

## Bank of America Merrill Lynch Global Technology Conference

### Company Participants

- Alysa Taylor, Corporate Vice President of Business Applications and Global Industry

### Other Participants

- Kasthuri Gopalan Rangan, Analyst, Bank of America Merrill Lynch
- Unidentified Participant

### Presentation

#### Kasthuri Gopalan Rangan {BIO 22095432 <GO>}

Time goes by very quickly when you're having fun. Today is officially my 25th year on the sales side. So great to have you join us and kickoff this conference. Welcome everybody first of all. This is really the pinnacle of the year as far as I'm concerned personally to have the corporates with our investor clients come together on the stage in this forum and get the best insights possible is the best thing we could ask for as an analyst. So thank you everybody for your support in the last 25 years. Thank you for my team. Today is a really special day. With that quick round of excitement from my side out of the way, let's get to our guests here. Microsoft, really delighted to be able to host a very special guest here, Alysa Taylor, who is Corporate Vice President of the Business Applications and Global Industry product line. So, what we're going to do is to have Alysa talk about your job, your responsibility scope and then dive into some good questions that we have. And every bit along the way, I'm just going to watch to see if you have a question or two and then look in your direction, if you don't have a question, we will cycle through the questions that we have for you.

Thank you Microsoft for -- thank you, Jonathan, for arranging this, really appreciate it. So Alysa talk about your responsibilities and what does this job title all about?

#### Alysa Taylor

I can do that. Well, first of all congratulations on 25 years, that's very impressive.

#### Kasthuri Gopalan Rangan {BIO 22095432 <GO>}

Thank you.

## Alysa Taylor

It's a big day. So as you indicated, I'm the Corporate Vice President of the Business Applications Division at Microsoft. And what that entails is that we have functional responsibility at Microsoft. So I'm responsible for effectively our go-to-market for the product line that encompasses business applications. So I have a peer on the engineering side, James Phillips. He builds the products, I get to bring them to market. We have a global sales leader, Hayden Stafford, and then we have our CFO, who's with us today, Jeff York. So those are the functional leaderships that make up the business applications division at Microsoft.

## Kasthuri Gopalan Rangan {BIO 22095432 <GO>}

Got it. And [ph]give a sense a little bit about these applications, the breadth and scope of the apps that you're responsible for?

## Alysa Taylor

Absolutely. So about 2.5 years ago, we released and -- announced and released Dynamics 365. So that is our flagship product line within the portfolio. And then we have the Power Platform, which is -- encompasses Power BI, PowerApps as well as Microsoft Flow. So that's our extensibility and adaptability. So those are the two flagship product lines within business applications.

## Kasthuri Gopalan Rangan {BIO 22095432 <GO>}

Got it. So I just want to start off and get out a couple of things that have been very topical on our clients' minds. One, I'm just curious to get Microsoft's perspective on the trade wars that have been very rapid in terms of our attention. What is -- how does this even pertain to Microsoft? And secondly, I also wanted to get the regulation thing out of the way. Yesterday, the market was hurt as a result of regulatory fears back at the Internet sector. There is also a sense that -- what does it mean for software? So just your broad thoughts, if they are relevant and if they're not --

## Alysa Taylor

Yeah, I'm happy to sort of top -- do a top of mind on that. So on the regulation side, if you think about one of our Microsoft's core pillars is trust. And so when we think about our customers, data and data privacy and sovereignty, that's something that we take very seriously. We have a number of sovereign clouds across the world. And if you -- if anyone has seen Brad Smith, who is our President and Chief Legal Counsel, you know he's talking very openly about our commitment to data privacy. So I think that's something that Microsoft stands very firm on, in terms of that value of trust. And then on sort of trade wars, you know, particularly I think China is a top of mind on that. We have -- a small part of our business is China, we do have our multi-cloud offering in China. We actually just launched Dynamics 365 in China in April. But that is really servicing the needs of our multinational companies. And so making sure that we have a global offering.

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**Kasthuri Gopalan Rangan {BIO 22095432 <GO>}**

How is that doing, the China business?

**Alysa Taylor**

Well, we just launched, so we'll -- time will tell. But, again, it's really like when we think about our big Starbucks (inaudible) others, it's making sure that we have a global presence for them.

**Kasthuri Gopalan Rangan {BIO 22095432 <GO>}**

Got it. Wonderful. Thank you so much. So let's talk about Dynamics for a second. Dynamics 365 has been growing very strongly. Help us understand what has changed versus the past two to three years?

**Alysa Taylor**

Yeah. It's been a very exciting evolution, I would say. So we had -- if you kind of wind back in time, we had a set of assets that were a collection of ERP assets that were predominantly on prem. And then we had CRM business that we built at Microsoft. And there were actually two very disparate divisions within Microsoft. And so we are competing -- effectively competing ERP systems and then a CRM system. And so as we look forward to what does the world look like in 10 years, particularly as customers are going through the adoption of a digital platform, they are having these big monolithic siloed applications, wasn't the direction that we needed to take for our customers. And so we actually took on the effort of bringing those assets together, converging [ph]them among the Azure platform, so we went from our on-prem and our hosted on-prem environment, rebuilt them onto Azure and then we broke them down into purpose-built applications.

So they're now aligned by marketing, sales service, finance, operations and talent. And we did that with this vision of how do we allow customers to easily adopt as they're going through their digital transformation. That was the goal in the North Star. And then we built underneath those applications a unified data set, it's just something that we called the common data server. So we could not only share data freely, across those applications, but we could also ingest data from things like -- from other assets LinkedIn or Office, communication collaboration, history as well as our partner ecosystem.

And so the core to our strategy has been how do we enable rapid faster digital transformation, and we unlock the data that has been historically very trapped in siloed applications. And so that was the vision for Dynamics 365. And then knowing that once you have all that data you have to have an adaptability and extensibility model and that was the introduction of the Power Platform. So we're relatively old in the Microsoft world, but new in the sort of new vision. So Dynamics 365 was two years in November.

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## **Kasthuri Gopalan Rangan {BIO 22095432 <GO>}**

Okay. Fine. Congratulations. So when you look at the competition in terms of future functionality et cetera, where are you with respect to the gap or maybe you've caught up, what's your assessment of the state of the word?

## **Alysa Taylor**

We -- I think as we've gone through this journey, one of the things that as I talked about was important for us is to be able to leverage kind of the entire Microsoft asset class, so being built on Azure, being able to deeply integrate and build with Office. And so when we think about our differentiation and where we think we have made strides, it is in that enabling of that data layer. So being able to ingest data across the applications at the data platform level, being able to extend it, customize it, be able to ingest data from all different sources, so you're not just in a CRM set of data.

And then also having this co-build mentality, so we have our engineering teams across Microsoft 365 and Dynamics and Azure, co-building features that are deeply integrated in a ways so you can do things like machine learning within Power BI, you have out-of-the-box artificial intelligence within Dynamics 365, you have native communication with Office integration.

And so that's very unique to us and we think that's a big differentiator, when we think about business applications, because there is -- the market is -- as you guys all know, is highly fragmented. And so what customers end up with is a collection of assets and, again, their data is sort of trapped in these different silos and then there's a cost ETL, big data out to be able to analyze it, to create new experiences.

## **Kasthuri Gopalan Rangan {BIO 22095432 <GO>}**

This is a part of Microsoft business we've not heard a lot from in the past, so I'm glad that we're having a chance to listen to your update. This is fascinating. You mentioned digital transformation. I'm just curious if you take a step back, how do you define digital transformation? And what are your customers telling you about what they mean when they talk about digital transformation?

## **Alysa Taylor**

It's interesting. I actually was just down in Atlanta last week and I did a keynote at Hitachi's customer event. And we talked about the Microsoft view on digital transformation and when you -- we've had the pleasure of working with so many companies over the past couple of years, over the past decades, as they've gone into this digital transformation, which is a big buzzword as we all know in the industry. But when you look at it, there's really sort of four facets to digital transformation. There is the, you know, sort of what is the purpose and vision that you have as a company, like you have to have that.

We even talked about Dynamics 365. What's your North Star as you were going through an evolution. We talk about the sort of unique potential that an organization has. So what is the sort of thing that they're either disrupting with an industry or what's the asset that they bring to bear. One of the examples I gave was Walgreens and the fact that their unique potential is the fact that they have a retail outlet in the US within five miles of each other. So they have density and proximity, and culture like how are you building the culture of an organization. And so there's a lot of digital transformation that isn't related to tech, right? That is setting the sort of foundation. And then you get into capabilities and what are the capabilities of your people, what's the capabilities of your infrastructure and your assets? And so that -- when we look at that component, when we look at the technical capabilities and what's unique to an organization. We have this theory which is called the digital feedback loop. And it's something we talk about pretty widely, you'll hear Satya talk about it. He talked about it at (inaudible), he'll talk about it at our upcoming conferences. And it's this notion that you can take all components of an organization, so people, operations, products and you can digitally connect them. So you have sort of all facets of an organization, at the center is data. You're able to apply intelligence over that and then digitally connect every aspect. And so think about a world where you have a unique view of your customers connected to your products, connected to your back-end operations, with a 360-degree view that your employees have. And so that's the digital -- in the capabilities realm of digital transformation, that's what we talk about is the digital feedback loop.

**Kasthuri Gopalan Rangan** {BIO 22095432 <GO>}

Got it. Excellent. What would be your goal or the division's goal for the next two to three years? How do you envision the platform playing out in the future?

**Alysa Taylor**

So you'll see both in our upcoming, we have our summit that's coming up in June and then going into the fall, we are continuing to release new capabilities in the portfolio. And so it is both capabilities within adding in new capabilities of the Power BI like text recognition, cognitive services, being able to do machine learning, and then actually new modules. So we released a set of new AI capabilities, customer insights we just released which is our CPD platform, product insights we'll talk about. So there's all of these different AI out-of-the-box capabilities that will augment the Dynamics 365 portfolio and then we'll continue to build in new capabilities both across the Power Platform and Dynamics.

**Kasthuri Gopalan Rangan** {BIO 22095432 <GO>}

That's great. So all of the capabilities that you just mentioned from a customer perspective, how would they benefit -- just maybe a scenario where somebody could take advantage of all these features. I mean how would that look like?

**Alysa Taylor**

Yeah. There are so many different kind of examples that you could give, but if you go back to what I was talking about with that digital feedback loop, its being able to bring the technology to bear to enable that digital feedback loop. So a great example that we give is H&M, which is a global retailer. And they actually started with -- they have a very large ERP system that governs their entire financials and then they started a boutique line called [ph]The Found , but they needed a rapid supply chain management system.

They've had to modernize their operations, because to be able to do to go from mass scale which is H&M is known for, to be able to be in a more boutique nimble type scenario, they needed a different supply chain management company. And so they started with Dynamics 365. Then they expanded from there into being able to have better insight into their customers, so they adopted Dynamics 365 customer service. Then they wanted their employees in store to be able to have real-time access to their inventory, so they took all of that data and built a unique power up to be able to have their employees have that view of the back-end operations and the customer purchasing history.

And so you see this evolution of kind of being able to start in one area, grow over time, and use the technology to start to connect all the different components across an organization. And then the latest thing that they're doing is they actually -- we have a set of mixed reality applications that we brought into the portfolio and they are using a HoloLens and the Dynamics 365 mixed reality applications to do a smart mirror in store. So you can actually have a mirror that will recommend kind of the next purchase that you might, or how something might look, if you have sweater and if you wanted it to be a different, bigger, longer or shorter. So that's -- actually they're piloting that in their flagship store and --

**Kasthuri Gopalan Rangan** {BIO 22095432 <GO>}

So, what would I look like if I adopted Shankar's hairstyle and conversely if Shankar had mine.

**Alysa Taylor**

You'll have to ask the mirror.

**Kasthuri Gopalan Rangan** {BIO 22095432 <GO>}

Yeah. Exactly.

**Alysa Taylor**

We'll consult. You got to get to New York.

**Kasthuri Gopalan Rangan** {BIO 22095432 <GO>}

Excellent. Can't wait for that stuff. Couple more questions on the Dynamics side and we want to shift over to the Power Platform. It's truly exciting at least based on what we've uncovered so far. A sales navigator, any revenue synergies is that something under your purview or you able to talk about how that LinkedIn product interacts with Dynamics? Are you seeing any synergies?

## **Alysa Taylor**

Absolutely. So one of -- as I talked about the common data service, right, being able to ingest data assets like LinkedIn in the professional network, we actually released about 1.5 years ago a unique offering which is called Microsoft Relationship Sales, which is the combination of LinkedIn Sales Navigator and Dynamics 365 for Sales. And we've seen very high growth in that, because what we find is when people are modernizing their sales environment, they also want to be able to incorporate social selling, relationships selling, and so the synergy between that and then we have unique integration between Sales Navigator and Dynamics 365 for Sales.

## **Kasthuri Gopalan Rangan {BIO 22095432 <GO>}**

I know it is not what I was planning on asking, but you've said -- mentioned Sales Navigator and the way people sell is changing. There is a notion that sales automation is a very mature area in the cloud. You got the number one company in space, not growing that rapidly in that particular side. Do you think that market still has growth opportunities? The sales roughly -- not just Sales Navigator, but just the idea of selling sales automation in the cloud. What are your thoughts on that market if you have any thoughts?

## **Alysa Taylor**

Yeah. I know, tons, I actually or hopefully should have some thoughts on this. So I think that there is -- the core CRM system, right, which are the entities that define contacts, right, like that is a very mature market. What you see right now coming into sales automation and you see both sales force, Dynamics as well as new emerging SaaS players is in areas of being able to take all of that data that you -- you may think about what kind of rich data you have in a CRM system and be able to do things like predictive forecasting, to be able to understand pipeline trends and analysis, to be able to coach real time. So being able to bring in cognitive services and so if you have an inside seller being able to coach base on the call sentiment analysis. Like, this is all things that are new that are coming in, that are augmenting the core SFA. And it's a really exciting space, because the machine-learning AI capability, the ability to bring in chat into the portfolio, you're seeing that is where the expansive growth is in SFA.

## **Kasthuri Gopalan Rangan {BIO 22095432 <GO>}**

That's very cool, very cool. The future looks very interesting. I mean, we thought 25 years back or so, sales automation is exciting and 25 years later, it still is exciting.

## Alysa Taylor

It's still exciting. I demoed on stage being able to -- as a sales manager, being able to see across my sales team who has sort of -- their pipeline trends, but then also who has negative sentiment analysis from the interactions that they have with their customers either through email or phone, and then being able to real-time coach and then recommend new opportunities through LinkedIn. So that integration and the AI capabilities coming in are quite exciting.

## Kasthuri Gopalan Rangan {BIO 22095432 <GO>}

Excellent. And then moving on to Power Platform, it looks like it's got all the makings, when you look at the whole family the PowerApps, Power BI and Flow. I want to talk about Flow, because not many people know about Flow. We would love to hear your thoughts on Flow.

## Alysa Taylor

You're going to hear lots about Flow soon.

## Kasthuri Gopalan Rangan {BIO 22095432 <GO>}

Excellent. We're in the flow here. We're getting in the Flow here. It feels like it's disruptive, it can open up a large stem on the things that we look for that investors like a lot of white space as well. Can you just walk us through the thought process behind why Microsoft created this whole Power Platform?

## Alysa Taylor

Absolutely. And so, when we think about, it's in the business applications family, but Power Platform is a set of technology that spans across all assets of the Microsoft cloud. And it was designed very much as a citizen or self-service platform. So being able to analyze, automate and act on your data. And so if you haven't heard, I mean, we think data is our sort of greatest -- our customer's greatest asset. And so how do you leverage that data? And so PowerApps is the ability in a visual drag and drop environment to create -- rapidly create modern applications.

And we've just seen incredible groundswell of citizen developers gravitating to that. And for those of you that have been in the industry for a while, or been in the developer space for years, you've seen these sort of citizen developer platforms come and go, but you always hit a wall with them. And the unique thing about PowerApps is the, what we call, no cliffs extensibility into Azure. So you can actually bring in Azure services, Azure app services, machine learning into PowerApps. So you have the integration directly into Azure. So the app can grow up or actually leverage more mature features beyond the citizen developer platform. And so it's one where we've just seen explosive adoption at the individuals --



**Kasthuri Gopalan Rangan** {BIO 22095432 <GO>}

I'm sorry. What is a citizen developer platform?

**Alysa Taylor**

Citizen developer is defined as somebody that is not a professional developer. So an analyst, somebody that is doing unique business process function.

**Kasthuri Gopalan Rangan** {BIO 22095432 <GO>}

Even I can do it, correct?

**Alysa Taylor**

Yes, you can. But we actually -- there's a great story of a security guard in Heathrow Airport. He's been on stage with us. It's a phenomenal story. He basically was a security guard and looked around and saw all the paper-based process, taught himself PowerApps through the community online, launched the first Heathrow PowerApp, they now have more than a dozen PowerApps. He's been promoted from the security guard to a Corporate IT, and he's helping them modernize their app environment. It's a phenomenal story. And so we have hundreds of those stories of people that -- I built a PowerApp for our dinner club, like anyone can do it.

**Kasthuri Gopalan Rangan** {BIO 22095432 <GO>}

I think to my team just issuing an (inaudible) really to build a PowerApp, to get a leg up.

**Alysa Taylor**

I like it, I like it.

**Kasthuri Gopalan Rangan** {BIO 22095432 <GO>}

(inaudible) models, they need to have them explosively --

**Alysa Taylor**

Next year, we can demo your power app.

**Kasthuri Gopalan Rangan** {BIO 22095432 <GO>}

Exactly, I'd love to do that, explosively predictive of the business trends in the software sector, company by company, business by business.

## Alysa Taylor

That's to your question. That's a citizen developer, it's not somebody that codes as a predominant part of their day to day job.

## Kasthuri Gopalan Rangan {BIO 22095432 <GO>}

Yeah. Are there certain use cases that are germane to PowerApps that have not been already automated and handled quite well by the industry business -- development platforms, something for decades, so is that a specific niche that you start off with that you -- Excel app with PowerApps?

## Alysa Taylor

So I think the visual drag and drop it's done in what's called an expression language, so you can do it like you're writing PowerPoint or a script in Excel, so it's very easy to learn, like I said there's the visual drag and drop elements to it. The interesting thing about PowerApps unlike previous development environments with low code, no code, which is another way of saying citizen development, is that IT couldn't govern them. And so PowerApps is Azure AD authenticated.

So Corporate IT can actually see all of the PowerApps. So when you have a security guard building an app, that's an IT, that's actually, normally the worst nightmare. But now within because it authenticates at the org level, corporate IT can actually see all of the apps that have been built. And so you have this mix of very easy to adopt with the ability to integrate into more advanced features and then the corporate IT governance on that.

And so that's why you see rapid sort of adoption at the individual level, but then you see organizations adopting broadly and standardizing.

## Kasthuri Gopalan Rangan {BIO 22095432 <GO>}

Is it still too early or do you have any customer examples of how large companies have built some interesting apps with PowerApps custom apps?

## Alysa Taylor

Absolutely, so --

## Kasthuri Gopalan Rangan {BIO 22095432 <GO>}

Besides the Heathrow security guard, who got the promotion.

## Alysa Taylor

Yes, he does, it's a great story. I have a video that will make you teary-eyed. So I have a -- so we have Chevron. Chevron is a great example of -- it started as -- for their oil rigs looking at how they're modernizing their app platform. The fascinating thing about Chevron was they were talking about when you're on an oil rig and you're switching applications, the UI consistency is incredibly important. And so they actually have -- just they are now broadly adopting, they're modernizing hundreds of their apps on PowerApps, standardizing for this reason so that they can not only have a modern app platform but they have a consistent UI. So that will minimize security and risk with those that are servicing oil rigs.

**Kasthuri Gopalan Rangan** {BIO 22095432 <GO>}

Got it. Got it. The white space for PowerApps, where do you see the opportunity exist in a way that others have not exploited? Just as you've already answered that question, is there anything else you would like to add with respect to --

**Alysa Taylor**

Well, the app development is such a -- like just if you look at it from a pure TAM perspective, like it's a very large TAM. There is always a set of applications -- enterprise applications. That's an ongoing investment area for organizations. And so I think it has a large addressable market and that's the unique concept that we've talked about of being able to do both end-user adoption and at the corporate standardization level, we think that PowerApps is a very big growth area for us.

**Kasthuri Gopalan Rangan** {BIO 22095432 <GO>}

Excellent, excellent. Now switching over to Flow. What is Flow?

**Alysa Taylor**

So, when we talk about Power Platform and I talked about there's an automate component of it, so Flow is our modern automation platform. So we have hundreds of connectors that allow you to connect different disparate data sources and then automate different tasks. And so Flow, like RPA is obviously another kind of very hot term in the industry right now. And so that process automation, Flow allows the same thing we talked about PowerApps which is a very easy way to do automation across business functions, same type of concept, very easy to do if then statements, rapid adoption of flow as well. Particularly with our Office users we've seen high Flow adoption within the Office users.

**Kasthuri Gopalan Rangan** {BIO 22095432 <GO>}

So Flow works with PowerApps obviously, you can build custom application?

**Alysa Taylor**

Yes, it's embedded in PowerApps, yes. So you can do it, you can -- within any business entity, like you can automate and that's why the hundreds of connectors are so important, because you can connect different data. And then you can do it in the consumer space as well.

### **Kasthuri Gopalan Rangan {BIO 22095432 <GO>}**

Of late this whole area of workflow more broadly speaking in the Flow, the way you describe it has gotten quite a bit of attention. There's another company ServiceNow that has been talked about workflow automation has a big opportunity. Why now and what are Microsoft's strengths approaching this workflow market? So only two companies have spoken about it. Why is there so much excitement here?

### **Alysa Taylor**

Well, I think that when from an -- if I look at it from an why it matters to an organization, because there are so many tasks, particularly when you get into industries like manufacturing, there's so much opportunity like job task analysis, to be able to automate those, they're very manual today and they're costly and they're higher, they're error prone. And so being able to automate those is something that companies are now looking at being -- what is a way to do that? I would say ServiceNow and Microsoft are the big players that are talking about it. But there's a bunch of emerging companies, (inaudible) in the RPA space. Automation anywhere, there's just quite a few that are emerging in this space to be able to take those tasks that are repeatable and automate them. And when we think about Flow in particular and why, I say, you'll hear us talk a lot more about that, there's some unique things that I think we bring to bear for Flow, which is one we have the predetermined connectors. So you can connect across any data source both on-prem as well as in the cloud.

And then you have the ability with that Office integration. So if you think about it from a task perspective, you have your front-line worker that typically has some type of Office application that they're using. And so being able to automate both on the back-end and on the front-end is something that's very unique that we bring to bear in the automation space or workflow space.

## **Questions And Answers**

### **Q - Kasthuri Gopalan Rangan {BIO 22095432 <GO>}**

So far I think a lot of us were under the impression that it's just more of a statement not a question that ServiceNow is the only one talking about it, now you've got Microsoft talking about workflow automation, so it's going to be truly exciting. So just want to make a quick pause to check to see before we get into BI, if there's any questions for our presenter? You have a question, Shankar, yeah go ahead.

### **Q - Unidentified Participant**

(Inaudible)

## A - Alysa Taylor

Absolutely, it's a great question. So while Flow is, obviously, is a great asset within Dynamics to be able to automate different workflow tasks, Flow, as I was saying, the adoption within Flow has actually been our highest within our Office space. But you can use Flow across any data set of assets. And so the go-to-market is a standalone offering. We are actually -- the reason we're sort of coming out more broadly now with Flow is we have -- we're changing the business model around Flow, so that it is widely adaptable and broadly available to corporations as a standalone offer.

## Q - Kasthuri Gopalan Rangan {BIO 22095432 <GO>}

Brilliant. Moving to Power BI. Looks like we hear a lot about Power BI these days. What is the -- why is this product so unique?

## A - Alysa Taylor

Well, it's in that same family. When we talk about the Power Platform, the theme of Power Platform is self serve, right? And a very ability to do self-service in this case, analytics. So Power BI is very -- is very akin to PowerApps in terms of the adoption patterns. So you see analysts using Power BI, graduating beyond Excel functions to be able to do analytics in a way that is a very low code, no code type environment, so self-service BI. And then because Power BI is effectively built on an Azure Data Lake you can ingest all kind of -- all different types of data to be able to do that self -- that BI self analyzation and at the corporate level as well. So that's you see this, there's a common theme between PowerApps and Power BI, which is enabling self-service at the individual level and then what is the sort of corporate function as well. And so BI, in general, has really matured as a category and so Power BI again we've brought in -- we actually just released being able to bring in cognitive services, text recognition, new AI capabilities, and then having this direct import export into Azure Data Lake. So some really enterprise-grade features that have come into our self-serve BI function.

## Q - Kasthuri Gopalan Rangan {BIO 22095432 <GO>}

So it doesn't feel like it's just a replacement cycle or is it a replacement cycle over the traditional BI landscape or is it something more than a replacement cycle?

## A - Alysa Taylor

Well that's -- I think you see both right -- again it comes down to when you are doing -- if you are using BI to analyze a particular function or department, but then you see as adoption grows throughout an organization, then you actually see the replacement cycle come in of legacy BI.

## Q - Kasthuri Gopalan Rangan {BIO 22095432 <GO>}

You're seeing that replacement happen right now of all the old 15-year-old technologies from year-old technology?

## A - Alysa Taylor

Yes, yes we do see that. And it was interesting, another customer story. I was with the CEO of Air New Zealand, and he actually said like, if I had gone through the process of putting out an RFP for modernizing our legacy BI systems, he was like, we would have been in a multi-year going through all this evaluation and he was like I was just told by the analysts on my team that we were going to power BI, because it was so pervasive within his leadership team and within his analyst community. And so you see this groundswell that's influencing the modernization cycle and the upgrade of the legacy cycles.

**Q - Kasthuri Gopalan Rangan {BIO 22095432 <GO>}**

Excellent, excellent. When you look at this whole BI space, what are the analytics technologies that exactly the most as far as future potential fundamental analytics technology? Anything that you could point to?

**A - Alysa Taylor**

Well, I think I touched on it a little bit, but it's kind of -- like if you think about cognitive services within analytics that's a very exciting space.

**Q - Kasthuri Gopalan Rangan {BIO 22095432 <GO>}**

Yes, tell us more. what is cognitive services?

**A - Alysa Taylor**

So if you think about facial recognition or speech recognition, so being able to -- within Power BI, analyze like we've talked about, the cognitive -- the need for inside sales being able to analyze and understand call patterns of your tell -- if you're inside tell -- your (inaudible) vendors, like being able to do that to bring in sort of speech recognition and then be able to analyze patterns on it. The other thing that I think is that we've seen -- particularly within Power BI that is unique in this area is being able to actually do trends within within Power BI. So I get an alert every day that says certain dashboards have had new data or new functions analyzed and I get a report that actually tells me across all my dashboards what has changed. So you actually see analytics within analytics, which gets exciting.

And then the other thing that you'll hear more about from us is deeper -- being able to do deeper more embedded analytics. So not having to go into a BI application, but how you can actually take advantage of the rich analytics capability and things like PowerPoint, Excel, so continuing to build that out in the applications that people use everyday, having that self-served BI embedded. That's a very exciting space in the analytics. And Google just talked about it, they just came out with talking about their integration with Google Sheets. You see this move to going to where people are every single day to be able to do analytics versus pulling them out of the day-to-day applications.

**Q - Kasthuri Gopalan Rangan {BIO 22095432 <GO>}**

Got it. You also have this competition aspect with analytics technologies. You want the analytics companies to run on the Azure cloud. So how do you see this the

partnership wanting other BI companies running a cloud versus wanting to be a BI powerhouse yourself?

**A - Alysa Taylor**

Well, I think that's a world where -- the business application space, I think by definition is cooperation or competition.

**Q - Kasthuri Gopalan Rangan {BIO 22095432 <GO>}**

You have SAP running on--

**A - Alysa Taylor**

We have SAP, we have Adobe. And so the thing that if anyone in the audience has heard, we announced something called the Open Data Initiative last fall. And the thing that I like about that it's across Adobe, Microsoft and SAP. And the reason that we came together even though we -- there is competition at the app layer between all three companies, we're committed to being able to have this Open Data standards, so that you can actually have data and a common data layer, shared freely across the applications. So think about it as bringing together data, enriching it and then flowing it back up through the app layer. And so when you center on this notion that applications should free data and not house them, then a lot of the -- that's where we come from when we have partnerships across the ecosystem. It's in pursuit of freeing customers data, so that they can get more from their data.

**Q - Kasthuri Gopalan Rangan {BIO 22095432 <GO>}**

Historically, you've seen BI landscape evolve and then the applications companies, they are somewhat late to the game, but they end up getting there, you saw this -- Cognos, Hyperion, Business Objects, probably half a dozen analytics, pure standalone companies and ultimately ERP companies started to build, they were not as good as a specialist, but then they ended up being good enough, and they ended up acquiring the pure-play BI companies.

Do you -- how do you see this playing out in this cycle? Is there something different that makes a standalone analytics technologies more viable in the long run? Or do you think the systems of record, I guess you are in both -- you have a Dynamics business and you have a BI business. You brought thoughts on how this space evolves. Is it going to be the domain of the companies that have all the business data, ERP system are, to the pure BI companies, end up being more viable that they can be the best (inaudible) still have a thriving business, without having an ERP or HCM or a CRM system.

**A - Alysa Taylor**

I actually think about it slightly differently, because I think the -- those and you'll see this with what Salesforce announced with MuleSoft, you see this actually with some of the work that SAP is doing as well. The race I think is not at the app layer, it's actually the races at the data layer. And so the more that you can aggregate data, whether it be from an ERP system or from a CRM system or name, you know, your

on-prem legacy system, and then have that data be able to to analyze it, to automate it, to build out new applications on it.

I think that is actually the future, more so than the pure-play BI versus those that are good enough. You see the interesting thing in this space right now is it used to be historically in all definitions BI, ERP, CRM, pure play, and you see every single one of them expanding, knowing that it can't just be about having one function. It's about how do you cross pollinate and be able to maximize that data and use it in new ways and reason over that data and garner intelligence. Because in the world that exists today of doing ETL, it's expensive, it's time-consuming, there's latency, and so there's this natural gravitational pull to be like how do I take all of this business data I have.

**Q - Kasthuri Gopalan Rangan** {BIO 22095432 <GO>}

ETL never sounded good from the get go.

**A - Alysa Taylor**

Yeah, so, (multiple speakers) yeah exactly, but I can do it, that's why no one ever define --

**Q - Kasthuri Gopalan Rangan** {BIO 22095432 <GO>}

Excruciation, torture.

**A - Alysa Taylor**

So expensive. So I think, that is, -- I think that is the race right now more so than the kind of app layer.

**Q - Kasthuri Gopalan Rangan** {BIO 22095432 <GO>}

Anybody questions? We might actually call it a few minutes early, so if there aren't any -- yeah, please. Can we get a mic over to -- yeah. I think you might end up finishing your question by the time mic --- yeah.

**Q - Unidentified Participant**

(Inaudible).

**Q - Kasthuri Gopalan Rangan** {BIO 22095432 <GO>}

You want to rephrase the question, so?

**Q - Unidentified Participant**

In the Flow area of your business, when you go-to-market, who do you usually come up against? And how does that work when you go into a new customer to win business?

**A - Alysa Taylor**



So Akash talked about this. ServiceNow is probably the largest in the workflow automation space. In the RPA space, you find UiPath. Automation Anywhere as well as like the emerging players that are very industry specific like [ph]Drishti . So but that's really more on the sort of process automation with things like perception analytics being able to do image recognition. So I think ServiceNow is probably -- and actually Pegasus too. They've sort of redefined into kind of the RPA category into the digital DPM category. So Pegasus and ServiceNow are probably the two biggest. Flow for us, as I talked about, is largely a ceded-free product. And so we are evolving the business models and more to come on that. So when you talk about an RFP, we're -- we are right now in a high-adoption curve of Flow, but it's not a standalone business that we're monetizing yet.

**Q - Kasthuri Gopalan Rangan** {BIO 22095432 <GO>}

Any other questions. David good to see you, the old gang. Old gang has any new questions. Alright. Good to see you guys. Well, there aren't any questions. I just want to make a very special mention, the topic of women in executive leadership of prominence, particularly in the technology industry is something that we pay close attention to. So it's a real delight to have somebody from Microsoft, very rare representation in this conference, particularly a woman executive to present. It's really awesome to see that.

So my hope is that five, 10 years from now we'll have more women like you presenting on behalf of their companies and we'll have more of our clientele also women. So a big shot, my -- it's a topic that's very close to me, because my wife is an executive in the tech industry and is a very near and dear focus area. And I also make it very clear that my team needs to be 50/50 men/women. So we're getting there. We're not there yet. We have three great awesome women candidates in our team. So congratulations to you.

**A - Alysa Taylor**

Thank you.

**Q - Kasthuri Gopalan Rangan** {BIO 22095432 <GO>}

And thank you so much for your time and attention. Let's give a round of applause to our presenter.

**A - Alysa Taylor**

Thank you, guys.

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