Credit Suisse 24th Annual Technology Conference

Company Participants

- Jared Spataro, Corporate Vice President, Modern Work

Other Participants

- Brad Alan Zelnick, Credit Suisse Securities

Presentation

Brad Alan Zelnick {BIO 16211883 <GO>}

Perfect. Un-muted and we're live. Welcome back everybody. Again, I'm Brad Zelnick, software analyst here at Credit Suisse. And this is day two of the 24th Annual Credit Suisse Tech conference normally in sunny Scottsdale, Arizona, but virtually just as many things aren't here in 2020. For this session, truly delighted to be joined by Jared Spataro of Microsoft. Jared is Corporate Vice President at Microsoft, responsible for Modern Work, which includes the entire Microsoft 365 business. Jared welcome and thanks for being here.

Jared Spataro {BIO 17854733 <GO>}

So great to be here with you, Brad. Thanks. Thanks very much for having me.

Questions And Answers

Q - Brad Alan Zelnick {BIO 16211883 <GO>}
(Question And Answer)

Awesome. Well, look forward to a productive conversation. There's lots to talk about. The format of this presentation is meant to be a fireside chat. I've got a lot of topics to go through, and maybe if we just dive right in. So Jared, maybe if we could start off with Microsoft 365. You've positioned Microsoft 365 as the world's productivity cloud, bringing together productivity, collaboration, communications, and analytics capabilities, all on one integrated platform, which I think is unique. Can you just help us frame that in the context of Microsoft's larger vision and mission statement to empower everyone and every organization to achieve more?

A - Jared Spataro {BIO 17854733 <GO>}
You bet. Yes. Microsoft 365 for us is a key pillar of the overall Microsoft strategy. As you indicated, world's productivity cloud is the way that we've talked about it and it

is this comprehensive solution, in so many ways, we've taken a different tact than a lot of the market and we have tried to bring in what we would call workloads, different services and integrate them together to essentially provide a platform for the digital workforce.

And that little phrase, I think we're going to come back to a couple of times since the idea of a platform for a digital workforce. The design principle behind all there, Brad, really has been people-centered, what we had seen so much of historically in technology had been this idea of kind of building an app for this or an app for that. Microsoft 365 is meant to be centered on the people. It's meant to really create a workspace in the cloud for a particular person, and for that person to work on their own and to work with other people both inside and outside their organization, and to really create a brand-new digital environment for them to conduct business in a commercial sense. So it provides us very broad kind of conceptual platform for us.

As you indicated, we brought a whole bunch of different workloads into that collaboration, communication, particularly with Teams, I hope we'll have a chance to talk a little bit -- a lot about Teams today. We bring together content management. We bring together process automation. It is underpinned by security and compliance and work that we're doing, that allows people to use all of these things across devices, across platforms. So there's a lot of breadth and depth to it.

The last thing I'll say is, a lot of times people have compared and contrasted what we have done with this digital platform with kind of a best-of-breed approach, may be bringing a Slack and a Zoom and a Dropbox together to assemble a similar type of offering. When we think about what we're trying to do, we're really trying to create a no compromise solution. We're looking for both breadth of workloads, so completeness of workloads, but we want to be able to compete head-to-head on each workload and win and beat and have depth and be very deep in those workloads as well. And I hope we get to that as well, but that no compromises approach is really important to us.

Q - Brad Alan Zelnick {BIO 16211883 <GO>}

I like the way you put that with no compromises. And in doing so especially over this past year, very unique year that it is, Microsoft and what -- everything that you're doing has been very helpful to enabling today's workforce. And I guess along those lines, how much of the change that we're seeing in the workforce today in your opinion is transitory versus truly changing how work gets done? And how, if at all, does it impact your own strategy and prioritization within Microsoft 365 and Teams?

A - Jared Spataro {BIO 17854733 <GO>}

What (inaudible) year, I don't think I have to be that millionth person to say that, but it's just -- it is (inaudible) to think, what a year, we're like 30 days away from the end of the year and it has been an incredible 12 months, that's for sure. We kind of see it this way, and Satya has used this framing and we used it very early on when the pandemic kind of sent everybody home in the March time frame (inaudible), we talked about respond, recover and reimagine. What we meant by that is that we anticipate and this is the way it largely played out that there'd be such a big shock to

the system as everything went digital, that the first thing that our customers would want to do is to just to respond, to essentially scramble and say, we've got to keep operations going. Then once they kind of had gotten to that point, they had a little bit of operations running, they were going to need to look at the recovery. I mean, how do we get back to kind of where we were in terms of being able to conduct all the business that we were doing, but now in a different way.

And then the final part of that -- respond, recover, the third part is reimagine, and we anticipated that people would say, huh, what are we learning here as we have moved so much of our processes, so many processes digital online, are there things that we could do differently, because we found that in the early parts of the pandemic, people were just trying to repeat what they had done in the old world kind of in this new digital world. And there was this opportunity to reimagine that we think that.

What we think will happen to answer your question in terms of what will persist is that the reimagining will largely persist. We think that people will say, huh, that's really interesting. I'll give you a very specific example from Microsoft. We run an annual conference for our customers that we call, Ignite, it's very large. We typically get somewhere around 30,000 people in a city. We're excited about it. And we have a great time. In 2019, that was what it looked like for us. In 2020, we ran that event virtually, it cost a fraction of what it normally does.

We reached 275,000 people, just that order of magnitude much greater than we had gotten before. We will definitely get back together we think for events as an example, but we'll never do them in the same way. We think that they'll have a digital component going forward. So a lot of what we think will persist will be the learning of what digital capabilities can do to augment how we get business done and we're going to keep a lot of that. Just in The Wall Street Journal today, there's an article about travel perhaps being down for a long time as much as kind of 36%, 39% or so. We think people will travel again, but we think what they're learning right now is how to use video communications to do business in a way that they didn't know how to do it before the pandemic. So those things we think will persist.

Q - Brad Alan Zelnick {BIO 16211883 <GO>}

Makes a ton of sense. Maybe just, Jared, as we think about the overall market opportunity and in trying to understand the TAM that you're serving with Microsoft 365 and then with Teams in particular, how does that help you execute against this opportunity?

A - Jared Spataro {BIO 17854733 <GO>}

Yes. Let me take a step back actually and try and parse out the way we are seeing the demand signals and then go into that TAM question.

Q - Brad Alan Zelnick {BIO 16211883 <GO>}

Sure.

A - Jared Spataro {BIO 17854733 <GO>}

Of course, right now, the immediate demand signal that has been strongest most in our phase [ph] has been video conference. We think that that -- that's been very clear. I think this week is a really interesting week because already in the investor community we're starting to see people ask, wow, what happens post pandemic, what happens when the conditions changed a little bit? We see it this way. Video conferencing was that immediate signal, but the long-term opportunity is not video conferencing, the long-term opportunity really is this platform for work, life and learning. This digital platform for work, life and learning.

So when we think about the TAM, we historically have thought about the TAM for my business what we would call, Modern Work, as essentially knowledge workers. And knowledge workers in developed nations in fact. But what is happening with this opportunity that's opening up for a digital platform for a digital workforce going forward is that we see two really big ways for the TAM to expand. First is in socket expansion where we can move well beyond knowledge workers into first line workers, SMB, education, industry type scenarios.

And the second is TAM expansion as we're able to move well outside the traditional core office suite and move into things like security, compliance, collaboration, well into these areas that we are seeing Teams be able to take us. So that original market opportunity we saw is kind of $200 billion to $300 billion. We're starting to see that open up in very significant ways, just adding the security TAM, as an example, is well over $100 billion of extra TAM. So lots of TAM. And then when we look at the actual sockets, the number of people by 2023 with this new kind of influx of digital transformation. Gartner estimates that there will be over a billion knowledge workers and we see roughly two billion first line workers out there. Teams allows us in particular to get at all of that new TAM and again both in terms of monetization dollars and in terms of sockets. So we see just so much opportunity that this digital platforms opening.

Q - Brad Alan Zelnick {BIO 16211883 <GO>}

It's clearly tremendous and connecting front line workers back in with knowledge workers and everybody else and along all these different dimensions sockets everything you talk about, very, very exciting. Maybe just to move on to innovation within Microsoft 365. What can you share about the foundational investments in capabilities like AI for example? How can these investments further contribute to the value of having an integrated solution?

A - Jared Spataro {BIO 17854733 <GO>}

Yes, for this one, I'm particularly excited because there's a bit I don't get to talk about very often that for this audience I think will be appealing. The --a lot of the innovation that we're doing, and the reason we're so excited is, as everything moves digital. We have this opportunity to stop this escape of the digital exhaust, if you will. Everything that you do digitally, it kind of creates signal is the way that we talk about it. That signal can be as rich as a document that I write, but it can also just be simply the fact that you and I meeting together one time, two times, three times over time. That

signal is incredibly valuable. And today, most of that signal really does dissipate out into the ether.

So the basis for a lot of our innovation is this idea that we should stop letting that signal escape and start capturing and aggregating that signal, then reason over that signal, and provide value in two ways. Value back to the end user in the form of services that can help them really get work done, and value back to the organization in the form of kind of insights that help them understand what work is getting done, how they can get work done more efficiently.

So to make that really specific at an end user well, we talk about this idea of really creating first in graph, and we don't talk about it externally a whole lot but we call it the Microsoft Graph. This graph is the aggregation of signal. It is done on a per customer or what we would say as a per tenant basis. So it's specific to the customer, the tenant. And then it's even specific at the graph level to an individual user. So for instance, at an individual user level, we can hand back things, like, a designer in the cloud that manifest itself on PowerPoint. We've been doing this now for a couple of years. We have billions of slides kept as we now suggest slide designs for people. In fact, a quarter of all the slides are kept, that's a pretty high keep rate, 25% of the slides we're presenting these days were kept.

We've got this great set of new services we've been integrating into Excel as an example. And this allows us to reason over data models, it even allows us to use natural language queries to create pivot charts. On pivot tables, imagine, back in the day when you and I were learning that stuff, if you could say, oh, you just talk to it now and that's what my kids will know, and so again, a really powerful service. And the services go on and on. We have Editor in Word, which uses neural net-powered assistance, all of that is based on signal. Within Teams, automatic transcription and translation, speaker identification, search, all of that is based on these signals and processing of the signals. And as we move to the organization, we can even kind of expand the way we use that. We have something called Project Cortex, which creates a knowledge graph of an organization. This ends up becoming the most important database, I think, for optimizing productivity because it can help the organization know what it knows and help people to tap into that knowledge.

And we're even using all of this signal for security with Microsoft Intelligent Security. We read over eight trillion of those signals that I just referenced a day across products and helping with remediation and proactive identification security threats as well. So that's kind of how we think about the innovation is we see this wonderful opportunity not just to create the platform as we talked about a few minutes ago, but then to make sure we're using the platform to capture, aggregate, process and create real value from that signal. That's where you're to see a lot of the innovation coming from.

Q - Brad Alan Zelnick {BIO 16211883 <GO>}

Very helpful, and really helps to better appreciate the underlying foundation of innovation that's driving so much, which we, as a knowledge worker, sitting in front of a computer look forward to taking more and more advantage of and hopefully

being able to get my pivot tables. I'm usually relying on people on my team these days. But in any case, can we -- Jared, can we dive a little bit deeper into Teams.

A - Jared Spataro {BIO 17854733 <GO>}

Would love to.

Q - Brad Alan Zelnick {BIO 16211883 <GO>}

I got several questions for you. So, maybe for starters, you've rolled out over hundred new features for Teams in the last year. What are you most excited about and what are you hearing from customers?

A - Jared Spataro {BIO 17854733 <GO>}

Yes, I'll start first with the very first feature that we conceived up, produced and rolled out during the pandemic, we call that Together Mode. The -- when I tell the story of Together Mode, I like to talk about the reaction that people first had when they first saw the graphical user interface from Xerox PARC years and years ago. It was rudimentary. It looked a little cartoony. People weren't sure if it was going to work. But if you had some vision, you realize when you saw that gooey, you were seeing the future. We feel that same way about Together Mode. Just to ground everyone,

Together Mode was really based off of customer demand. What we were seeing is that there was first this real fatigue in using video conferencing products that it literally was making people tired and they didn't know why. We went and did some work and started to realize that it put a tax on the brain that wasn't there when they were in person with each other and we didn't quite know why. And then the second thing is we found that people had a hard time connecting with each other when they were kind of in this Brady Bunch Square view.

So based on that, we pulled in some experts, looked at what we had learned from virtual reality and realize that we could use AI to kind of cut people out of their own background and place them into a shared background. We do this now in all sorts of different shared backgrounds. You can have a meeting room, an auditorium, even a coffee shop. You can all be there lined up next to each other. The science, when we've gone back in and done it, the science actually tells us the brain is taxed less. So because we've removed that extraneous background information, it is much easier for your brain to process, and it does create more of a connection between people as well.

And I think we're kind of seeing the future there of digital transformation, kind of digital innovation is starting to be focused on people connecting as opposed to just getting some sort of like mechanical task done. So Together Mode is by far one of my favorites. We actually use that same tech by the way to power the NBA, National Basketball Association. We had 60,000 fans that attended more 170 NBA games together, including Shaq and President Obama, and we were just proud as could be to see that tech used in that way to connect people.

But from there, what I would say is in addition to those types of things, we've seen whiteboard as an example, and the integration of a whiteboard into Teams where people could do creative work really be a differentiator for us, that is becoming increasingly important as people are really having to get back to being creative and they're not able to be in the same physical space. Breakout rooms have been something that it has been a part of the industry. We used it here today Brad you and I. We didn't have it in Teams. It was something that we needed to catch up on. We quickly caught up on that. Same thing was true for what we call 7x7 gallery view, so this is the ability just stack a lot of people into the space, but we're even innovating beyond that as we think about the flow of work. From our perspective, video conferencing is just one workload in the experience that Teams offers. So we do things like meeting prep, meeting recaps, transcriptions of meetings. I tell my team the best meeting is the meeting I didn't have to attend and I can read up on later and that's what I love. We're really working to ensure that a meeting is just one component of how works gets done and that allows us to take advantage of all the capabilities of Team from chat to meet to call to finally kind of collaborate on content. So lots there, I'm happy to go into any more detail. I've got a lot of energy for Teams right now.

Q - Brad Alan Zelnick {BIO 16211883 <GO>}

No, it's awesome and I look forward to Together Mode. I haven't used it. And to me it sounds like it would be one step closer to the metaverse, and it's certainly something if it will help to reduce my blood pressure and be less taxing. It's something I look forward to using at some point. Maybe just to pivot from there, within Teams, I wanted to talk about the telephony opportunity. Just to get a sense -- from your perspective, how do you size it? How big is the actual opportunity? And how does your strategy here differ from competitors like a RingCentral which I think is fairly well known? And would you say at this point that Microsoft is all-in when it comes to the UCaaS space?

A - Jared Spataro {BIO 17854733 <GO>}

You bet. We're really proud of our standing in the Gartner Magic Quadrant they just release here recently where we are a leader, a leader in that. And a leader in the UCaaS Magic Quadrant as well, so a leader in the Meetings Magic Quadrant. We are definitely all-in. In a moment, I hope we get a chance to talk a little bit more broadly about Teams monetization, but phone system and the ability to kind of help customers move from using Teams as maybe a chat platform or a meetings platform up to telephony, super-important for us.

Depends on how you look at the market, but we certainly look at as being as big as hundreds of billions of dollars of TAM. And I guess what I would say is, I would quote one of the customers I met with most recently, I was asking them how they were changing as a result of the pandemic, what they thought stick with them. This customer said to me, you know what, we've realized that work is no longer just a place you go, it's a set of activities that we need you to do no matter where you are. And I thought that that was a great way to kind of frame up this telephony opportunity for us. When we are all-in to telephony, we don't think of it as just a single workload, we think of telephony integrated into that flow of work that I just briefly mentioned. We think work gets done through several activities that weave

[ph] through one-on-one interactions, personal focus time, meetings, phone calls, recorded events, all sorts of different types of work. And Teams is built to support that.

The telephony components are integrated deeply into what we're doing with that whole idea of the flow of work. And just this week, we had a really good moment where we went out to the market and just re-emphasize kind of some of the innovations that we have. With the flow of work, we've got some really great stuff out there as we think about what we have to offer. The first is [ph] really streamline calling experience is integrated right into the Teams' experience itself. We can save call recordings into OneDrive and SharePoint. We even do things like identify spam and do spam ideas, people are calling your number, you can easily transfer calls between mobile and desktop. We have -- for end users, things like call merge and low data mode. So, they can use calling at different types of situations, enhanced reverse number lookup. And then we provide really powerful call control and API capabilities for organizations. And we see them using this to integrate, for instance, Teams directly into their call center application so that their call center agents can use the telephony components of Teams.

So again, our differentiator for this is that we are looking to be that platform to support the work as it flows through different activities. And telephony, it's just one component of that. We think it's important sometimes in census of groups of people meeting together, sometimes in very specialized applications like a call center and just always there, the dial tone that's available for you. So we see an awesome opportunity as we continue to walk customers up the stack, if you will.

Q - Brad Alan Zelnick {BIO 16211883 <GO>}

Awesome. And earlier, you talked about not compromising across all the different activities and functions within the broader umbrella of what Teams can offer. But when it comes to a customer who perhaps already has a Zoom or a Slack, for example. How are those customer conversations different? And what exactly is your value proposition there?

A - Jared Spataro {BIO 17854733 <GO>}

Yes, I'll start by saying, we definitely see dual usage. This is the place where we have to earn our customers' business every day and we actually have to earn it down at the individual user level. They have to be satisfied with the experience, even if, for instance a centralized IT (inaudible) out. However, what we see kind of thematically is that dual usage plays to our strengths over time. It does so at the end user level because of the integration where Teams offers in a single app, things that other competitors don't. It does offer you that ability to chat, to call, to meet, to content collaborating the work together, even to integrate into process automation, the work that we're doing with power platform all on a single app.

So users definitely feel drawn in that because of the simplification for them of their own workflow. So that's one thing. And then as we start to talk with decision makers within an organization, I think we have a great value prop. Cost savings immediately comes up from our perspective. There is a gravitational pull to a platform. We think

there's a lot of economic value in that platform, and we can offer that combination of calling and meeting and chat for a much cheaper price than you could if you're going to try and go out and assemble those things by pulling together these other separate players and putting them.

In addition to that, there's still cost savings beyond just the per user per month type saving you can do because typically you're going to have to do some integration of identity across different service providers. You're also going to have to look carefully at things like security compliance, all of that is built in. So, the conversations are good. We think dual use, again, plays to our favor. We love it when we can get in the door with whatever workload customers are ready for, sometimes that's meeting, sometimes it's chat, sometimes it's just content collab. Once we get in the door, we're very confident in our ability to have end users discover the power and then we can have a really good discussion with the decision maker. So, that general idea of kind of landing and expanding as the industry we talk about kind of characterizes our business model with Teams and our breadth there, and then the depth in the workloads allows us to compete really well.

Q - Brad Alan Zelnick {BIO 16211883 <GO>}

That makes perfect sense to me, Jared. But maybe if I could ask from a competitive standpoint, it would be remiss of me not to acknowledge. There are rumors in the market talking about Slack potentially being acquired and becoming part of a broader application platform and I'm not looking for you to comment or speculate on rumors. But more broadly, I think that this can validate or this does or would validate Microsoft's approach to collaboration in line with everything you've just said and comments we've heard from Satya recently about moving beyond transactional meetings and staying in the flow of work and maintaining business process context. And I'd just be curious, if you'd agree with that view or any other thoughts that you might have?

A - Jared Spataro {BIO 17854733 <GO>}

Yes. Sure. Well, of course, I won't comment on the specific rumors about a transaction, but in terms of what's happening right now, we think that there are a lot of signals perhaps even these rumors as examples that would really validate this idea that platform -- and digital platform is starting to emerge. I kind of think about this way when I talk to those customers, they say, when you think back and how different platforms emerge, one of the ones in my life time I remember very well is the days when I carry that flip phone, a PalmPilot and an MP3 player. Those are awesome. They're fantastic technologies. But there was a platform gravitational pull that meant that they were going to be subsumed into a smartphone. Because once you put those things together, you could do amazing things, they created a platform on which you could not only do those three things, but other people could build, and n that particular case apps that, we're able to take advantage of the capabilities of the platform.

We think the same thing is happening right here right now and we think Teams is the greatest example we have of it. We think of it as a scaffolding. We think of it as a platform. We certainly love what we would call those built-in first-party workloads of

chat, meet, collaborate, call. But we're even more excited as people continue to use it as a platform and use things like Power Platform to build process automation, their own customized apps, do some really interesting things. So yes, I think we're going to continue to see this basic form of consolidation happen in the industry. We're excited because we feel like we've got a jump on it and we're just trying to make sure that we can stay very focus on customer needs right now, because that is the place to be, it's changing every day. Like I'm on the phone every day with customers just trying to understand, how are you guys thinking about this? What are you doing with real estate? How are you thinking about events? How you think about spend on people in these areas, and we're trying to use that to inform your investment strategy.

Q - Brad Alan Zelnick {BIO 16211883 <GO>}

Got it. I want to be mindful of the time. This is such a great conversation, but I think we've only got five or so minutes left at least on this end. Maybe I'll bounce around here a bit and again so much to talk about. Maybe on -- just on office 365. Can you talk a little bit about the free trials you started offering earlier this year? And how the conversion rate has been relative to expectations? And then specific to SMBs, are you seeing signs of recovery? And do you expect to see free trials in the SMB space convert at the same pace as enterprise customers?

A - Jared Spataro {BIO 17854733 <GO>}

You bet. Let me talk a little bit about those trials just quickly to ground everybody. We offered three types of trials just as the pandemic starting in March going April, May, June, and they essentially were trials to large enterprises, trials to small and medium-sized businesses through our partner channel and trials to SMBs through direct. It was a bit of a leap of faith because most of our sales model had been oriented in a different way. We didn't typically give things away for free and then sell later. We are just starting to see those trials come to fruition. Now most of them were six months long and the early signals are very good. In SMB, as an example, we are starting to see in both the partner trials and direct that the conversion rate is excellent. I've been very pleased with it and I wasn't quite sure how it would end up for enterprise, but we're seeing that the trials have been -- had been well-received there and also are converting very well.

So I'm pleased with what's happening. In fact, so pleased that we really see this as an opportunity for us to really kind of transform our own sales motion. In SMBs in particular to talk about are we seeing signs of recovery, SMBs are typically that place that we're going to see the immediate signal of what's actually happening in the economy. So in our Q?? the SMBs are really strong, and we started to see that in our demand signal. We did see some solid recovery in Q1. We're continuing mostly to see those signals go on. But of course, my fingers are crossed just given what's happening in across the world right now, particularly in the United States and Europe with this wave of COVID kind of moving through. So in general, if I recap, I just feel like trials have been very good for us, we're pleased with the early signal that we're seeing on those trial conversions but a lot of that will come to fruition this quarter and even into next quarter and we're looking at using it more broadly as we think about how to transform our own sales motion.

Q - Brad Alan Zelnick {BIO 16211883 <GO>}

Cool. I think we got time for maybe a couple more. Maybe just on security, something you touched on earlier. How do you think about Teams and really the overall shift to more distributed work and a more distributed workforce? How is that impacting security postures of your customers? And what can you offer from Microsoft or even in partnership to help resolve and address these pain points?

A - Jared Spataro {BIO 17854733 <GO>}

Yes, what an opportunity security has really been for us. (inaudible) like this, the move to almost everything being digital means that there's more data, more devices to protect. It also means the companies who have long held beliefs about what security meant to them often bound, for instance, to the workplace, the physical workspace, they've had to change overnight. We have taken a posture for a long time that in the industry has been called zero trust. It literally is. You have zero trust for the people, the devices, et cetera, people have to verify it, every device has to be verified, that has been proven to be I think the right stance to take.

As all of a sudden, companies have realized that your own home office has to be as secure as the campus office was. So it's just a brand new day for so many people. We have a lot to use Teams to lead us into that security discussion, three in particular, Data Loss Prevention, where we can use DLP, data loss prevention within Teams to really secure the communications, and Teams what we call Advanced Threat Protection where customers can protect users from malicious software both proactively and with automated remediation. And finally Cloud App Security where we certainly secure Teams, but then we allow people to use that same security service to secure other apps in their portfolio.

Teams has helped us to really explain the value, I think, of all three of those things in nice way. But more broadly taking that step back on Microsoft security, man, what an opportunity. We really differentiate from the competition in three ways, we have built-in security experiences. So in other words, we secure our own stuff as you would expect us to with really best-in-class security, but we also integrate with other solutions and secure other components of a customer's estate something that's little known. And finally, we have all those signals we talked about to apply AI and automation to what we're doing with security and this just puts us into a really nice space, in particular with all the complexity associated with security. We're able to go in and have a conversation about consolidation of vendors, of the consolidation of kind of different services. And that's playing very well for us right now. So Teams is kind of the front end of the spear force. It opens up a broad discussion on security broadly.

Q - Brad Alan Zelnick {BIO 16211883 <GO>}

Yes, in our investor conversations we're amazed and it's sometimes underappreciated how much Microsoft is investing and just the amount of technology and value that you're able to offer to customers. I always like stat that as we've done the comparison, Microsoft is spending over 2x the R&D that you see from some of the best-known security pure plays out there in the market. Maybe one

final question, if I could, Jared, Teams is obviously emerged as a really strong winner in the shift to more distributed work. But where do you go from here? How do you continue to differentiate? I mean, there's so much more to do, there's all these capabilities, platform wise, that we've talked about. But what can you tell us about the roadmap?

A - Jared Spataro {BIO 17854733 <GO>}

Yes, man, I can talk for an hour on this one (inaudible). The immediate opportunity continues to be meetings and collab that is that immediate signal we talked about at the beginning of our conversations. We've got work to do there. We're going to continue to invest in a major way. But let me talk about a couple others I'm very excited about. We got the opportunity to use Teams as this platform for healthcare for first-line, other industry specific scenarios we're starting to really see that pop. I tend to think of it this way, take Zoom combine it with WhatsApp and create a platform for it and you have got an awesome visual platform for businesses to use, that's the conceptual idea I think that represents an opportunity for Teams, you'll see us really go hard after that.

Mission critical process has been integrating the Teams, so kind of process automation and this idea of creating custom apps, particularly using Power Apps, that's going to be a very big investment area for us. We just made some investments over the last couple of weeks there, watch that space. Learning is interesting to us. We do think corporate learning is going to change in very dynamic ways. It's going to stop being such a sleepy area and start being a real we think dynamic growth engine for corporations as they're trying to help people get up to speed as their jobs change and the dynamics of the marketplace mean that we're working in a very volatile environment. Well-being, helping with employee well-being we actually think is really interesting. We've got some really interesting work we're doing with Teams here, including partnerships with people like Headspace. There really is such a thing as meeting fatigue and taking care of your employees. We're starting to see it becoming a real priority for companies around the world.

And then one final place that I'll just say watch this space, Teams -- people think of Teams largely as a commercial offering for businesses and governments. It surely has. We've got great success there. We have launched the very little fanfare capabilities both in the mobile product and the desktop product just over the last couple of months, allow us to expand well out of the commercial scenarios into life. We are really excited about this Formula 1 app that does more than any other app in the marketplace applying also to people's lives, to their families, to sports clubs, to opportunities out there that are more consumer oriented. We also think that creates a very interesting virtuous flywheel as we see work, life and learning reinforce each other. So, please watch that space. Again, as we think about a digital platform, we're not just thinking about commercial opportunities but about opportunities across someone's whole life, and there'll be some great things coming.

Q - Brad Alan Zelnick {BIO 16211883 <GO>}

Awesome. Well, Jared, with that, we are at a time. This is really been fantastic. I think we've got -- we compressed a lot into about the last half hour or so. And I thank you

very, very much for making the time to spend with us today at this year's Credit Suisse Tech Conference virtually. All right?

A - Jared Spataro {BIO 17854733 <GO>}

My pleasure. Thank you very much for hosting me, Brad. Really appreciate it.

Q - Brad Alan Zelnick {BIO 16211883 <GO>}

All right. With that, we're done. Thank you so much.