

# Goldman Sachs Technology and Internet Conference

## Company Participants

- Tami Reller, EVP Marketing

## Other Participants

- Heather Bellini, Analyst, Goldman Sachs
- Unidentified Participant, Analyst, Unknown

## Presentation

### Heather Bellini {BIO 2268229 <GO>}

Thank you. We're pleased -- thank you, everyone, all of you again. I keep saying this. But for those of you for sticking out the weather, given how bad things are on the East Coast, we greatly appreciate you sticking around with us.

We are very pleased to have Tami Reller with us today. She's one of my favorite executives from Microsoft. She has had numerous roles with the Company, latest one being EVP of Marketing, I believe. Thank you for making the trip here. And I know short notice to your schedule. So thank you, again.

### Tami Reller {BIO 1978866 <GO>}

Thank you for having me, everyone. We've been here since 2000 at this conference. So we would not miss it.

### Heather Bellini {BIO 2268229 <GO>}

We appreciate that, thank you.

### Tami Reller {BIO 1978866 <GO>}

(multiple speakers) to be here.

### Heather Bellini {BIO 2268229 <GO>}

There has obviously been a lot going on at Microsoft over the past year, year and a half. With the reorg behind you now and Satya now being named the CEO, can you talk to us about the devices and services strategy overall?

### Tami Reller {BIO 1978866 <GO>}

Yes. Absolutely I can. Let me -- can I make my little (multiple speakers)

**Heather Bellini** {BIO 2268229 <GO>}

Yes, I'm sorry. You have to (multiple speakers) -- I jumped the gun. Sorry. I did this yesterday, too.

**Tami Reller** {BIO 1978866 <GO>}

Yes, yes. So I may make some forward-looking statements during this presentation. And you should refer to our SEC filings for the risk factors relating to our business. And that's true whether you are here in person or listening on the Web.

**Heather Bellini** {BIO 2268229 <GO>}

That was the shortest one so far.

**Tami Reller** {BIO 1978866 <GO>}

I know. They have shortened it over time. So this is good. This is good. We can get right in.

It's been a quiet month. No. It really has been. It has been exciting. And the thing I would say is that there is -- I do wish that we could have just had a chance for everyone listening to just see the excitement at the Company when Satya was announced. It's such an interesting thing, right, because it feels -- and it felt so obvious when we made the announcement, that it was the right choice.

Then, the next day or even that day, we were back to business. And so, I think that is at the core of what I would say about our devices and services strategy, which is it's now about execution. Sure, there are some strategic elements that need refinement, no doubt about it.

But I think there's a couple of themes that came through in what Satya talked about. And they're certainly coming through as we engage with our fields, which we have deeply over the last couple of weeks as we go through our normal process and as we talk to customers and partners.

One is cloud first and mobile first. And you will see that's where we're making the investments. That's where we are making some really pretty incredible traction on the cloud side.

Then, there's another piece that I think you'll hear Satya talk a lot about. And that is software powered, which is really -- that's what we do and that's what we have done so well over the decades. And then how do we really bring that into some differentiated innovation. And so, it's more than just having this devices and services strategy. But then how do we really bring some differentiated innovation into that.

And so, it's now about mobilizing. And I think that is something that Satya does particularly well. Sure, he is a great technical mind. He is a great business mind. But then what he really adds in is he has the ability to just mobilize teams to get after it.

**Heather Bellini** {BIO 2268229 <GO>}

And this mobile theme has been running through the conference, whether it's everyone talking about how mobile has to be a big part of your strategy or Marc Andreessen yesterday talking about software eats the world. It seems like it plays into what you guys are trying to accomplish and what you have been good at, historically.

When you think about the challenges of doing this in this devices and services strategy, what comes to mind?

**Tami Reller** {BIO 1978866 <GO>}

There is a couple of things. One is that we need to do the integration of Nokia very, very well. And so far, the integration planning has gone very well.

And obviously, that close will be somewhere just around the corner. And then we have to bring that team in, bring that strategy in. And really look to accelerate.

It's interesting. You look at some IDC data. And it's very clear that we are firmly in this third ecosystem spot. And even in 25 markets across the globe, we are ahead of the iPhone in share. And so, when we focus and when we have differentiation in a market, we do well.

It's interesting, the phone that I'm using right now, the Nokia 520, it's doing incredibly well in so many markets. We often don't see that because it's less prevalent here in the US. But across the globe, there has been some really nice traction in many, many markets.

The other thing I would say is just the experience itself. How do we bring the best of our services and really make that shine not only on the phone. But across our family of devices? And I think that's the other cornerstone of our devices and services strategy is to have the family of devices, where there's an experience that is the same across those devices.

**Heather Bellini** {BIO 2268229 <GO>}

Why -- help explain to some people, because I think there is a debate amongst -- and I'm sure some people in the audience here, about why Nokia is so important and why is it that devices and having your own hardware strategy is important?

**Tami Reller** {BIO 1978866 <GO>}

I think we tried to articulate this clearly when we announced the acquisition. And I would say that through the integration planning process. And as we now engage with customers and partners, it's become even more clear that this direction makes sense.

If you look at where we look to be successful and where the opportunity is in the marketplace across devices and services, whether it's enterprise services and making sure we continue to have an incredible business there, whether it is across our third-party device business, for Windows to be successful, we need to be successful in the mobile space broadly. And that's phones and that's tablets. And it was very clear that if we didn't take a more decisive hand in really setting the course that we needed to go with mobile, that wasn't going to be where we were headed. And so, it was very, very important for us to be front footed, if you will, on a mobile strategy.

**Heather Bellini** {BIO 2268229 <GO>}

Right. As you then think about how that plays into the Company's retail strategy, it has evolved a lot over the course of the last few years. And in particular over the last 12 months. How do you think about it?

**Tami Reller** {BIO 1978866 <GO>}

I would make this macro statement, which is I think we are doing some of the best in-market execution that we've ever done. And I would say that's (multiple speakers)

**Heather Bellini** {BIO 2268229 <GO>}

And market being at places like Best Buy or --

**Tami Reller** {BIO 1978866 <GO>}

Yes. And even on a more macro level, whether you are talking advertising, whether you're talking retail execution, whether you are talking our sales force executing with our enterprise customers, I think our executions on the sales front and the marketing front are pretty good right now.

And I think one of the things that we did is we said, what will be our marketing mix? How do we think about above-the-line advertising versus our retail investments. And we made more investments over the course of the last couple of years in our presence at retail.

And it matters. It matters to how customers see you. It matters how customers get to make choices at retail. And so we feel good about those investments.

**Heather Bellini** {BIO 2268229 <GO>}

Will that continue to evolve? Will we see a continued expansion of Microsoft retail stores, or is it going to be more of the -- again, the Best Buy strategy where you have

the store within the store?

**Tami Reller** {BIO 1978866 <GO>}

Yes. It's both. It's not one where you would say it is going -- we flip between those two. It has to be -- our own retail stores have had a really nice impact for us. But the sheer breadth of those is fairly limited -- important and interesting. But still the type of footprint that does not rival anything like Best Buy. And then you go into other geographic markets. And we have also been doing similar, not at the same scale. But similar type of retail investments.

And we are learning. Retail is all about detail. And so there are elements of what we are doing that we will tweak some. There are elements that are going really well. And it also depends upon our product portfolio. For example, with Xbox One launch, we needed to do some specific things at retail.

**Heather Bellini** {BIO 2268229 <GO>}

Right.

**Tami Reller** {BIO 1978866 <GO>}

(multiple speakers) our games line up, further evolve, we will do some things. And so, just making sure that we are agile enough and learning enough and supporting what our customers need at retail.

**Heather Bellini** {BIO 2268229 <GO>}

Given your position running marketing, if you look over the last, call it maybe, few months, maybe it's happened even a little bit before that, there has been a more cohesive look about your marketing messages, whether it's the Super Bowl ads or if you go back even before that. What role did the business reorg play in helping that happened. And what benefits do you think you can get out of it?

**Tami Reller** {BIO 1978866 <GO>}

Yes. So we centralized marketing. That is the shortest answer, which is when you bring all of marketing together. And yet you are able to keep the product expertise that you need.

We have this point of view that our products and our product brands need to still shine through in what we do. And yet we need to be able to talk to our consumers, talk to the market, talk to our enterprise customers in a more comprehensive way. It's what they want. It's what makes more sense in the marketplace.

And so, we instantly centralized all of our big campaign dollars and execution. And you start to see that coming out. And so, we actually even started that in advance of any of the reorg happening in the summer. And so, even the campaign that you are

seeing now, which is Honestly, that execution started long ago. And we are very, very happy with the results.

**Heather Bellini** {BIO 2268229 <GO>}

How do you think about customer engagement at Microsoft?

**Tami Reller** {BIO 1978866 <GO>}

Yes. You're talking consumers, enterprise customers, all of the above?

**Heather Bellini** {BIO 2268229 <GO>}

I would talk about all of the above. You can bucket them.

**Tami Reller** {BIO 1978866 <GO>}

Yes, I think -- this is such an interesting one because I think we have -- we really have become -- I think it's safe to say we have become world class at engaging with our enterprise customers, from the very first conversation we have through implementing and really helping them get the ROI out of their investments.

We really strive to be world class. And I think we have achieved that. Lots of places to improve. And as we move our customers to the cloud, which amazing progress in the last couple of quarters there, there is more we can do. But good, good, very good.

Then on the consumer side, the way we think about it internally is we have to become equally world class, whether that's the retail execution we talked about, whether it's making sure that the way that we market is world class, our advertising is world class, all of that. Even supply chain around our first-party products, how do we do that in a world-class way.

Amy talks a lot about just executing better and knowing where we need to execute better and do that. And so, I think on the engagement with our consumers, we are getting better and I see incremental big progress every quarter. But there are places where we just need to deliver a more consistent end-to-end engagement with consumers. Whether it's just how easy it is to find out about the offerings we have, how easy it is to sign up for a trial, all of that, we're just very, very focused on that right now, the whole experience.

**Heather Bellini** {BIO 2268229 <GO>}

I get asked a lot what lies ahead for RT.

**Tami Reller** {BIO 1978866 <GO>}

Yes. Well Surface 2. We have been very pleased with the reception to that product. I would say that the customer-satisfaction levels that we've seen in Surface 2 rival any other very popular tablet in market. And so I think that's so important.

Terry Myerson and the OS group are really looking at, how do we make sure we have got a world-class mobile operating system moving forward? What will that mean for our tablet and mobile strategy? And so, I think there is a lot of opportunities to do some things there that take that forward in an interesting way.

**Heather Bellini** {BIO 2268229 <GO>}

And if you -- having your own hardware devices now. And you have the biggest partner ecosystem of any other enterprise company, how does your support have to change? If your partners are going to start reselling these hardware devices. And some of them already are, how do you think about how the type of support that Microsoft offers going forward has to change versus what you offered in the past?

**Tami Reller** {BIO 1978866 <GO>}

Yes. There's -- and this may not be exactly what you're asking. But let me add one thing that may help. One is we have -- here we have learned so much through our Windows 8 journey, Windows 7 journey and Windows 8 journey, I would say, if you bring all of that together.

And one of the consistent themes we have heard from our partners loud and clear, our OEM partners in particular, is take friction out of the system for us. Take friction out of the system, whether it's certification requirements, whether it's various other programs. And we have done that.

We have listened and we have moved as fast as humanly possible to remove some of that. A lot of that is just happening now, this spring. And so, that's a big focal point is just make it easy for them to build the types of devices on Windows that they want to build and be able to deliver those devices at the price points that they want to take them to the marketplace.

And you'll even see one of our more recent ads in the marketplace highlighting a \$279 Windows laptop. And that's something where especially if customers are looking to replace XP machines or just older generation machines, they don't know that there are very affordable Windows devices. And so, we just do everything possible in the OS itself. And then in the other programs that surround it to make it easy for OEMs to deliver very competitive products.

**Heather Bellini** {BIO 2268229 <GO>}

Right. I was at a Duane Reade last week and saw a Windows 95 machine.

**Tami Reller** {BIO 1978866 <GO>}

Wow.

**Heather Bellini** {BIO 2268229 <GO>}

Yes, I was like, oh, my God. Anyhow. Developer support for mobile devices. Yes. You could help them, probably -- in New York, they need a lot of help. Developer support for mobile devices. How are you changing the conversation with them to accelerate adoption?

**Tami Reller** {BIO 1978866 <GO>}

Yes, bringing developers onto the platform, getting apps into the store, it couldn't possibly be a higher priority. And we have seen some big names come into the store and it matters. It absolutely matters. It matters tremendously on phones, it matters on tablets. And so it's a big, big, big focal point.

And we have had some really good success. We have the teams mobilized and we have had good global names coming into the store. And then, local apps matter, too, market by market by market. And so, it's the number one priority of our developer team is to really get those apps populated. And we've had some good success. But more to do.

**Heather Bellini** {BIO 2268229 <GO>}

What are the implications for Windows looking out as form factors continue to shrink in size?

**Tami Reller** {BIO 1978866 <GO>}

Yes. This is -- and I alluded to it. But let me be more specific, which is a high priority of our Windows development effort is to make sure that Windows is -- let me call it -- let me just describe it as right-sized for those devices. And that is absolutely a high priority.

You have seen us just get on a much more rapid cadence with Windows. And you have seen us deliver that with Windows 8.1, which -- with Windows 8.1, we really have -- one, we saw sort of rapid uptake on that update. Again, back to your experience question, we just made it very easy for customers to get that update.

And we did have rapid adoption of that. And we have now got some more things coming just around the corner. And so you will see us do that. And we will have -- we will make a material movement forward on just the footprint of the OS and what that can mean for how we run on smaller devices.

**Heather Bellini** {BIO 2268229 <GO>}

Do you see the Company trying to pioneer some of these new categories, or is your focus on, like you said, right-sizing Windows to basically run on any size screen? Or



will we actually see you take the lead in some of the product development of, again, new hardware categories that maybe we're all not thinking about today, or (multiple speakers) today?

**Tami Reller** {BIO 1978866 <GO>}

Yes. And I think -- I will go back to my point on family of devices. Our goal is to make sure that across the devices that customers care about, whether those are consumers, whether those are customers who are going from work to play and want to have devices that go between, or whether it is enterprise-grade offerings, we want to have that family of devices, again including entertainment in living room, et cetera.

And so, where there are interesting device categories, we want to play. And so, I think that as we think about new categories -- and even the two-in-one category, you'd say, hey, is that brand new or slightly a twist on others? But it's certainly very interesting, just the sheer number of designs and the innovation. And I think with some of the work Intel is doing into the future, that category will just continue to be a real innovation category.

But we love the small form factors, too. And we will make sure that Windows is amazing in those categories, too.

**Heather Bellini** {BIO 2268229 <GO>}

You mentioned Xbox before. You had a very successful launch of Xbox One --

**Tami Reller** {BIO 1978866 <GO>}

We did.

**Heather Bellini** {BIO 2268229 <GO>}

-- in the December quarter. Help us understand the role that Xbox plays in the context of your overall devices and services strategy.

**Tami Reller** {BIO 1978866 <GO>}

Xbox traditionally, of course, has made a name for itself. And frankly, quite a name. You just look at the strength of that brand and the affinity that customers or fans have with that brand and with that experience.

But again, it's been very much around gaming. And Xbox One gave us the opportunity to really expand that to entertainment. We brought more Microsoft services into that experience. If you have never experienced Skype on Xbox One, it's game changing.

And so, I think being able to truly bring Xbox into this family of devices is really what Xbox One really starts to do for us. And that's the way we want to think about it. It is absolutely an entertainment (multiple speakers)

**Heather Bellini** {BIO 2268229 <GO>}

Much more than a gaming console.

**Tami Reller** {BIO 1978866 <GO>}

Much more than a gaming console. Entertainment.

**Heather Bellini** {BIO 2268229 <GO>}

Okay. Switching gears to your cloud, the Company's cloud strategy for a second, how did you go to market with the channel and even direct to the enterprise change as a result of it?

**Tami Reller** {BIO 1978866 <GO>}

Yes, I am glad we're talking about this. I think that -- again, I will say our sales force has done amazing work in really helping our customers see the opportunity with the cloud and bring that forward, whether it is triple-digit growth in Office 365 seats, as your customers triple-digit growth. And then, overall cloud revenue, same thing. So just a lot of traction.

And again, they are attaching to EAs, which is great. And so. But then I say, where is there yet more opportunity and where do we have a lot of untapped potential? And I would say partners and cloud is one of those areas. As I think about places where we need to dial up focus this next fiscal year, it absolutely is getting more and more partners and more and more partners to see the opportunity and actually get in on the opportunity.

**Heather Bellini** {BIO 2268229 <GO>}

What do they have to do to see the opportunity, because it is a big change for them. So what needs to -- what reincarnation do they have to go through?

**Tami Reller** {BIO 1978866 <GO>}

Yes, I do think that starting with -- even just over the last couple of quarters, maybe even starting back at the Worldwide Partner Conference this past July, I think seeing it is a bit of a checkmark. And now it's really just getting them mobilized.

And that's where we need to step up and make sure that we have the right programs, the right help. We're doing things in concert with them. And so I think we're in a much better spot now with those programs and that support to be able to go in and help them make it happen.

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**Heather Bellini** {BIO 2268229 <GO>}

Is there any fallout from what's been going on related to the NSA and PRISM that you have had to hold people's hands about?

**Tami Reller** {BIO 1978866 <GO>}

We want to make sure that we have the right type of resources for our customers to be able to ask for us to provide any help to them as they weave their way through that. And so, we just want to make sure that we are front footed with our customers and having a conversation.

**Questions And Answers**

**Q - Heather Bellini** {BIO 2268229 <GO>}

Okay, I'm going to see if there is any questions in the audience.

**Q - Unidentified Participant**

Coming from Europe, obviously Windows 8 is much more successful there. I think it's a 10 share in Europe at the moment. You come to the US, as I am this week. And it's amazing that it doesn't get mentioned. It's not -- it's just nowhere. Nokia was the world's largest mobile phone producer, having 40% market share. But had almost nothing in the US then. You bought Nokia now. Is Nokia just the wrong brand in the US?

**A - Tami Reller** {BIO 1978866 <GO>}

Yes, I wish it were something as simple as brand. Obviously, the US model is just so different. And so penetrating in becomes trickier.

And so, Nokia as a Company has focused much more outside of US. And it is pretty amazing, whether you are in Latin America, whether you are in parts of Europe, parts of Asia. And you start to see just how prevalent and strong the Nokia brand is. It absolutely is incredibly strong.

And even the Lumia brand, which is the brand that they are using for all of the Windows smart phones, that has pretty incredible reach. So that's one of the things that we think a lot about in the integration is just to be quite thoughtful about how we really walk customers and partners over the bridge to Microsoft. And so, we absolutely are thinking about that a lot.

In the US, I am pleased with what we have been able to do with both Verizon, AT&T. And T-Mobile. And others. But yet there is just so much more opportunity there. And we will keep getting after that, while we ensure that we do all the right things in the markets where we do have some really pretty terrific traction and share.

**Q - Heather Bellini** {BIO 2268229 <GO>}

Michael.

**Q - Unidentified Participant**

This came up in a couple discussions earlier with some startups that are focused on - just like Google and others here that are focusing on the Office suite of products. Obviously, Microsoft made a lot of progress with Office 365. Given all of these crosscurrents going on in OS -- in the past, obviously, OS and Office were aligned. Now we are in a world, you could argue, that Office could benefit being just prevalent across beyond Windows.

Could you talk a little bit about that, especially -- I know it's a recent change at the top. But given that Satya is coming from the cloud side with sensibilities in this new world, any color you could provide us in terms of the application side of the business, both on the consumer side, obviously. And the enterprise, which is critical.

**A - Tami Reller** {BIO 1978866 <GO>}

Yes, yes. So there are several elements of that question. So let me touch on a couple things. One is I think the success and the momentum of Office 365 is pretty stunning. I mean, absolutely stunning.

Whether it's in the enterprise or whether it's Office 365 Home Premium, which is up to 3.5 million, it is -- it really has been terrific just to see that traction. And again, making sure we do well at retail, making sure we are doing well helping customers transition, all important.

And I think as we step back and say, these core applications, these core brands that are so important to enterprise customers and consumers, how do we make sure that we are thoughtful about what we're doing on the Windows platform, as well as cognizant of the fact that there is other devices in their lives. And so, you will see us be thoughtful about how and when we bring what applications to what platforms.

And I think you have seen that on the management side. You have seen that with some of our most popular consumer services, such as Skype. And really just continuing to embrace. And you'll see us continue to articulate where our cross-platform strategies are and how customers can come to expect what from us. And clearly, we think about the future of Office as we contemplate that, for sure.

**Q - Heather Bellini** {BIO 2268229 <GO>}

So Michael brings up a great question that we get asked a lot. So if you think -- and I think everyone here ponders is that you have got iOS as a platform, you have got Android as a platform, you've got billions of devices in people's hands and billions more yet that have devices. So when people think about Microsoft being thoughtful about which platforms to repurpose Office for, what's the thought process? Because

you can say on one hand, you could protect the Windows franchise. And -- because right now, there is still a coupling of Windows and Office sales together.

Office 365 is your first step to see how that decoupling process works. But at some point, I guess as you get experience there, is that what is going to help you decide, hey, maybe what we should do it even if it impacts Windows in the near term, the opportunity to reach, call it, 5 billion or 7 billion people on these devices is a much greater opportunity for Office and these applications than maybe what we could lose?

**A - Tami Reller** {BIO 1978866 <GO>}

Yes, I think there is -- I think if we take a step back and say the following, which is what are the important brands and experiences for Microsoft and then how do we make sure that they are differentiated?

And with Windows, we are obviously spending a lot of time thinking about how we continue to differentiate the full Windows experience, particularly as we think about our partners and how it's differentiated for them to pick Windows over Android specifically. And how do we make sure that we're innovating and differentiated there?

And Windows 8, we are being very thoughtful about what's going well, what's not going well, how do we change that? We did -- we surpassed 200 million licenses now on Windows 8, which is pretty stunning. And so a lot of traction and yet a lot more work to do.

And so, how can we be differentiated on Windows across the experience? And part of that is Office, for sure. But then we also have to say we have these other amazing franchises, including, of course, Office. And so how do we drive differentiation there and what experiences cross-platform are important in that differentiation? Is it Web apps or is it something different?

And so, I think if we come at it from that angle, which is what businesses do we drive -- do we need to drive forward? How do we have differentiation in them? And what's important for customers? That's how we will make the decision.

**Q - Heather Bellini** {BIO 2268229 <GO>}

Right, okay.

**A - Tami Reller** {BIO 1978866 <GO>}

And it really ends up being business by business, product by product. There is no sweeping one decision.

**Q - Heather Bellini** {BIO 2268229 <GO>}

Right.

**A - Tami Reller** {BIO 1978866 <GO>}

And I think that's what's key.

**Q - Unidentified Participant**

Some of your competitors talk about emphasizing a software-defined data center and extending their market into storage and networking. But from Microsoft's Windows Server platform, do you expect that to be more of a partner play or expect expansion into the storage and networking side?

**A - Tami Reller** {BIO 1978866 <GO>}

Can you raise your hand? I hear voices and I have no idea where you are. There you are. Okay, say that last part again? I was so distracted not knowing where you are.

**Q - Unidentified Participant**

Do you expect expansion into storage and networking, like some of your competitors do, more of a partner play or do you expect Microsoft to extend that and the Windows platform into those areas, on the server side?

**A - Tami Reller** {BIO 1978866 <GO>}

Yes, I think I am following your question. But essentially, I think you will see that across our enterprise business, partners are key. For us to be able to scale in the way that we want to scale, whether it's -- well, for sure across our cloud businesses, partners are essential.

And so, I think just about every part of our enterprise business, we will have a partner component and we will embrace partners and we will make sure that our programs are also modern. You saw -- you have seen what we have done on the Office 365 side to just make sure that our cloud partner programs there just are, again, very specific to cloud and give partners that opportunity.

So across our server business, you'll see us also embrace partner programs.

**Q - Unidentified Participant**

So I think we're all very clear on the corporate strategy that Steve laid out. And then with Satya's taking over the role, as Microsoft becoming an integrated device and software services Company. But what does that -- how do you deliver that as a marketing message? And could you talk about that across either the integrated Microsoft software experience or is that device specific?

Then, a related question is how are you thinking about marketing spend across traditional versus nontraditional. And how might we see Microsoft engage with social media more than maybe it has in the past?

**A - Tami Reller** {BIO 1978866 <GO>}

Yes. So great. So we definitely -- first and foremost, we think about the money that we spend on our consumer -- the marketing money we spend on consumer somewhat distinct from enterprise. We clearly know that messages that we provide to the broad market or to consumers will bleed over, et cetera. But we do need to support our enterprise business in very specific ways.

And so, it's interesting, even as we think about our marketing mix, which is really how we think about it, which is what is the marketing mix across all -- across all vehicles and all mediums. And then being agile. That's one of the things that we've really tried to set up and we've really been able to set up with one marketing organization is the ability to just base our decisions based on data and to be able to make movements fast, which you really can't do when you have business groups that have their pots of money, if you will. You can't move things around as well.

And so, I think we have got tremendous ability now to be able to go where the opportunity is and to flex. And so, I think that is pretty critical for us to be able to do.

What you will see us doing just in the consumer space, to go there for a moment, is we will emphasize the family of devices. So if you are choosing a family of devices from the Microsoft family or the Windows family, including, of course, our third-party partners, you can expect a consistent experience. And here's how that experience is differentiated. So we will highlight some specific devices. We will highlight the experience that it can come across all those devices. And you will definitely see that weave in.

It gives us such an opportunity to think about some specific applications or experiences that we can highlight, whether it's OneNote, which is this amazing application that very few people know about; whether it's OneDrive, which is now our name for SkyDrive. So we can really highlight and (romance) some specific differentiation or talk about the whole experience or to be able to highlight a specific device.

But again, it all goes back to the concept of a family of devices. And so, that's where you will see us put the majority of our muscle on the consumer side.

Then on the enterprise side, we just want to make sure we are supporting our customers and we are supporting our sales. And we are supporting what our partners and our sales force needs to do. And that's critical.

**Q - Heather Bellini** {BIO 2268229 <GO>}

One last question. You snuck in under the wire.

**Q - Unidentified Participant**

So the big strategy was put in place by Steve Ballmer. And then having Satya come in as the CEO, it seems like -- and it seems like from what the messaging is is faster strategy, that's pretty much the strategy going forward and that's what we should expect. Are there any other subtleties to this? How active was he informing that

strategy to begin with. And what similarities or subtleties or differences should we expect out of Satya that might not be totally clear?

**A - Tami Reller** {BIO 1978866 <GO>}

I would say a couple things. One is that clearly Satya will have an opportunity in the months ahead to be able to speak to the strategy. And I think that will be quite helpful just to hear that in his voice.

And so, this is one where, again, such tremendous benefit. I am very glad that the Board went through the process that they did to just be able to be very sure that this was the absolute right choice for our next CEO. It is pretty incredible to think about a Company of our scale with this much history, this is our third CEO only. And so, a super important decision. But again, I just would say it feels very obvious and good picking him.

But to say he hit the ground running would be perhaps the understatement of the day. He does know this business exceptionally well. Of course he knows the cloud business really well. But he has really touched just about every other area of the business either directly or in close proximity. And so, to be able to have him hit the ground running. So respected by members of the senior team. And yes, he was a part of the strategy, as were all of us. But this is a big strategy, right? It's devices and services strategy. And so there are elements of it that need to be really codified and taken forward and now fully executed upon.

And again, I will just say, which I think is so important to note, is that is his strength. He brings technical and business together. But then he is -- he is an execution machine. He really is. That's what he values. That's what he focuses on. He likes to mobilize teams around a strategy. And I think that will be the focus, which is how do we take this strategy and now make sure that it makes a tremendous amount of sense for us, for customers, partners. And, of course, shareholders.

**Q - Heather Bellini** {BIO 2268229 <GO>}

I think that's a great spot to end it. Thank you. So much for coming.

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