

Wells Fargo TMT Conference

Company Participants

- Julia White, Corporate Vice President of Azure

Other Participants

- Philip Winslow, Wells Fargo Securities LLC

Presentation

Philip Winslow {BIO 6300579 <GO>}

Hello, and welcome to the Fourth Annual Wells Fargo TMT Summit. My name is Phil Winslow. I'm the software analyst here at Wells Fargo and very excited to have one of my favorite company. The company is joining us Microsoft and longtime a Tom Fannon [ph] and obviously, been a big fan of Azure. I was just looking at some notes. I think is my 10th anniversary of being an Azure bowl, and so very excited to welcome Julia White, Corporate Vice President of Azure marketing. Julia, thanks for joining us.

Julia White {BIO 20496259 <GO>}

I'm so glad to be here. Thanks for having me.

Questions And Answers

Q - Philip Winslow {BIO 6300579 <GO>}

(Question And Answer)

Cool. Well just to kick things off. I wondered if you could just -- thanks for everyone on the webcast. Tell us a little bit about your background roles and responsibilities at Microsoft?

A - Julia White {BIO 20496259 <GO>}

Absolutely. So I've been at Microsoft almost 20 years now, long time and the past six years, I've been leading the Azure and server product marketing. So kind of all things are Azure cloud services as well as things like Windows Server, SQL Server, Visual Studio, Developer tool chain as well.

Q - Philip Winslow {BIO 6300579 <GO>}

Fair. All the fun stuff, all the stuff I love it's that we can have a great conversation. So I guess 2020, what you guys have been so far. I think back in April on your fiscal Q3 earnings call Satya noted that you'd seen two years of digital transformation the first two months of the pandemic, we're now 10 months now into the pandemic and we believe CIOs are re-evaluating their strategies whereby no cloud has substantially become a no-go going forward at least that's a one-liner that we've been using. So my two questions you are -- can you talk about the COVID-19 impact on Azure? How its evolved over the past 10 months and what are your customers and partners telling you?

A - Julia White {BIO 20496259 <GO>}

Yes. I know it has been a wild ride at least. I mean, first stepping back and seeing and working with customers who had already moved, as cloud has already done a lot of work around digital capabilities. It is super clear that they've been able to be more agile, adjust, adapt to what's happened. So it has been this idea of digital transformation and how important digital capabilities are. I think what I've learned most is that it really does matter. This has been a bit of a test, pressure test frankly of whether that's proven to be true and it's -- and definitely seen in terms of agility ability to switch and meet customer's demands changing, definitely different.

In terms of the overall trends we're seeing, one, lot more urgency to the cloud. Everyone had a cloud plan, as you -- like, it wasn't the no cloud, but it's now the urgency and then much bigger, right? They were dabbling or having a very long plan now, they're like bigger and faster. So that's certainly true. And a lot of it what why the agility to go to scale up and down, a lot of customers are like, I wish, I could scale down quickly and movements. So recognizing that. In a lot of cost management, the cost optimized not run servers a little capacity over long run. So lots of that type of opportunity.

But then also just need a lot more better capabilities, things like, real time analytics, rapid app developments. They just needed the cloud and needed the cloud for those. So lots of those shifts and we can talk more about the specifics there. But I think the other thing is, the people always ask me like why isn't cloud adoption happen faster sooner? I'm like, it's just culture, like people, norms and that's me is maybe the most dramatic thing that's changed with COVID, right? Around the IT norms or the culture or whatever reason they didn't want to move faster kind of blown away. And so that's -- I think that's going to be one of the most durable shifts we've seen, continue to increase and be durable through this time.

And of course, when I say that people like (inaudible) is Azure revenue going to spite them and after watching this all that glad consumption does take time. Each of these projects as they start, whether it's a migration, new approximately, they start small but they grow over time. But to me, it's an incredible strength as long-term growth when we see the increase of those projects and the size of those projects increasing as they go. So -- and then I think the last bit is as we've looked at the different industries and how they're impacted, the high impacted industry is certainly cloud adoption fell, right? They cost optimized down, they did other things, but the impact the industries that were not as impacted absolutely spiked so it kind of bounced off

and we're now actually seeing even the high impacted industries come back to more normal rates and so it's starting to see that level off.

Q - Philip Winslow {BIO 6300579 <GO>}

Exactly. I mean when you're just talking to quote from Mike Tyson, it went through my mind, "Everybody has a plan until they get punched in the face" and that's sort of I feel like cloud migration and digital transformation. There was a plan, but oh my gosh, whatever my plan was I need to accelerate it. And I guess at least my next question is sort of prioritization in digital transformation. Can you talk about what you're seeing from a project creation, projects prioritization perspective from your customers, has evolved. How do you expect us to evolve in future and over the past 10 months. What is the price you the most about Azure?

A - Julia White {BIO 20496259 <GO>}

Yes. I'll pull that apart. So I'd say a couple things that change dramatically right away in terms of prioritization. So virtual desktop, right, our services around windows virtual desktop absolutely spiked and everyone went home and needed to be working remotely, along with teams, obviously Microsoft teams adoption and our virtual desktop and our team's integration works together, so you saw that both grow and there was -- those were projects underway, but they become the quickly the number one projects. Similarly security, and like always hackers never waste a good crisis and so around COVID, we saw a lot of new different kinds of attacks, different kinds of techniques being used and so we saw a bunch of Azure security, kind of a broader enterprise mobility security capabilities being put into place quickly. Particularly with remote work, not everyone had done all the network security, all the endpoint security they needed to have that in place. So that certainly became a top priority from a project perspective.

And then the third one that was within the mix, but suddenly became more urgent was around rapid business process changes, right? We have line of business systems, you have ways you're doing work you suddenly need to do involve those really quickly. And Microsoft had this technology called Microsoft Power Apps, take a low-code way to build applications. And that became the favorite tool of choice to whether it was hospitals trying to track PPE really quickly or retailers moving to curbside pickup and remote checking in (inaudible) check out, that type of experiencing Starbucks doing mobile pick up in their app, being able to do that in the low-code way really quickly. So you had maybe the nurses in the hospital figuring out the process versus needing professional developers.

So with that, we did it's a big push around integrating Azure and our capabilities whether it'd be data services or (inaudible) services with GitHub and Power Apps. So now we have this beautiful kind of professional developer to low code experience based on the urgency there. So that was certainly a big one.

And then I think to your question what hasn't changed, but maybe is continuing as strong pace is analytics and again those -- the modernization of analytics was very much underway and is underway, a lot of people still sitting on old legacy systems that aren't keeping up and COVID just put pressure on that, right? People like used

to be fine. Then I got 60 day and 90 day old data, like no way I need like 12 hour data and all my past forecasting models need to evolve and so that use of analytics and getting to modern analytics has continued to be quite strong, and I expect that one actually to be even, continue to accelerate as we move forward to certainly hot area there.

And then the steady run right business of migrations of existing systems, hybrid used cases, I think those are steady states certainly we saw a lot of people quickly move to back up possessed recovering in the cloud, but the kind of run rate of migrations and cost optimization, super strong.

Q - Philip Winslow {BIO 6300579 <GO>}

After describe those two, the gateway drives to the cloud and disaster again just (inaudible) recovery business continuity where, I need for risk mitigation perspective to potentially use this capacity. It was maybe cheaper than I've been done -- been doing before it was better. So maybe I'll then talk about production workloads.

A - Julia White {BIO 20496259 <GO>}

Yes, it is nice to the cultural norm. That's a very culturally easy way to kind of start the journey, right, and very common.

Q - Philip Winslow {BIO 6300579 <GO>}

Exactly, I'm sure Microsoft from a market perspective has used gateway drug [ph], but as an analyst good (inaudible) switching gears just a little bit here, (inaudible) still obviously for some Azure. I think investors are always very much solely focused on sort of the headline Azure growth number, but I always say there's so much more to love here, but from your perspective, what are some of the most exciting emerging or critical, but underappreciated parts of the Azure portfolio?

A - Julia White {BIO 20496259 <GO>}

Yes, it's such a vast portfolio. So I love this question. So before I jump into that, I would say though it is first, well everyone loves the Azure numbers, important to appreciate, right, that our overall commercial cloud business is over \$15 billion this last quarter and grew over 30% and so the thing I want to start with is Azure is a core part of our world Microsoft cloud. All right, and that's across the Microsoft 365, Dynamics 365, platform GitHub and then of course, all the underpinning about being Azure. And I think you're seeing us and I mentioned the integration of GitHub and Power Apps and Azure coming together to create these experiences. You're seeing more -- still more and more of that to provide those integrated solutions for our customers.

So I think that's a certainly something that's exciting and emerging and maybe still under appreciated. So all three of those things, but really keeping an eye towards the Microsoft cloud growth all up and then Microsoft cloud experience all up. So that is the first thing I might speak to you. Then within Azure more specifically, you get exciting emerging and underappreciated? I'll break those down. I'd say let's start with the critical, but underappreciated Azure SQL. It's a big business that's a place

where customers really look to us. And the thing that's so strong there is we've taken, our third year old database engine that we perfected and secured in it's the same on-prem, the same in Azure, it's even same as edge.

And so you have this amazing capability and efficiency. So you have the same skill, same systems being used anywhere as you build these distributed applications and distributed system. So that's certainly a key -- a key opportunity around Azure. And then as I mentioned the Windows Virtual desktop VDI again, not (inaudible) but a huge percentage of people's existing data center footprint is on VI, and these opportunities to modernize the move to a more capable platform, run it more cost effectively certainly a big piece of it. So kind of the some underappreciated areas maybe.

I think from the exciting category analytics, this is -- it's been -- it's a long time coming at some level like of all the places that haven't modernized, but there's this moment of moving to a true cloud native analytic system, and seeing that we have things like Azure announce [ph] and Azure Power BI that can bring together the opportunity and the actual business, in fact, how much -- like Microsoft CFO cares about this. How much our business leaders care about this, because what it unlocks from an organizational decision-making actually making it much better informed decisions, database cultures all of that is there.

Another area and building on that would be AI, right? I mean so much opportunity in this and we're seeing it's been again long journey on AI what we're doing, but really seeing some phenomenal breakthroughs. And I was just looking at the latest on our image recognition technology where it kind of, I used to go to and say "oh, look it's two people talking on the webcast." Now we literally say, this age, this gender, this is just amazing and thinking about so many different use cases whether it for help working people who are visually impaired or just navigating the world. So really starting to see that and with that the responsible AI aspect of it, right? The transparency in the models and data protection around the models reducing bias and that category of things, I think is very exciting on that one.

And then from the emerging category the things to keep your eye on the future, I would say mixed reality that's a place where we've been long in mixed reality and it just like we've seen AI of all from being this kind of s... thing, just being something that's just part of every single application. We expect mixed reality to have the same thing, right? There's going to be an element of mixed reality, there's a need for mixed reality in almost any application you have and as it gets easier, cloud services make that more native and then the devices like the HoloLens and others expand, it will become more accessible to everybody.

So that's -- and I think it's again been underway for a long time. But you can start to see how that's going to really take off. And then more on the industrial side of things that is digital twins. And again the idea of -- in the kind of the next generation shift from IoT, right, where you have connected things and this is essentially taking it to connected environments. So now you have whole systems and understanding how the system of connected things works together. How do you optimize it? How do

you run it with greater inside? How do you understand the overall environment that's connected on that part.

And then last but not least, certainly, further out, but massively profound is quantum, right? And we're now what 14 years into our quantum computing investment amazingly enough and it'll be 14 more years to, but building up the software language, the development of SDKs, the simulation engine and getting all that ready for the quantum compute capability as well.

Q - Philip Winslow {BIO 6300579 <GO>}

In fact, I saw (inaudible) who Head of Technology kick off today. That's one of the things he's been talking about frankly since he got here and every time I interviewed, he sort of increasingly excited about, hey, quantum is not here yet, but it's getting closer and sort of the pillars, the foundational layers are being put in place and we actually received a white paper as a bank about some of the things that quantum could means. So, yes, it definitely thought about that. Okay, maybe not. I will put that in Azure numbers yet, but I'm excited about it nonetheless.

A - Julia White {BIO 20496259 <GO>}

Maybe it's interesting, even on that one, we have a quantum simulation engine. So it's running quantum algorithms just on classical computer CPU, GPU and we're actually seeing like remarkable breakthroughs and working with hospitals on MRI recognition, like massive improvements even though it's just simulating, it's interesting. So yes, a lot of potential there. Not yet in the numbers.

Q - Philip Winslow {BIO 6300579 <GO>}

Yes, exactly, fascinating algorithm (inaudible) put that in the category, stay tuned. It was the -- obviously, we just walked through a broad portfolio there and I guess a follow-up question that is thinking about where to invest, what does Microsoft's framework for growth and operating investments in meeting long-term especially in the context of Azure's revenue. Where do you think we should see increasing investments what areas can we may see some deep harvesting potentially?

A - Julia White {BIO 20496259 <GO>}

Okay. Maybe -- again (inaudible) back for a second. We look at the overall Azure total addressable market is about \$4.5 trillion. So like massive just scratching the surface. So I always remind myself that there's still a ton of growth in the core business, right, around compute for systems, like hybrid cloud solutions, running big SAP ERP systems in the cloud, high performance computing network security. So lots of growth, and potential, and investment frankly in the core part of the business which is still a healthy, healthy part of it.

From an increased perspective, as I referenced before, analytics lot of investment there, machine learning, those two are both evolving really maturing into broad TAM into themselves. And so expect those to be get big work forces overall as I move forward. And then a few of the new areas like we've moved into our operators and helping telecom communications and operators, and we acquired Metaswitch and a

firm networks, in that space as well. So big investments there and really helping that segments, run and optimize into a digital world.

But just like all the other industries moving to digital transformation now in the operator space. And then working with them right whether it's 4G, 5G and beyond helping them modernize all of that. And then also from kind of increased investment area just overall cloud native app development, as a lot of organizations have been tweaking and modernizing and migrating applications, but now it really, like more and more, like we need to just move to a full cloud native application, capabilities like containers and kubernetes, adding AI services into these applications and really meaningful ways and like, if your application isn't leveraging AI in the next five years, it's going to be relevant. So going deeper into the code not just drifting it over and optimizing it, so that certainly on the radar from an investment perspective.

And then it was actually from IoT and edge perspectives. Actually four years ago, we announced our kind of \$5 billion investments that was going to be spanned five years. So we're coming up on the tail the last few years of that. But that's the place where we belong on as well, (inaudible) three years ago coin like intelligent cloud, intelligent edge in that pattern. So investment, I think well ahead of market, but continuing to be on that very important secular change on that. And then there's not a lot to do prioritize and Azure and it's a good problem is a high-class problem, it's -- there's so many, it's more about which growth opportunities are you going to wait on versus which ones are you going to go big on versus de-prioritizing per se.

Q - Philip Winslow {BIO 6300579 <GO>}

And obviously I just mentioned edge, I mean I really wrote about that when (inaudible) came over to Wells Fargo, January, three and a half years ago. And I was like, hey, I think there's this next platform shift coming. I don't know what it's called exactly. We were calling it fog or micro fog it's --

A - Julia White {BIO 20496259 <GO>}

I remember that.

Q - Philip Winslow {BIO 6300579 <GO>}

And then all the sudden, I was like, I'm not sure what this is, but it's -- I think it's going to be big and then sitting in build and all of a sudden is intelligent cloud, intelligent edge, I'm like, yes, it's like first off is better branding than micro fog the -- and -- but I was like, maybe we're not crazy, Satya's even up on stage, Bill talking about it. So I'm excited that actually to pointing on the network side. I thought there was also going to be sort of a natural extension of edge is that the role of the 5G and the operators in an edge called to cloud world where they are kind of the glue.

A - Julia White {BIO 20496259 <GO>}

Absolutely. Yes, all those pieces have to come together and there are -- they are, right, and not all here yet. But you start to see that at pattern and as we know the cloud and edges that's really in our simple terms and application pattern and the

networking capability is what makes that feasible and interesting in a more compelling way.

Q - Philip Winslow {BIO 6300579 <GO>}

Yes. I mean, I actually already sometimes that networking is actually the drivers sometimes of the platform shifts in computing. If you think about it, client-server was actually enable probably by Ethernet. It's a connectivity lays off from the driver of the platform.

A - Julia White {BIO 20496259 <GO>}

With the bottom of that, one or the other, but yes.

Q - Philip Winslow {BIO 6300579 <GO>}

Exactly. So they work together. And so I didn't want to double click on something you mentioned earlier, hybrid cloud, mold like mine because that's offspin [ph] I would say that was my original board case 10 years ago on Microsoft was the -- just that amazing relationship. You have a customer's on premise, but also then extending that into the cloud with Azure portability of called code, tools, processes, people into the cloud. But as customers increasingly embraced the cloud, how should we think about the growth of your on-premise offerings and now hybrid and multi-cloud comes into play?

A - Julia White {BIO 20496259 <GO>}

Yes. And as you've stated, we've always held it on premise cloud, edge will be durable, right? And that there will be technology on premises and that's incredibly important, whether that's big servers, whether that's small devices, right? And before we continue to invest in our servers create modern experiences, like an example Azure Stack HCI, Window server based capability that is perfect for modernizing on-prem systems bringing down your on-prem footprint, but like with cloud capabilities for disaster recovery and backup those type of things. So bridging those two worlds.

And actually it made a great stat is over 1/3 of our windows server and SQL server enterprise customers are using our hybrid benefits to deploy to Azure, right? And that's a fantastic benefit gives more value for your software assurance agreement on with your on-premises servers, but also gives you benefit into the cloud, right? And that's the one with that capability AWS is actually five times more expensive than Azure for running windows server and SQL server. So it's a huge customer benefit as well. So is the technology part of it, but it's also the business model part that supports it as well to ensure that customer value holistically.

Q - Philip Winslow {BIO 6300579 <GO>}

Yes. One of the words I think it's been probably the biggest change may be the most impactful change over the best called 12 -- 24 months, has been the word multi, not just simply hybrid cloud, but multi-cloud the future. A couple questions here, what are you seeing in the field as the top reasons why customers' strategies are shifting

to multi-cloud? And where you think the implications for Azure are and in particular how do you sort of defend your mode in world of multi-cloud?

A - Julia White {BIO 20496259 <GO>}

Yes. Multi-cloud is the new term. I don't think it's a new reality, right? It's just a new term, but it's not a marketing person like this new terms and what -- and what -- how do customers get there? Why do they get there? It is the common things. I see or its acquisitions, right? I had one cloud strategy acquired or different cloud strategies come together super, super common. There is some level of like, I don't want to be all in one vendor. I'm going to distribute my cloud capabilities and put a lot of it. I would say is -- was very much bottoms-up, wasn't because there was a strategic decision to be multi-cloud. It just kind of happened. My developer chose this. My data science teams likes that, these are tend to be project by project decisions. And so you might run your SAP system on one cloud and do data science projects on another cloud. And again based on the individual group, they decided to do that. And mostly when I talked to the CIO, CTOs, it kind of happened and they discovered themselves their versus it being super intentional.

But I look at that's exactly what on-premises look like. Their data centers are 40 years, there was like, hey, there were never a homogeneous. Lots of different systems, lots of different tools, despite people's best intentions it is a heterogeneous world and there always be best of breed, best of those kind of dynamics. I don't think the clouds going to be a lot different, right? And I think that -- and I think we've had that view and frankly if hybrid recognizes that view of that everything won't just sit in one big cloud on that one.

So what we try to do is take our history of really understanding hybrid, might working across different environments in a seamless fashion not making people run two environments next to each other into what we're doing with multi-cloud. And so I think we have great wisdom to bring to bear on that. And if we -- from the infrastructure perspective, we've been doing Azure Stack for a long time, where you can literally bring Azure infrastructure anywhere. Now, what's moved is, we now can do that at the software layer, may this technology called Azure Arc, and essentially it enables the software capabilities of cloud to be run anywhere as well.

So it's just matching the infra and the software, so the data services, the developer services can also be move around. Today the most exciting things customers like great I can run at in my on-prem and my cloud, like that's the most common. But I'm starting to see more of like, I think, I can run Azure SQL over in different clouds compute. Okay, I'll do that. Then -- and lots of different reasons, reality of enterprise customers are complicated, and have lots of nuances and so this is just flexibility for them to do that.

Q - Philip Winslow {BIO 6300579 <GO>}

Yes, definitely. I mean even going back to your Virtual Bill 2020, there's a lot of buzz around Azure. I just wanted to spend a moment on that maybe help investors understand sort of what Azure Arc is? Why is it important? And you touch on a little bit, but what does it enable customers to do kind of moving forward?

A - Julia White {BIO 20496259 <GO>}

Yes. No, I'm glad you asked, because it is a bit of a complicated area, right? So people can be like, what are you talking about? So what Azure, I break it down, its two things, right? The first thing is it Azure Arc literally takes the management, the control plane of what's my policy is what kind of how do I manage my virtual machines and my services and it extends it out of Azure, so what you use to manage all your resources in Azure, we use extend it out, so you can do that anywhere. So it can be the same way you manage by sits on premises, they can be the same system manages. What systems run in AWS, as an example.

So it just extends Azure management plan. So you're setting policies globally, you're selling resource allocation globally. So that's the first part. But because then have this management plan that extends, what enables it to do is second thing which is we call Arc enable all of our Azure software. So all of our managed services can run with that management plan, which means wherever as Arc presides, we can take our Azure services. So Azure SQL database, Azure PostgreSQL database, Azure Kubernetes service, can then also run wherever you want.

So again, comment is like, hey, I want to run this on the Edge device in some other location, right? I want to run it on-premise. So I want to have a distributed out model. I want to put some of my data services or sitting in a different cloud that type of flexibility is what it enables. So that's the core of what it is and it just to make it real because it's conceptually (inaudible), they're one of the world's largest medical equipment suppliers, right? They -- what they've done is use Azure Arc to deploy updates consistently at scale from Azure to all of their medical equipment, this distributed all over the world, right? And during the pandemic they needed to quickly update, imaging, diagnostic equipment those type of things and they could do that remotely. And so there is a way to get manage from one place, but not across all of your systems.

Q - Philip Winslow {BIO 6300579 <GO>}

All right. Well, we got five minutes left and let's shift to the Edge. As I mentioned earlier, a big fan of Edge stuff. Why don't you give us just an update if you think about intelligent AIs, where we are sort of in the life cycle of intelligent agent? How do you think about the opportunity for Microsoft and for Azure?

A - Julia White {BIO 20496259 <GO>}

Yes. I mean, I think as you talked about it was an early idea, but that's we're now becoming a bit more the new normal. And I was thinking about it like, it's hard to think about an application being built today, that doesn't have some combination of cloud and edge technology, right? Maybe people don't talk about it that way or think about it that way, but a manufacturing plant, right? You have all these connected systems and it's you -- of course, using cloud for data and analytics.

Even like big company we work with has their few their gas pumps at the fuel station can connected so they can check for safety is someone smoking while they're pumping up their gas like those kind of things as Edge compute working with the

cloud compute or retail shelves and notify people that are out of stock, cloud and edge, contactless delivery systems, smart appliance and all those things are just examples of Cloud and Edge application patterns, some of the code is sitting on that Edge device, a lot of the code is sitting in the cloud and are working in concert with each other.

So if you think about it that way, it's very evolves. Again, the networking part of it as 5G emerges as we get that it'll become more and more capable to do those really ultra-low latencies requirements as well. So that will also be another two point unlocking of that next step function. But as I think about the maturity there from the - there's edge device maturity and that certainly happening and, we're help -- trying to help the industry with things like Azure sphere that is world-class security even on MCU devices ability to run full AI models on very small devices. They're getting high performance. They're getting secure. They're getting cheap. That unlocks that edge part of it and then from the cloud perspective, right? Our investments in IoT services, AI services things like Azure Arc make that possible. So I'd say we are now into -- we're not that mainstream on this thing, but it's pretty much the kind of the new normal as we move forward.

Q - Philip Winslow {BIO 6300579 <GO>}

Yes. It kind of feels like it's becoming more real. I mean every time you're thinking about, the year after such a sort of unveiled Azure (inaudible) edge to intelligent edge. You sort of have examples of a drone scanning pipelines looking for cracks or you're like -- you're starting to see and that was only just a year later. It's a sort of seeing how it evolved now you hear about examples of drones forums in Africa because just not doing that on the stage at build, but actually really happening in real life and so it's pretty incredible. The one question I have to - is one of the things we talk about is potentially sort of a company almost like a three tier model, you're potentially evolving where you've got the centralized via cloud Azure you've got the device itself they decided the Azure ITS [ph] maybe it's like running (inaudible). But we've also talked about sort of like the edge of the Internet and this goes back to your kind of your network question. It could be a point.

How do you think about called you a more distributed your footprint, because obviously, we talked about hyperscale when it comes to Azure, but then you also think about the device itself. Maybe it doesn't have enough compute power, but the centralized cloud images too late. Is there something it's kind of an in-between there? And then how do you think about sort of the distributive footprint for Azure relative, let's say, when an edge or CDN vendor might be doing?

A - Julia White {BIO 20496259 <GO>}

Yes. Well, you've certainly seen us continue to expand our global regions over 60 now and we're not slowing down. And so -- and that is for multiple reasons, but one is having beyond the serve, our customers were locally, where they sit from a performance perspective, but also from a data set, data privacy, data governance capability, which has also become increasingly important. So both of those drivers are what's really the catalyst for our continued global expansion into very broad regions of the world. So that's going to be an important part certainly our work in

partnership with the operators and we even have today our edge zones in terms of have it working with the operators around our edge zones us, our own edge zones. So continuing to expand even what the region looks like certainly continue to see that if all this well.

Q - Philip Winslow {BIO 6300579 <GO>}

Well, now okay we only got two minutes, but I couldn't pass up this opportunity to ask this question, the -- obviously, we've seen every reason (inaudible) market and Azure (inaudible) you can play with Xbox exercise with Microsoft's strategy where they call it, content is king with game pass. Maybe we talk about you (inaudible) you can play a role here?

A - Julia White {BIO 20496259 <GO>}

Yes. Well mean Xbox is possible with Azure and so this to me is an awesome one Microsoft thing where from a gaming perspective, we -- our vision is to reach 3 billion gamers on the planet and we want to make the Azure the platform for it that's best for building game developers, right, like building your next fantastic game. And so Xbox from kind of world-class game streaming experience and the Xbox game past, leveraging Azure behind that obviously makes Azure better and even things about like our Xbox game studios, Minecraft, Halo, Gears of War all being built using Azure makes Azure even more capable, but also helps refine and think about what we offer from the game streaming perspective. So it is a place where being a first party in this gaming area actually is a wonderful kind of synergy with the platform powering it underneath. And this is interesting thing too, it's not super useful in gaming, but some of these -- some of the most high performance low latency applications on the planet, right? The people's -- gamers tolerance for any of that is zero. And so, it really pushes the platformer, really pushes Azure, but it's also great for, if you want to run the NASDAQ on the cloud, gosh, it has, similar types more types of requirements and so it does have transferable benefit to broader industry versus just gaming.

Q - Philip Winslow {BIO 6300579 <GO>}

All right. Awesome. Well, that was super informative our 30 minutes went very fast. We touched a lot of things here thankfully both of us talk pretty fast, but we were able to cover a lot. But Julia, thank you for joining us virtually. Like I said, super informative, and that we talking too.

A - Julia White {BIO 20496259 <GO>}

Awesome. Thank you so much for having me.

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