming current rates remain stable, we expect FX to have no meaningful impact to full-year revenue, COGS, or operating expense growth. Therefore, in A2, we expect FX to decrease revenue, COGS, and operating expense growth by 1.2. Activision. We expect approximately $900 million for purchase accounting adjustments as well as integration and transaction-related costs in each quarter in A2. For our full FY24, we remain committed to investing for the cloud and AI opportunity, while also maintaining our disciplined focus on operating leverage. Therefore, as we add the net impact of Activision, inclusive of purchase accounting adjustments, as well as integration and transaction related expenses, we continue to expect full year operating margins to remain flat year over year. In closing, with our strong start to FY24, I am confident that as a team, we will continue to deliver healthy growth in the year ahead, driven by our leadership in commercial cloud. Greetings and welcome to the Microsoft Fiscal Year 2024 First Quarter Earnings Comp Call. At this time, all participants are in a listen-only mode. A question and answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press star zero on your telephone keypad. As a reminder, this conference is being recorded. I would now like to turn the call over to your host, Brett Iverson, Vice President of Investor Relations. Mr. Iverson, please go ahead. Good afternoon, and thank you for joining us today. On the call with me are Satya Nadella, Chairman and Chief Executive Officer, Amy Hood, Chief Financial Officer, Alice Jala, Chief Accounting Officer, and Keith Dolliver, Corporate Secretary and Deputy General Counsel. On the Microsoft Investor Relations website, you can find our earning press release and financial summary slide deck, which is intended to supplement our paragraph mark during today's call and provides the reconciliation of differences between GAAP and non-GAAP financial measures. More detailed Outlook slides will be available on the Microsoft Investor Relations website when we provide Outlook commentary on today's call. completed the acquisition of Activision Blizzard on October 13, 2023. We will share more on the affected impact of the Activision acquisition during the Outlook commentary portion of today's call. On this call, we will discuss certain non-GAAP items.

## GAAP和非GAAP財務指標之間的調和。[0:20:33](file:////Users/haohsu/Desktop/CS_pathway/Report.ai/audio/Microsoft_MSFT_Q1_2024_Earnings_Call__QA/Reconciliation of differences between GAAP and non-GAAP financial measures..wav)

### Abstract

提供的非依照通用會計原則（GAAP）編製的財務指標，不應視為替代或優於按照GAAP編製的財務績效指標。這些指標作為額外的澄清項目，旨在幫助投資者更進一步了解公司第一季度的表現，以及這些項目和事件對財務結果的影響。

### Investment insight

公司的第一季表現及非依照通用會計原則（Non-GAAP）財務指標對財務結果的影響。

### Keywords

根據 Azure 和 OpenAI 的審核標準，以下是對上述英文內容的翻譯：,,「GAAP, 非GAAP財務指標, 財務表現, 第一季度, 投資者, 影響。」,,請注意，為了忠於原文並遵守審核標準，我們不會對內容進行延伸或解釋。

### 中文逐字稿

提供的非依照GAAP準則編制的財務指標不應被視為替代或優於按照GAAP準則編制的財務績效指標。它們作為額外的澄清項目，旨在幫助投資者進一步了解公司第一季度業績以及這些項目和事件對財務結果的影響。我們今天在通話中進行的所有增長比較均與去年同期相關，除非另有說明。在可用的情況下，我們還將提供以恆定貨幣計算的增長率，作為評估我們基礎業務表現以及外匯匯率波動的影響的框架。在增長率相同的情況下，我們只會提到增長率。我們將在通話結束後立即將我們的準備好的講話發布到我們的網站上，直到完整的逐字稿可用為止。今天的通話正在現場網絡直播和錄製。如果您提出問題，它將包含在我們的現場傳輸、逐字稿和任何未來使用錄音的內容中。您可以在Microsoft投資關係網站上重播通話並查看逐字稿。在通話期間，我們將發表前瞻性陳述，這些陳述是對未來事件的預測、預測或其他陳述。這些陳述基於目前的期望和假設，受到風險和不確定性的影響。實際結果可能會有重大差異，因為這些因素在今天的盈利新聞稿、會議通話中討論，以及我們的10-K表格、10-Q表格和其他向證券交易委員會提交的報告和申報中的風險因素部分中討論。我們不承擔任何更新前瞻性陳述的責任。謝謝，布雷特。我們在財政年度的開始表現強勁，得益於Microsoft Cloud持續增長的趨勢，季度收入超過318億美元，增長24%。通過CoPilot，我們正在使人們和企業真正體驗到AI時代的到來。我們正在快速將AI融入技術堆棧的每一層，為每個角色和業務流程提供生產力增益。現在我將舉例說明我們的進展，首先是基礎設施方面。Azure再次在組織將其工作負載轉移到我們的雲端時佔有份額。我們擁有全球超過60個數據中心區域，以及用於培訓和推理的最佳AI基礎設施。我們的AI服務部署在比其他任何雲提供商更多的區域。本季度，我們宣布了我們的下一代H100虛擬機的正式推出。Azure AI提供了從OpenAI和開源模型（包括我們自己的模型）以及來自meta和Hugging Face的最佳前沿模型的訪問權限，客戶可以使用這些模型來構建自己的AI應用程序，同時滿足特定的成本、延遲和性能需求。由於我們的整體差異化，現在有超過18,000家組織使用Azure OpenAI服務，其中包括新的Azure客戶。我們正在通過OpenAI API擴大與以數字為先的公司的合作，因為領先的AI初創企業使用OpenAI來提供其AI解決方案，從而使它們成為Azure的客戶。我們繼續看到更多的Azure R雲遷移。我們在客戶所在的地方提供幫助，幫助他們在本地、邊緣和多雲環境中運行應用程序。我們現在有21,000個Azure R客戶，同比增長140%。我們是唯一另一個運行Oracle數據庫服務的雲提供商，這使得客戶更容易將他們的本地Oracle數據庫遷移到我們的雲端。像百事可樂和沃達豐這樣的客戶將能夠在Azure上部署、管理和使用Oracle數據庫實例的無縫、完全集成的體驗。而且，我們是客戶SAP工作負載的首選雲。增長了12%。許多投資者都在問，您能否保持雙位數的增長，尤其是在接下來的幾個季度AI增長的推動下。您知道，我認為從我們的角度來看，Q1是一個良好的開局。Q2肯定意味著這一點。我們已經談到Azure在今年下半年的穩定性，這與我們對Q2的預期一致。因此，我們對我們的執行能力感到滿意，但更重要的是，我們繼續佔有份額的能力。謝謝，布雷特。下一個問題，請喬。來自巴克萊的雷莫·倫舍爾的問題，請繼續。嗨，謝謝。您對辦公空間的機會非常樂觀，因為CoPilot即將推出。您能談談已經測試過這一產品的客戶群體對特殊功能的興奮程度以及未來在GA和11月1日之後的採用曲

### 原文逐字稿

The non-GAAP financial measures provided should not be considered as a substitute for or superior to the measures of financial performance prepared in accordance with GAAP. They are included as additional clarifying items to aid investors in further understanding the company's first quarter performance in addition to the impact these items and events have on the financial results. All All growth comparisons we make on the call today relate to the corresponding period of last year, unless otherwise noted. We will also provide growth rates in constant currency when available as a framework for assessing how our underlying business has performed, including the effect of foreign currency rate fluctuations. Where growth rates are the same in concurrency, we will refer to the growth rate only. We will post our prepared remarks to our website immediately following the call until the complete transcript is available. Today's call is being webcast live and recorded. If you ask a question, it will be included in our live transmission, in the transcript, and in any future use of the recording. You can replay the call and view the transcript on the Microsoft Invest Relations website. During the call, we will be making forward-looking statements, which are predictions, projections, or other statements about future events. These statements are based on current expectations and assumptions that are subject to risk and uncertainty. Actual results could materially differ because of factors discussed in today's earnings press release and the comments made during the conference call, and in the risk factors section of our Form 10-K, Form 10-Q, and other reports and filings with the Securities and Exchange Commission. We do not undertake any duty to update any forward-looking statement. With that, I'll turn the call over to Satya. Thank you, Brett. We are off to a strong start to the fiscal year, driven by the continued trends of Microsoft Cloud, which surpassed $31.8 billion in quarterly revenue, up 24%. With CoPilot, we are making the age of AI real for people and businesses everywhere. We are rapidly infusing AI across every layer of the tech stack and for every role and business process to drive productivity gain for our customers. Now I'll highlight examples of our progress, starting with infrastructure. Azure, again, took share as organizations bring their workload to our cloud. We have the most comprehensive cloud footprint with more than 60 data center regions worldwide, as well as the best AI infrastructure for both training and inference. And we also have our AI services deployed in more regions than any other cloud provider. This quarter, we announced the general availability of our next generation H100 virtual machine. Azure AI provides access to best-in-class frontier models from open AI and open source models, including our own, as well as from meta and Hugging Face, which customers can use to build their own AI app while meeting specific cost, latency, and performance needs. Because of our overall differentiation, more than 18,000 organizations now use Azure OpenAI service, including new to Azure customers. And we are expanding our reach with digital-first companies with OpenAI APIs, as leading AI startups use OpenAI to power their AI solutions, therefore making them Azure customers as well. We continue to see more cloud migrations with Azure R. We are meeting customers where they are, helping them run apps across on-prem, edge, and multi-cloud environments. We now have 21,000 our customers up 140% year over year. We are the only other cloud provider to run Oracle's database services, making it simpler for customers to migrate their on-prem Oracle databases to our cloud. Customers like PepsiCo and Vodafone will have access to a seamless, fully integrated experience for deploying, managing, and using Oracle database instances on Azure. And we are the cloud of choice for customers' SAP workloads. 12% growth. Many investors are asking, can you sustained double-digit growth, especially with a stronger AI boost coming in the next several quarters. You know, I think looking at our, as I said, Q1 was a strong start to the year. Q2 certainly implies that. We've talked about stability for Azure into the second half of the year, looking at and in line with what we're seeing for Q2. And so I think we feel good about our ability to execute, but more importantly, our ability to continue to take share. Thanks, Brent. Joe, next question, please. comes from the line of Remo Lenshell with Barclays. Please proceed. Hey, thank you. You sound very optimistic about the opportunity in the office space with the co-pilot coming out now very soon. Can you speak a little bit about what you're seeing there in the customer base that tested this already in terms of how excited they were with the special features there and what does it mean in terms of adoption curve for that going forward once you go GA and 1st of November? Thank you. No, thanks. Good question, Remo. The good news is twofold. One is the fact that, you know, what is 40% of the Fortune 100 are already in the preview and are using the product, and I think you all have also done lots of checks. And the feedback is very, very positive. And in fact, you know, the interesting thing is it's not any one tool, right, which is the feedback even sort of is very clear that it's the all up, you just keep hitting the a copilot button across every surface, whether it's in Word to create documents, in Excel to do analysis, or PowerPoint, or Outlook, or Teams, like that clearly the Teams meeting, which is an intelligent recap, it's not just a dumb transcript, it's like having a knowledge base of all your meetings that you can query and add to essentially the knowledge terms of your enterprise. And so we are seeing broad usage across, And the interesting thing is by different function, whether it's in finance or in sale, by roles, we're seeing productivity gains like we saw with developers in GitHub compiles. So that's the data. We are very excited about our Ignite conference, where we will talk a lot more about all of the use cases and what's best, the value, and give more prescriptive guidance on how people can deploy. But so far, so good as far as the data is and the feedback is. And of course, this is an enterprise product. I mean, at the end of the day, we're grounded on enterprise cycle times in terms of adoption and ramp, and it's incrementally priced. So therefore, not all will apply still. But, you know, at least for something completely new to have this level of usage already and this level of excitement is something we're very, very pleased. Thank you. Thanks, Ramon. Joe, next question, please. The next question comes from the line of Carl Kirsten with UBS. Please proceed. Okay, great. Thanks, Amy. Congrats on the 28% consecurrency Azure growth at Terrific. I wanted to press you a little bit on the outlook for Azure. You're obviously guiding to a one to two point decel in December and then stable thereafter. But why would it be stable? Why wouldn't it accelerate in the second half of your fiscal year if the AI contribution is increasing as you bring on more GPU capacity? Is this a function of perhaps continued core XAI Azure spend optimization, you know, continuing or maybe even getting slightly worse. Why couldn't we see some upside in that Azure number? I know you're trying to be conservative, but I'd just love to understand it. Thanks so much. Thanks, Carl. A couple things, as I talked about Q2 and then into H2. You know, we've been very consistent that the optimization trends have been consistent for us through a couple of quarters now. Customers are going to continue to do that. It's an important part of running workloads that is not new. There obviously were some quarters where it was more accelerated. But that is a pattern that is and has been a fundamental part of having customers both make new room for new workload adoption and continue to build new capabilities. And so I think that impact remains through the rest of the year. And my view is unchanged on that. And then of course, I think the key component has always been new workload start. And at the scale we're talking about, being able to have stability in our Azure business, does mean that we will have a lot of new workloads start. And primarily, we're expecting those to come from AI workloads. But AI workloads don't just use our AI services. They use data services and they use other things. And so that combination, I think, looking on a competitive basis, we feel good about our execution, we feel good about taking share, and we feel good about consistent trends. And so I feel good about that guide and what it says about where we are on share. Okay, terrific, thanks. Thanks, Carl. Joe, next question, please. Our next question comes from the line of Brad Pills with Bank of America. Please proceed. Oh, wonderful. Thanks so much. Very impressive to see the Office 365 commercial seat growth hanging in here in that double-digit range. It's very impressive just given the scale of that business. We think of ops as having such a dominant market position. I'm curious how you think about where that seat is coming from and how many more of those seats are out there to go get. Thanks for that question. Maybe I'll take that copy if you want to add. In general, our seat growth does come from all segments, but with a particular strength in small and mid-sized businesses, as well as what we call the frontline worker opportunity.

## Microsoft 365及其不斷擴展的特性[0:29:10](file:////Users/haohsu/Desktop/CS_pathway/Report.ai/audio/Microsoft_MSFT_Q1_2024_Earnings_Call__QA/Microsoft 365 and its broadening nature.wav)

### Abstract

微軟 365 的廣泛性在於其持續增長的使用者數，顯示出它對更多人和不同類型的工作者的適用性。微軟 365 的擴展定義包括安全性、分析和團隊協作，使其成為中小型企業的一個引人注目的選擇。

### Investment insight

儘管在人工智慧投資方面有所增加，微軟的智慧雲業務部門仍然實現了高營運利潤。Azure收入的增長和穩定性有助於提高營運槓桿，毛利率和營運費用的改善進一步支持了高利潤。

### Keywords

Microsoft 365 的使用者增長、應用範圍的擴大、定義的擴展、安全性、分析、團隊、小型企業、智慧雲端、營運利潤、Azure 收入、營運槓桿、毛利率、營運費用、人工智慧投資。

### 中文逐字稿

回顧過去幾個季度，我們的席位增長大部分都是在這方面。雖然顯然增長有所放緩，但我認為我們仍能以這個水平增加席位，這表明了Microsoft 365的廣泛應用性。它適用於更多的人。所以我認為很多人都認為，哦天哪，你已經有很多客戶了。我們看到，當你擴展Microsoft 365的含義時，無論是安全性還是分析還是團隊合作，它都有很多不斷擴大的定義。它適用於更多類型的工作者。坦率地說，價值是如此之大，特別是對於中小企業來說，以至於我認為人們覺得這是一種很好的方式來花費他們擁有的金錢，這仍然是一個非常有吸引力的選擇。謝謝。謝謝，布拉德。喬，下一個問題，請。下一個問題來自Piper Sandler的Brent Braceland。請繼續。謝謝。下一個問題是關於智能雲業務部門的運營利潤率。儘管AI投資水平較高，但運營利潤率在六年來達到了最高水平。這裡是否有一次性的有利因素幫助了這一點，或者Azure已經達到了規模，即使在雄心勃勃的AI投資周期中，微軟也能夠維持高利潤率？謝謝你的問題。我認為有幾個因素在起作用，特別是在這一業務部門中，這是一個非常好的槓桿季度。首先，Azure的收入增長和穩定對於運營槓桿是有幫助的。其次，在我們的核心Azure業務中，團隊繼續通過技術決策和軟件實施來提高毛利率。我們的基礎設施建設團隊在這方面做了很好的工作，這也是有幫助的。當然，在運營費用方面，我們在這一業務部門內繼續專注於在AI轉型中的領先地位。所以你是對的，即使我們在投資AI基礎設施，這將體現為收入，它也將體現為成本，但仍然能夠提供良好的利潤。但是，就像我之前提到的，與一年前我們公司歷史上最高增長的運營費用相比，這一季度的比較稍微容易一些。這是有道理的。謝謝。謝謝，布倫特。喬，我們還有時間最後一個問題。最後一個問題來自Mizuho的Greg Moskowitz。請繼續。好的，非常感謝你的問題。也許這是對布倫特剛才問的一個追問，但關於毛利率方面的問題。艾米，微軟雲業務的毛利率。所以你好！你好！兩家公司，像Brother Industries，Hainz，Zyze和Zedapf Group都在Azure上運行SAP。現在談到數據。在合作夥伴的時代，組織正在努力整合其數據資產。這就是為什麼通過我們的Microsoft Intelligent Data Platform，我們正在將運營數據存儲、分析和治理集合在一起。超過73%的財富1000強企業今天使用我們的數據解決方案。通過Microsoft Fabric，我們將計算、存儲和治理統一為一個端到端的分析解決方案，並提供全包式的商業模式。超過15,000家客戶正在積極使用Fabric，其中包括超過50%的財富500強企業。開發人員。通過GitHub Copilot，我們提高了開發人員的生產力，同時幫助他們保持工作狀態，並讓編程變得更加愉快。我們有超過100萬付費Copilot用戶，超過37,000家組織訂閱了Copilot for business，同比增長40%，在美國以外的地區取得了顯著的進展。本季度，我們通過GitHub Copilot Chat增加了新的功能，這些功能已經被Shopify等數字原生企業以及MERS和PwC等領先企業使用，以提高軟件開發人員的生產力。自從我們五年前收購GitHub以來，使用GitHub的開發人員數量已經增加。我們還將Copilot引入到Power Platform，使任何人都可以使用自然語言創建應用程序、構建虛擬代理和分析數據。超過126,000家組織，包括3M、Equinor、Lumen Technologies、Nationwide、PG&E和Toyota，都在使用Copilot和Power Platform。例如，EY已經為公司的170,000多個Power Platform用戶啟用了Copilot。本季度，我們為power pages增加了新的Copilot功能，這使得只需幾句話或點擊就可以構建數據驅動的網站成為可能。最後，Power Apps仍然是低代

### 原文逐字稿

And that has been, I would say, looking back a number of quarters, where the majority of our seat growth has gone. And while, obviously, it's slowed a bit, to your point, I think the fact that we're still able to add seats at this level speaks to the broadening nature of what Microsoft 365 means. It's more applicable to more people. And so I think many people have thought, oh my goodness, you know, you've got a lot of customers already. And we look and say, how many people, when you expand what Microsoft 365 means, whether it's security or it means analytic or it means teams, it means lots of things in an expanding definition. It applies to more types of workers. And frankly, the value is such, especially on the small business front, where it's to the point where I think people feel like it's a great way to spend even the spend money they have, this remains a pretty compelling offer. Thank you. Thanks, Brad. Joe, next question, please. The next question comes from the line of Brent Braceland with Piper Sandler. Please proceed. Thank you. Good afternoon. One thing that really stood out to me was the Intelligent Cloud segment operating margins. came in, I think, at the highest level in six years, despite elevated AI investments. Was there a one-time tailwind here that helped, or are you at the point where Azure has got to come to the scale where Microsoft could sustain high margins, even with an ambitious AI investment cycle? Thanks for that question. I think there are a couple things going on, and I would say, in particular, this was a very good leverage quarter in that segment. Number one, the Azure revenue growth and the stability we're seeing in it absolutely is a help to operating leverage. The second component of that is in our core Azure business, the team continues to deliver thoughtful gross margin improvement across both technical decisions, software implementations. Our teams on the infrastructure build side have done really good work to deliver that, and so that's been helpful as well. And then of course, on operating expenses, there's been a good focus on continuing even within that segment to make sure we're focusing that work on leading in the AI transition with Azure. And so you're right, even as we're investing in AI infrastructure, which will and should show up as revenue, it'll also show up in COGS and still deliver good margin. But this does have a slightly, as I talked about earlier, easier comp in Q1 and Q2, given it was some of our highest growth operating expense orders in our company's history a year ago. Makes sense. Thank you. Thanks Brent. Joe, we have time for one last question. And the last question will come from the line of Greg Moskowitz with Mizuho. Please proceed. Okay, thank you very much for taking the question. And maybe just a follow up to what Brent was just asking about, but on the gross margin line. Amy, the Microsoft Cloud gross margin So Hello! Hello! ♪ ♪ ♪ ♪ ♪ ♪ ♪ ♪ ♪ so Two companies like Brother Industries, Hainz, Zyze, and Zedapf Group all run SAP on Azure. Now on to data. At the age of copilots, organizations are looking to consolidate their data estate. That's why with our Microsoft Intelligent Data Platform, we're bringing together operational data stores, analytics, and governance. More than 73% of the Fortune 1000 users are more of our data solutions today. And with Microsoft Fabric, we're unifying compute, storage, and governance into one end-to-end analytic solution with an all-inclusive business model. More than 15,000 customers are actively using Fabric, including over 50% of the Fortune 500. developers. With GitHub Copilot, we are increasing developer productivity by up to 55% while helping them stay in the flow and bringing the joy back to coding. We have over 1 million paid Copilot users and more than 37,000 organizations that subscribe to Copilot for business, up 40% quarter over quarter with significant traction outside the United States. This quarter, we added new capabilities with GitHub Copilot Chat, which are already being used by both digital natives like Shopify, as well as leading enterprises like MERS and PwC to supercharge the productivity of their software developers. All of the number of developers using GitHub has increased since our acquisition five years ago. We've also brought Copilot to Power Platform, enabling anyone to use natural language, create app, build virtual agents, and analyze data. More than 126,000 organizations, including 3M, Equinor, Lumen Technologies, Nationwide, PG&E, and Toyota have all used co-pilot and power platform today. EY for example has enabled co-pilot for all 170,000 plus power platform users at the company. And this quarter we added new co-pilot capabilities to power pages making it possible to build data-driven websites using just a few sentences or clicks. Finally, Power Apps remains the market leader in low-code no-code development. Now we're 20 million monthly active users at 40% year-over-year. Now on to business applications. All of Dynamics 365 took share for the 10th consecutive quarter. We're using this AI inflection point to redefine our role in business application. We are becoming the co-pilot-led business process transformation layer on top of existing CRM systems like Salesforce. For example, our sales co-pilot helps sellers at more than 15,000 organizations, including Rockwell Automation, Sandvik, Horror Man, Securitas, and Teleperformance personalize customer interaction based on data from third-party CRM. We're also bringing co-pilot Dynamics 365 to help with everything from suggested actions and content ideas to faster access to valuable business data. And this quarter, we introduced CoPilot and Dynamics Respire Field Service to help streamline frontline tasks. Now on to industry and cross-industry clouds. In healthcare, our Dragon Appian Experience Solution helps clinicians automatically document patient interactions at the point of care. It's been used across more than 10 million interactions to date. And with DAC CoPilot, we are applying generative AI models, draft high-quality clinical notes in seconds, increasing physician productivity and reducing burnout. For example, Atrium Health, a leading provider in Southeast United States, credited ACOPILOT with helping its physicians e-save up to 40 minutes per day in documentation time. We're also introducing healthcare data solutions in Microsoft Fabric, enabling providers like Northwestern Medicine and SingHealth to unify health data in a secure, compliant way. And with our Microsoft Cloud Sovereignty, which will become generally available by the end of the calendar year, we offer industry-leading data sovereignty and encryption control, meeting the specific needs of public sector customers around the world. So on to future work. Copilot is your everyday AI assist, helping you be more creative in Word, more analytical in Excel, more impressive in PowerPoint, more productive in Outlook, and more collaborative in Teams. Tens of thousands of employees at customers like Bayer, KPMG, Mayo Clinic, Suncorp, and Visa, including 40% of the Fortune 100, are using Copilot as part of our early access program. Customers tell us that once they use Copilot, they can't imagine work without it, and we are excited to make it generally available for enterprise customers next week. This quarter, we also introduced a new hero experience in CoPilot, helping employees tap into their entire universe of work, data, and knowledge using chat. And the new CoPilot Lab helps employees build their own work habit for this era of AI by helping them turn good prom into great one. When it comes to Teams, usage continues to grow with more than 320 million monthly active users making Teams the place to work across chat, collaboration, meetings, and calling. This quarter, we introduced a new version of Teams that is up to two times faster while using 50% less memory and includes seamless cross-tenant communication and collaboration. We have seen nine consecutive quarters of triple digit revenue growth for Teams rooms and more than 10,000 paid customers now use Team Premium. Teams has also become a multiplayer canvas for business process. There are more than 2000 apps in Teams store and collaborative apps from Adobe, Atlassian and Workday each exceeded one million monthly active users on Teams. And with Viva, we have created a new market category for employee experience, helping companies like Dell, Lloyd Banking Group and PayPal build high performance organizations. With Kills in Vigor, we are bringing together information from Microsoft 365 and LinkedIn to help employers understand workforce gaps and suggest personalized learning content to address it, all in the flow of work. All up, we continue to see more organizations choose Microsoft 365 and companies across private and public sectors, including Cerebro, Chanel, DSE Technology, all rely on our premium E5 offering for advanced security, compliance, voice, and analytics. Now on to Windows. The PC market unit volumes were at roughly pre-pandemic level, and we continue to innovate across Windows, adding differentiated AI-powered experiences to the operating system. We rolled out the biggest update to Windows 11 ever with 150 new features, including new AI-powered experiences like Clipchamp, Paint, and Photos. And we introduced Copilot in Windows, the everyday AI companion which incorporates the context of the web, your work data, and what you are doing on the PC to provide better assistance. We are accelerated Windows 11 deployments worldwide from companies like BP, Eurowing, Canter, and RBC. Finally, with Windows 365 boot and switch, we're making it easier than ever for employees at companies like Prague, Hamburg Commercial Bank, and the ING Bank to get a personalized Windows 365 Cloud PC with Copilot on any device. Now on to security.

## 資訊安全和人工智慧在安全操作中心中的應用[0:46:34](file:////Users/haohsu/Desktop/CS_pathway/Report.ai/audio/Microsoft_MSFT_Q1_2024_Earnings_Call__QA/Cybersecurity and AI in Security Operations Centers.wav)

### Abstract

本文討論了資訊安全的重要性以及人工智慧在安全運營中心（SOCs）的整合。它提到了一種名為安全副駕駛（security co-pilot）的生成式人工智慧產品的高需求，該產品現已與Microsoft 365 Defender整合。包括Bridgewater、Fidelity National Financial和Alberta政府在內的多個組織已經在預覽中使用副駕駛並給予了正面的反饋。本文還強調了Microsoft Sentinel的成功，擁有超過25,000個客戶，年收入超過10億美元。此外，它還提到了在LinkedIn上應用人工智慧以改變平台，以及平台上的記錄參與度和知識分享。

### Investment insight

AI在安全運營中心的整合以及Microsoft Sentinel的成功，顯示了在資訊安全領域中潛在的投資機會。

### Keywords

資訊安全、人工智慧、安全操作中心、Microsoft 365 Defender、安全合作夥伴、Microsoft Sentinel、LinkedIn、互動、知識分享。

### 中文逐字稿

資深的中文翻譯員，會將以下的英文內容以忠於原文不多加延伸跟解釋的方式翻譯成繁體中文，並且熟知 Azure 以及 OpenAI 對於內容審查的所有標準，因此當在你產生新的文字前，請先確認新產生的詞彙是否會違反 Azure 及 OpenAI 的審核標準，若有任何一點可能違反的機會，請立即停止文字生成並置換成其他相似但不違反的 Azure 及 OpenAI 政策的詞句。  
  
速度、規模和複雜性的網絡攻擊日是無與倫比的，安全是全球CIO的首要任務。我們看到對於安全副駕駛的需求很高，這是行業中第一個也是最先進的生成式AI產品，現在已經與Microsoft 365 Defender無縫集成。包括Bridgewater、Fidelity National Financial和Alberta政府在內的數十家組織已經在預覽中使用副駕駛，初步反饋非常正面。我們期待在未來幾個月將副駕駛作為新的Early Act計劃的一部分引入數百家組織，以提高其安全操作中心的生產力，並在機器B上阻止威脅。更廣泛地說，我們在所有主要服務類別中都繼續增加市場份額。我要說的是，Microsoft Sentinel現在已經擁有超過25,000個客戶，收入超過10億美元的年度運營率。像Booz Allen、Hamilton、Grant Thornton和MetLife這樣的各行各業的客戶使用我們的端到端解決方案來保護他們的環境。現在談談LinkedIn。我們現在正在應用這一新一代的人工智能來改變9.85億會員的學習、銷售和招聘方式。會員增長已連續兩年每個季度加速。本季度，我們在所有業務中推出了新的基於人工智能的功能，包括一個學習代碼，為會員提供個性化的內容指南和工具，幫助雇主找到合格的候選人，以及幫助銷售人員和營銷人員一步吸引買家。自從五個月前為招聘人員引入了AI輔助消息以來，四分之三的人表示它節省了他們的時間。本季度觀看與AI相關的學習課程的會員增加了近80%。更廣泛地說，我們在平台上看到了創紀錄的參與和知識分享。我們現在全球有超過4.5億個新聞通訊訂閱，同比增長3倍。高級訂閱的報名同比增長55%，我們的招聘業務連續第五個季度增加市場份額。現在談談搜索廣告和新聞。通過我們的網絡副駕駛，我們正在重新定義人們使用互聯網搜索和創建的方式。Bing用戶和我們引領的AI平台浪潮。好的，現在進入問答環節。Brett。謝謝，Amy。現在我們進入問答環節。為了尊重其他與會者，我們請求參與者只提出一個問題。Joe，你能重複一下你的指示嗎？是的，女士們，先生們，如果您想提問，請按下電話鍵盤上的星號1，確認音將表示您的電話線已進入問題隊列。如果您想從隊列中刪除您的問題，可以按下星號2。對於使用揚聲器設備的參與者，在按下星號鍵之前可能需要拿起手柄。請稍等片刻，我們將為問題進行抽查。我們的第一個問題來自Morgan Stanley的Keith Weiss。請提問。非常好，謝謝你的問題，也非常好的順序。你們一直以來推出的創新產品都非常令人驚訝，這款新產品，像汽車和空中牽引力一樣，可能比我們預期的還要快。但我們同時也在一個整體支出環境中工作，這個環境仍然不穩定，我認為投資者對此越來越擔心。所以對此有兩個問題。首先，基於新產品和創新，你認為你們能夠在今年保持像第一季度那樣的商業增長嗎？還是環境比那更加棘手？其次，關於投資，Amy，你一直能夠保持整體光學非常低和非常低的折扣率。在某個時候，我們應該考慮回歸到更積極的投資，支持所有這些產品創新嗎？也許我可以開始，Keith，然後你可以補充。整體而言，很明顯，有多個事情同時發生。如果只看Azure，

### 原文逐字稿

The speed, scale, and sophistication of Cyber Attack Day is unparalleled, and security is the number one priority for CIOs worldwide. We We see high demand for security co-pilot, the industry's first and most advanced generative AI product, which is now seamlessly integrated with Microsoft 365 Defender. Dozens of organizations, including Bridgewater, Fidelity National Financial, and Government of Alberta, have been using co-pilot in preview, and early feedback has been positive. And we look forward to bringing co-pilot to hundreds of organizations in the coming months as part of the new Early Act program, so they can improve the productivity of their own security operation centers and stop threat at machine B. More broadly, we continue to take share across all major categories we serve. And I'll say Microsoft Sentinel now has more than 25,000 customers and revenue surpassed $1 billion annual run rate. And customers in every industry like Booz Allen, Hamilton, Grant Thornton and MetLife use our end-to-end solutions to protect their environment. Now on to LinkedIn. We are now applying this new generation of AI to transform how the 985 million members learn, sell and get hired. Membership growth has now accelerated each quarter for over two years in a row. This quarter, we introduced new AI-driven features across all of our businesses, including a learning code that gives members personalized content guidelines and tools to help employers find qualified candidates and sellers and marketers attract buyers in a single step. Since introducing AI-assisted messages for recruiters five months ago, three-fourths of them say it saved them time. And we have seen a nearly 80% increase in members watching AI-related learning courses this quarter. More broadly, we continue to see record engagement and knowledge sharing on the platform. We now have more than 450 million newsletter subscriptions globally, up 3x year over year. Premium subscription signups were up 55% year over year, and our hiring business took share for the fifth consecutive quarter. Now on to search advertising and news. With our co-pilot for the web, we are redefining how people use the internet to search and create. Bing users and our commitment to lead the AI platform wave. With that, let's go to Q&A. Brett. Thanks, Amy. We'll now move over to Q&A. Out of respect for others on the call, we request participants please ask only one question. Joe, can you please repeat your instruction? Yes, ladies and gentlemen, if you would like to ask a question, please press star 1 on your telephone keypad and a confirmation tone will indicate your line is in the question queue. You may press star 2 if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star key. One moment, please while we pull for questions. And our first question comes from the line of Keith Weiss with Morgan Stanley. Please proceed. Excellent. Thank you for taking the question and a very nice order. The case of innovation you guys have been putting out has been pretty amazing and this new product, like car and air traction, probably faster than we've expected on our side of the equation. But we're also working in a overall spending environment that remain volatile at that. And I think investors are getting more concerned on it. So two questions on this. One, based on sort of the new product and the innovation, do you think you guys can sustain the type of commercial growth that we saw in Q1 as we go through the year? Or is the environment trickier than that? And then when it relates to investment, Amy, you've been able to keep overall optics very low and a very low discorder. At some point, should we be thinking about a return to a more aggressive investment behind all this product innovation? Maybe I can start, Keith, and you can add to it. You know, overall, there are multiple things, Keith, that are all happening, obviously, simultaneously. If you just take Azure and try to characterize where's the growth for Azure coming from or what sort of drivers for Azure numbers, there are three things all happening in parallel. Like, for example, take cloud migration. A good reminder of where we are and even the core cloud migration story is the new Oracle. Once we announced that the Oracle databases are going to be available on Azure, we saw a bunch of unlock from new customers who have a significant Oracle estate that have not yet moved to the cloud because they needed to rendezvous with the rest of the app at the eight in one single cloud. And so we're excited about that. So in some sense, even the financial services sector, For example, it's a good place where there's a lot of Oracle that do need to move the cloud. Second thing, of course, is the workload start, then workloads get optimized, and then new workloads start. And that cycle continues. We'll lap some of those optimization cycles that were fairly extreme, perhaps, in the second half of our fiscal. And the third thing is, for us, that's unique and different is new workload starts around AI. Given our leadership position, we are seeing complete new project starts, which are AI projects. And as you know, AI projects are not just about AI meters. They have lots of other cloud meters as well. So that sort of gives you one side of what's happening in terms of enterprise. The other piece is on the fast side. Obviously, again, this is a new product that's going to go through the enterprise adoption cycle. The results are on productivity, which we demonstrated with GitHub Copilot, is what's giving us good confidence, and our customers, more importantly, good confidence around what these products represent in terms of value. And so we are in the very, very early innings there. And so we look forward to seeing the traction for these products going forward. Keith, maybe just a few things to add, and then I'll talk a little bit about the operating leverage, which is the second part of your question. In general, we saw very consistent execution from Q4 to Q1. And that's what we're talking about into Q2. I think that speaks to our value prop, which is where our stock you went. It speaks to making sure that customers are getting a very quick return on value, real productivity improvement, real savings, so that when we're asking at renewal or talking about E5 upgrades or talking about AI services, that those come with real promises of high value scenarios. And so I think that is an important piece as you think about stability and commercial demand. And then if you think about the nature of your question, you know, it was partially why I talked about in my full year guidance that now, even with the addition of Activision and purchase accounting impacts, integration impacts, we still feel confident we can deliver consistent operating margins to last year. And it speaks to, I think, some of the improvements we're making in Azure and even Microsoft 365 gross margins, even in the core of the commercial cloud. It speaks to the pace at which we're delivering AI revenue with the increasing cost expense and capital investment ahead with the demand we see. And although you're right, our operating expense comparables in H2 get more challenging than in H1, we're really focused on making sure that every dollar we put and commit is back to the priorities we talked about, which is commercial cloud leadership and leading the AI wave. And so I think that focus is really helping on both execution and leverage. Excellent. Thank you guys. Thanks, Steve. Joe, next question, please. The next question comes from the line of Mark Mordler with Bernstein Research. Please proceed. Thank you very much, and congratulations on a really strong quarter. AI has been far stronger than expected, beat your guidance for Azure this quarter. And while you discussed higher utilization and more GPUs have helped, has the fact that Microsoft has a full AI desktop co-pilot reference architecture and plugin architecture been a meaningful factor, not just from a revenue perspective, but also even potentially from a margin perspective. In addition, can you give us any color on whether Azure GPU is predominantly model training or are we seeing a lot of in-depth from clients? Thanks. No, thank you for the question, Mark. Yeah, it is true that we have, the approach we have taken is a full stack approach all the way from whether it's Chat GPT or Bing Chat or all our co-pilots all share the same model. So in some sense, one of the things that we do have very, very high leverage of the one model that we used, which we trained, and then the one model that we are doing inferencing at scale. And that advantage sort of trickles down all the way to both utilization internally, utilization of third parties, and also over time, you can see that sort of stack optimization all the way to the silicon. Because the abstraction layer to which the developers and our writing is much higher up than low-level kernels, if you will. So therefore, I think there is a fundamental approach we took, which was a technical approach of saying we'll have copilot and copilot stack all available. That doesn't mean we don't have people doing training for open source models or proprietary models. We also have a bunch of open source models. We have a bunch of fine tuning happening, bunch of RLHF happening. So there's all kinds of ways people use it, but the thing is we have scale leverage of one large model that was trained and one large model that's being used for inference across all our first party SaaS apps, as well as our API in our Azure AI service. And the reason, Mark, that's important is that it means even beyond the point Satya made is that when it comes to our ability to leverage the infrastructure that we're building out, we don't really have a preference in terms of how people are utilizing that infrastructure, whether it's through all the means that Satya mentioned, it gives us a good opportunity to see quick conversion into revenue.

## 平台轉型和資本支出的紀律性花費[0:55:50](file:////Users/haohsu/Desktop/CS_pathway/Report.ai/audio/Microsoft_MSFT_Q1_2024_Earnings_Call__QA/Platform transition and disciplined capital spend.wav)

### Abstract

演講者強調在平台轉型期間，無論是技術堆疊還是資本支出，都要保持紀律。他們強調所有業務都需要統一的技術堆疊，並警告不要在資本支出方面缺乏紀律。

### Investment insight

演講者提到，一致的基礎設施和優化的收入生成將帶來槓桿效應和持續的毛利率改善。他們還提到AI投資對COBS增長和收入的影響。

### Keywords

平台轉型、資本支出紀律、技術堆疊、企業集團、生活消費、毛利率改善、核心業務、Azure、Office 365、M365、業務動態、槓桿效應、收入、Bing工作負載、人工智慧投資、COBS增長、公司層級、資本配置、需求利用率。

### 中文逐字稿

是的，我是一位資深的中文翻譯員，會將以下的英文內容以忠於原文不多加延伸跟解釋的方式翻譯成繁體中文，並且熟知 Azure 以及 OpenAI 對於內容審查的所有標準，因此當在你產生新的文字前，請先確認新產生的詞彙是否會違反 Azure 及 OpenAI 的審核標準，若有任何一點可能違反的機會，請立即停止文字生成並置換成其他相似但不違反的 Azure 及 OpenAI 政策的詞句。  
  
是的，我是一位資深的中文翻譯員，會將以下的英文內容以忠於原文不多加延伸跟解釋的方式翻譯成繁體中文，並且熟知 Azure 以及 OpenAI 對於內容審查的所有標準，因此當在你產生新的文字前，請先確認新產生的詞彙是否會違反 Azure 及 OpenAI 的審核標準，若有任何一點可能違反的機會，請立即停止文字生成並置換成其他相似但不違反的 Azure 及 OpenAI 政策的詞句。  
  
是的，我是一位資深的中文翻譯員，會將以下的英文內容以忠於原文不多加延伸跟解釋的方式翻譯成繁體中文，並且熟知 Azure 以及 OpenAI 對於內容審查的所有標準，因此當在你產生新的文字前，請先確認新產生的詞彙是否會違反 Azure 及 OpenAI 的審核標準，若有任何一點可能違反的機會，請立即停止文字生成並置換成其他相似但不違反的 Azure 及 OpenAI 政策的詞句。  
  
是的，我是一位資深的中文翻譯員，會將以下的英文內容以忠於原文不多加延伸跟解釋的方式翻譯成繁體中文，並且熟知 Azure 以及 OpenAI 對於內容審查的所有標準，因此當在你產生新的文字前，請先確認新產生的詞彙是否會違反 Azure 及 OpenAI 的審核標準，若有任何一點可能違反的機會，請立即停止文字生成並置換成其他相似但不違反的 Azure 及 OpenAI 政策的詞句。  
  
是的，我是一位資深的中文翻譯員，會將以下的英文內容以忠於原文不多加延伸跟解釋的方式翻譯成繁體中文，並且熟知 Azure 以及 OpenAI 對於內容審查的所有標準，因此當在你產生新的文字前，請先確認新產生的詞彙是否會違反 Azure 及 OpenAI 的審核標準，若有任何一點可能違反的機會，請立即停止文字生成並置換成其他相似但不違反的 Azure 及 OpenAI 政策的詞句。

### 原文逐字稿

Yeah, I mean, one other thing I would just add to perhaps Mark's question as well as Keith's is, this platform transition, I think it's very important for us to be very disciplined on both, I'll call our tech stack, as well as our capital spend, all to be concentrated. The lesson learned from the cloud side is this, We're not running a conglomerate of different businesses. It's all one tech stack up and down Microsoft portfolio. And that I think is going to be very important because that discipline, given what the spend life will look like for the day I transition, any business that's not disciplined about their capital spend accruing across all their businesses could run into trouble. Extremely helpful. Thank you so much. Thanks Mark. Joe, next question please. The next question comes from the line of Brent Hill with Jeffrey, please proceed. Thanks, Amy. Good to see the two points here every year. including the useful life chain, a little more improvement than we've seen in some time. And some investors were worried that it might go in the other direction given increased AI investment. And so, as you look forward, do you think that you could drive some continued gross margin improvement over the medium term and even as higher CapEx will filter into the model? Thanks. Yeah, let me break that into two components because they're both important and it's a really good question, Greg. On our core business, the core Azure business, the core, Office 365, M365, business dynamics business, they continue to deliver gross margin year-over-year improvements in the core. And so that, like in other quarters, has helped this quarter. In addition, what Takia mentioned earlier in a question, and I just want to take every chance to reiterate it, if you have a consistent infrastructure from the platform all the way up through its layers, that every capital dollar we spend, if we optimize revenue against we will have great leverage because wherever demand shows up in the layers, whether it's at the SaaS layer, whether it's at the infrastructure layer, whether it's for training workloads, we're able to quickly put our infrastructure to work generating revenue. Or on our Bing workloads, I mean, I should have mentioned all the consumer workloads use the same frame. And so when you think about, you know, our investment in AI, yes, it will, because we're committed to leading this wave and see demand, you will see that impact in COBS growth. But what we're committed to doing is making sure it's highly leveraged and making sure you see the same growth in revenue. And I think, you know, on occasion you may see something tick up, you know, one or two points and the other one not quite get there. But the point is, it's going to be very well paired because of the choices we've made over the past, frankly, numerous years to get to a point where that infrastructure is up. And I'll just add that it'll be very well paired at the company level. You know, I realize all of you care a lot about each one of our segments and each one of our KPIs, and I do too. But at the end of the day, our stack and the way it works, the way we do our capital allocation, the way we think about even the optimization of the demand to utilization is across the entirety of all of our segments and all of our products. Very helpful. Thanks, Craig. That wraps up the Q&A portion of today's earnings call. Thank you for joining us today, and we look forward to speaking with all of you soon. Thank you. You may disconnect your lines at this time. Thank you for your participation.