Goldman Sachs Technology and Internet Virtual Conference 2021

Company Participants

- Corey Sanders, CVP

Other Participants

- Kash Rangan, Analyst, Goldman Sachs

Presentation

Kash Rangan {BIO 22837283 <GO>}

Hello, everybody, good afternoon. This is Kash Rangan on the Goldman Sachs Technology team here. Real delight to be able to host Microsoft and a very special speaker, Corey Sanders, as going through this background. First of all, Corey welcome to Goldman Sachs Technology Conference.

Corey Sanders {BIO 16695509 <GO>}

Thank you for having me.

Kash Rangan {BIO 22837283 <GO>}

Absolutely, what a pleasure, and I know you are a computer science undergrad and you are a Microsoft at lifer and explain to us, if you don't mind, how you started off being a quarter, if you will, and then all the way up to running Worldwide Commercial sales, which is the single most interesting business at Microsoft, every business is interesting, but this is the one that is front and center. It's the biggest business, the fastest growing business, it's the center of attention. How did you progression like going to (inaudible), congratulations.

Corey Sanders {BIO 16695509 <GO>}

Thank you. Thank you. Yeah, it's been, I mean, it's been a while journey in interns at Microsoft originally truth be told that, the only one that offer me a job. So, I guess got lucky there, but started as an intern as a developer like you mentioned, it was actually fixing bugs in Windows back in the Vista days. So, that was kind of my first, my first gig. Over time, I felt like I wanted to do more with sort of building product and engaging with customers and so I move to working on product in Azure, and it was, it was '09. So the product, it just been named Azure, just to sort of level set where it was.

And so I think I was, like the fifth PM on the project and help to build out some of the original computer services. Did that for about a decade, about nine years and then I realized that I really loved working with customers on their problems. And, so as much as I enjoyed building the solutions at Microsoft, I actually really enjoyed helping customers build their solutions using our capabilities and so it moves me into this role which is, as you mentioned sort of, I'm responsible globally for, I'd like to call the customer enablement sort of across all of our commercial solution areas. So that includes Azure, so absent for a data and AI, but it also includes model work Teams, office, sort of all of the productivity capabilities, collaboration capabilities and then also dynamics in Power platform. So it's been, it's been, it's been a wild ride, and like you said a life at Microsoft, but love to be a part of every every year of change for us, which has been really pretty, pretty something, it's something that the whole certainly from the inside.

Kash Rangan {BIO 22837283 <GO>}

Absolutely, I mean it's really remarkable that if you're in the by commercial sales organization and you have important responsibilities. I guess I haven't been a former engineers still I suppose you still an engineer gives you tremendous creditibility, when you speak with customers. So what's on customers' minds these days there is the availability of a vaccine, changing. Think you do with customer priorities or maybe doesn't. What are your thoughts there.

Corey Sanders {BIO 16695509 <GO>}

Yeah, you know what's been obviously, the pandemic has been such a terrible impact for our society and it's really changed the approach that many customers have taken toward digital transformation. I know that such an oftentimes calls that they sort of the dawn of the second wave of digital transformation. And there is really, it's really true when you sit with customers, they are accelerating in ways that perhaps I had talked about or always thought about planning to do at some point, but they are really putting energy behind it. In some cases, because they have to, in some cases they're moving to a digital workforce, remote workforce being able to depend upon collaboration around the world and leverage that for their services and solutions, whether it'd be working their manufacturing plants in a remote way or engaging with their customers in a remote way depending upon e-commerce when perhaps 90% of their business used to be in-person sales.

These are some of the changes that we're seeing and it's really shifting the way companies spend money. It's the shifting the way they focus and prioritize these types of projects. In that they are more and more seeing that if they don't take these digital transformation steps forward and invest in these areas.

They're going to struggle to continue to remain relevant in this sort of shifting market.

Kash Rangan {BIO 22837283 <GO>}

Got it. If you could just put a final point on it, what kinds of projects are getting prioritize versus the IQ budget is it certain financing review, we may grow for something, you got to eliminate grew for something else. What is going up? What is coming down? Given your broad perspective running commercial sales for company.

Corey Sanders {BIO 16695509 <GO>}

Yes. Well, I think the focus on leveraging data for insights and doing this in sort of a remote environment feels like it's sort of a broad brush a really big shift for companies. Many many companies deal with silos of data, they deal with each individual business unit having sort of their own data, their own analytics, their own sort of assessment. And as these companies have both needed to figure out what is going to be their next revenue stream? What is going to be the areas that they have to pull back from? How are they going to re-prioritize? The focus on consolidating data on thinking about analytics fully end-to-end to drive outcomes.

That's been a really big area of focus. I think that that's been something that we've seen just a whole lot of attention brought to. And then, I think sort of layering on that sort of how to take that data to drive sort of digital-first remote experiences. So taking sort of that data and being able to improve the way people engage in a day-to-day environment improve sort of the way in which again, sort of an auto manufacturer runs their assembly line, listening to the devices on the assembly line and then being able to support remotely service of that assembly line in a digital way. So these were places that are getting the investments and getting a lot of attention as people look to this shift and almost all of those being sort of cloud services that they're depending upon.

Kash Rangan {BIO 22837283 <GO>}

Got it. So, I suppose it's positive from analytics business intelligence, RBI those kinds of products, right?.

Corey Sanders {BIO 16695509 <GO>}

Yeah, definitely, sorry. And I can definitely. I was talking broad strokes, but let me talk specific to Microsoft. So yeah, I mean the types of products that really support certainly teams and collaboration being a really big major one right, obviously everyone sort of shifting to those collaboration experiences analytics, like you said, sort of being able to take analytics, but then also our AI services built into things like Dynamics, so I taking advantage of customer insights and being able to draw conclusions based on the business outcomes that they're looking for again pulling from those single data sources.

Those are the big areas for sure and then I would probably maybe add one more which is security. This is something that's seen such a huge level of investment and I think, perhaps one of the satisfaction of the pandemic outside of the pandemic itself is that it's become an opportunity for bad folks to take advantage of many customers and many challenging situations that folks have, the investment security is going up

and it needs to and I think the opportunity to secure environments from endpoint to infrastructure and sort of bring all those components together, that's been a really big investment area over this last year.

Kash Rangan {BIO 22837283 <GO>}

Got it, got it. When you look at the pipeline of commercial business, let me want to characterize it on a year-over-year basis or sequentially maybe more useful to look at it sequentially, because the economy is hopefully improving sequentially fairly rapidly as is according to Goldman Sachs economics team we're calling for US GDP to accelerate about 10% or so in Q2, some of the highest forecast out there. So as you look at your pipeline today, how does it look relative to say a three months back or six months back or nine months back?.

Corey Sanders {BIO 16695509 <GO>}

Yeah. It really depends on the customer in the industry. Right. Like, I think it's obviously the breadth of customers that we support are a pretty wide and pretty differentiated. I think you know for some of the industries that are starting to see some of the rebound as sort of you just outlined sort of seeing the V-shape in their business, we are seeing sort of that combined with sort of the point I just made about this increased focus on digital transformation is pushing a lot of energy and excitement into customers approaching their business in a different way, willing to sort of take the investment and sort of a build their dependency on sort of these cloud-based solution, the digital solution. And, so I think across the full breadth of Microsoft products, it's pretty exciting. I think that the opportunity to go out and help customers deliver on that promise. And so, I will say though it does really dependent on the industry, there are still industries hurting and still industries that are trying to figure out their next step. But, for the ones that are feeling that sort of rebound that you've that you outlined I think there are definitely showing up with a lot of passion to go make these digital changes quickly.

Kash Rangan {BIO 22837283 <GO>}

Got it. If you could Corey just look at an average customer or a profit of an average customer when they aren't doing digital transformation with Microsoft. I mean, you've got a $67 billion, excuse me, not a run rate business from 34%. What are the products they are picking a choosing from the Microsoft family under the banner of digital transformation and what is the outlook for those kinds of products going forward.

Corey Sanders {BIO 16695509 <GO>}

Yeah. Know a few that sort of. I already talked about. But, I think that maybe to sort of re-emphasizing go even a little bit deeper. I think data being a core component of digital transformation. And then the AI output of that into all of our other services. And so, when I think of sort of the key services, I think Synapse are sort of our data warehouse, our analytic solutions around that. We are just seeing a huge amount of excitement and attention there with sort of data in just coming from lots of sources.

Right. Again, sort of the data silos trying to break those down, bring them together and drive your insights and outcome.

So that's an area that I think I've got a lot of passion about. And then I think that it's sort of feeds, all of the other businesses. So, if you think about sort of the shift in sort of depending upon digital digital data sort of digital lead as I like to call it. We're driving your sales business suddenly Dynamics becomes a really interesting conversation sort of categorizing your customers using AI sort of being able to engage with your customers using collaborative technologies, while also understanding sort of the right next best action using sort of the data in just that you just that you pulled together.

So, I think Dynamics capabilities driving business outcomes in I mentioned retail you could expand that to supply chain you could expand that to commerce, you could expand that sort of all of the Dynamics suites, we're really seeing some energy and passion there and then maybe as a separate category is sort of the change in the way we work. I do think that there, sort of push even in a rebound state, even sort of a state where the vaccine becomes prevalent and people start working in person, the desire to engage in a so much more collaborative way than ever before possible with Teams and sort of the extension point of Teams. Not just a meeting with a camera, right, but sort of a meeting with the camera with chat with the apps that you use with sort of the understanding of your work-life balance with the recommendations around sort of the right tools that you should be using to improve your experience. Chatbots to help automate processes I think all of that is really coming together as a great opportunity for what customers are looking for.

Kash Rangan {BIO 22837283 <GO>}

Got it, and then the piece of the business that that everybody wants to talk about Azure. How does the name Azure come? but I'm just kidding, that's not the question.

Corey Sanders {BIO 16695509 <GO>}

Color of the sky. I think it was that is original idea so anyway and yes, exactly.

Kash Rangan {BIO 22837283 <GO>}

Yes, it took a while people to really start to do, you know what, this is real. This is actually real. We had, I don't know if you remember (inaudible) he presented with us in 2009, he talked about Azure for the first time we put.

Corey Sanders {BIO 16695509 <GO>}

What does he talk about?

Kash Rangan {BIO 22837283 <GO>}

Well, 11 years later.

Corey Sanders {BIO 16695509 <GO>}

I just joined the team in 2009. So yeah, I do about very well, yes, exactly. Yes.

Kash Rangan {BIO 22837283 <GO>}

Amazing, I cannot pick your brain on snowflake, because you used to be a snowflake later. But, I do want to ask you about Azure. Azure looks like you know it's the turn in the business in this quarter, which was a very (inaudible) quarter. It's such a big business, what, and it's almost generic to ask what is driving that reacceleration probably answered 90% of it, but if I wanted to just get low specific, what is causing that reacceleration in Azure?, and how sustainable is this terrific growth rate that you guys put up.

Corey Sanders {BIO 16695509 <GO>}

You sort of get down to true digital value for customers and sort of that digital transformation momentum it's these premium services, it's new application development, it's Synapse, it's being able take advantage of data breaks, these types of capabilities that we're seeing some real momentum around and it's helping fuel it, for your point about sort of longevity look we're I'm pretty excited about the growth that we're seeing. But I'd always catch up with as you mentioned, it's a big business and so there is always, you've always got to kind of remember that it's a big business and so that will sort of temporary outcome.

Kash Rangan {BIO 22837283 <GO>}

The basic thing is that aspect of the business as is every time we speak with Microsoft, we get the sense that more and more that growth is driven by new workloads where we've been trying to think that it's a migration. It's a transition, you take that all into your point lift shift right?. How much of that is still around, because I'm looking at Microsoft having been in the server business for 25 years, you've got a massive, massive installed base because you got a big market share. Right. Does that ever start quarter. Moving to the cloud at some point.

Corey Sanders {BIO 16695509 <GO>}

Yeah. So we're just look I think we're definitely seeing both, right. I mean I think that we see a significant migration of existing workloads, Windows, Linux, sequel right like it's not just the Microsoft core components, but it's a lot of, a lot of exciting open source development or migration, I should say as well. So that's definitely a big component. I would like I said new workloads for sure. Are driving a lot of the, of the incremental growth. You know, when we think about just this trade off hybrid actually is the big selling point and a big value add for customers. Right.

And that, and that hybrid story is sort of enabling customers to think about digital transformation, not as a cloud only answer right when you think of capabilities like like Azure Arc which creates sort of a unified experience between on-prem and

cloud enabling you to run things like current '80s or sort of managed data services in both places. It allows customers to make that digital transformation step without the boundary of whether you're going to be in public cloud or not.

And so, the result of that is they will still buy more on-prem in addition to growing in the cloud, and so it's, which I think is a great outcome for customers. Right. They really sort of they don't sort of have this boundary condition. They don't have this sort of limitation, they can take their digital transformation in the way that they want to and I think it's a unique set of offerings that we have that can enable customers to do that and this is why we see growth in both, right. It's something that I think we get questions, a lot of how is your car growing and you're server and this is about component right is that customers are growing both and sort of the hybrid picture is enabling them to do that seamlessly

Kash Rangan {BIO 22837283 <GO>}

Got it. At one point of time the two transfer going sort of parallel the cloud development of the on-prem and you had the Azure Stack which I still remember when I heard about Azure stack, this is early because you could briefly, all with the newer upgrading Azure Stack. And what you're seeing is actually even more positive for this at the business, because if you still seeing a lot of on-prem business those workloads are going to be to Microsoft for a longer period of time to when they do make that decision to go to the cloud. It's you. That is going to benefit, right. So,

Corey Sanders {BIO 16695509 <GO>}

Yeah exactly, I mean I think that Azure Stack sort of bringing, was the first component of this overall picture of hybrid but yet to your point, I mean, it really is about offering choice. It really is about saying that, look, you don't have to when you're picking sort of sequel I'll use a sort of my best example you don't have to make a tough decision over in the cloud or manage of VMs on-prem, we're giving you this choice to be able to use SQL; however, you want to use it wherever you want to use it and we think that's a value add to your point, that's going to keep them using SQL.

We think the bill, see the value in sort of that renewal conversation and will continue to expand even usage of SQL as they, as they continue to grow right is just one example of that type of product. Yeah.

Kash Rangan {BIO 22837283 <GO>}

It is according to me that you'd have a viewpoint on databases in the cloud, that alone could be a 30-minute conversation so as it. What (inaudible).

Corey Sanders {BIO 16695509 <GO>}

I love databases. Yeah, totally we should we can take.

Kash Rangan {BIO 22837283 <GO>}

May be we should talk about a you but I'm fascinated that segment of the market, you still have some big companies there, but you guys have really turn that business around COVID into the cloud in a significant way and you're seeing the benefits of that important market share what whatnot. What is your prognostication get benefit your computer sense undergrad from person you have the credentials the that to be able to have a viewpoint on this, how do you see databases in the cloud, and how is Microsoft positioned for that future but could be potentially?.

Corey Sanders {BIO 16695509 <GO>}

Yeah, this is you're walking into sort of one of my most favorite maybe topics. And I think differentiators that we do have with Azure, which is our Synapse Link product. One of the things that if you sort of go into the depths of database challenges that customers have they sort of split their data up into operational data. So the things that are supporting a website. Right and then analytics, data rate, the things that are sort of, there were running overnight and they're sort of deciding. Hey, which product should we put first on our page or second or whatever. That's a retail example, but it goes everywhere and one of the biggest cost of customers have is trying to bring that operational data into that analytics, data and then do your calculations and run it, and like many customers over years. They basically had do every night, they run this big ETL process it costs a whole lot of money sector and this is where, when you think of some of the future of databases and the opportunity to be able to have both one global scale databases. So you're no longer having to spin this up in one place. You can click a button and you've got it in seven places worldwide to support your website, but Synapse Link, which is something that we recently announced allows you to in database terms effectively join your operational data into your analytics data. So, you effectively can run your analytics query you can determine your sort of what's the right product to show on your page without moving data anywhere without duplicating data. It basically just holds from the operator.

This is only possible with this type of cloud innovation where we know the database is going to be built and deployed in this way, and we know the analytics service is going to be deployed this way and so we can make this connection behind the scenes that save customers, time, money and energy. It's a me sort of the point that I mentioned even at the very beginning. This is one of the biggest silos of data that exist in the world and this is a such a unique solution. So, I got to a little bit of the bits and bytes there, but I think for me, I think the direction of database is generally in the cloud is going to be to break down these barriers.

You're going to have very little to manage, you're going to have very little extra processing that needs to be done. You're going to consider your data all one entity and you're just going to pick and choose the value, you want to get you want an operational store here. Great. Click and you go, you want to run your query over here. Click and you go and there is very little work to make them all work together. So anyway, you got to really exciting point for me. I'm sorry I went too long.

Kash Rangan {BIO 22837283 <GO>}

That's great. Now, we start partnering in writing what their business in the cloud and butter decade back. So, it's great to see the segment, what opportunities do you have for comparative market share gains displacement of legacy databases. Is there something Microsoft giving attention to, because that's a big market?.

Corey Sanders {BIO 16695509 <GO>}

Yeah, I mean, I think one of the big things we focus on is choice when running and I think when you look at some of the sort of modern capabilities, sort of the global scale. I look at something like Cosmos DB. It's all built around open source database solutions. So, with Cosmos DB, you basically click a button and you have a fully managed global database built on a whole bunch of open source models that you can go use it allows you to more easily move from perhaps if you feel sort of a legacy database or sort of feel the weight of that legacy data, you're able to make these migrations to a cloud-based solution, more aggressively

I think we're going to see a lot of customers do that as they move through digital transformation as they decide they need a global scale solution. And it's hard to manage their existing ones. I think, we'll continue to see some of those legacy data bases just move as infrastructure. And I think again, making sure that we're there Or customers on both is going to be key.

Kash Rangan {BIO 22837283 <GO>}

On the earnings call announcement, the company talked about $10 billion type transactions for Azure Microsoft 365 when you speak with customers, how do you thinking about Microsoft being positioned in their cloud roadmaps and how strategic is Azure becoming to their roadmap for the cloud.

Corey Sanders {BIO 16695509 <GO>}

Yeah, I mean, again, it's sort of a depends on the customer, probably the best, the best answer. I mean I think that for customers where they are looking for a partnership with us, they look fully left to right across our entire portfolio. Right. So, Azure is of course a key component to at the Azure infrastructure, the sort of the data platform that that I I've maybe talked ad nauseam about at this point. These are key components to their strategy as they look at modernizing, but the most strategic partnerships that we end up building which then bring the resources that we have to bear to go support, build and design these types of transformations extend beyond just that right.

They will include Teams modernization, they will include applications built in Azure and exposed in Teams, as an example. And they'll frequently include dynamics and sort of business outcome based transformation as well. So it's, look, it's a key component, because I think it brings a lot of these pieces together, but the most strategic partnerships that we have are typically inclusive of more than just Azure, is maybe the best way to put it.

Kash Rangan {BIO 22837283 <GO>}

Got it. How competitive is that is a market, I mean you've got three big companies to an addition to Microsoft. Is it really the pie becoming larger or Microsoft gaining more share of the pie. How do you think about this dynamic, competitive?.

Corey Sanders {BIO 16695509 <GO>}

Yeah, I mean I think without necessarily quoting sort of share numbers look. I do think this movement for digital transformation is pushing many more customers to plan usage and migration to cloud, right. So, I do think we are seeing the overall opportunity continue to grow, which is great. Right. I think and I think it's great for customers too. I am bullish on what I think we are able to do for customers. I'm bullish compared to our competitors and and again it's sort of I don't want to continue to repeat the same point, but I do think it's actually tied very heavily into the fact that it's more than just that, right I think that I feel good head to head when it comes to our data platform or infrastructure platform obviously. But, the places where we really, really compete well is when we're able to to paint a picture of their full IT landscape and how the Microsoft with Azure can change their end to end. And so I think that's where we are real, the differentiated and I find our competitors really struggle to land sort of a similar picture, because it's much more piecemeal, and so the key components there obviously sort of, as I mentioned, the data into sort of the business outcomes, the collaboration and then security is actually a really big one there where we see sort of the security of Azure, combined with the security of sort of the model work experiences creates a lot of differentiation distinct value with sort of AAD across, the full picture that are that our competitors struggled to paint a similar picture.

Kash Rangan {BIO 22837283 <GO>}

Got it. In a few minutes that we've got left. I just wanted to get your thoughts on Office 365 what inning are we in the transition from old office to office 365 from or maybe the market, obviously, has gotten bigger. We should not be thinking about the transition of the old versus new it, how would you know set us and on that aspect?

Corey Sanders {BIO 16695509 <GO>}

Yeah, I think there is probably a couple of key points. The first one would be, I think it's sort of, office 365. Microsoft 365, it's really transformed into a collaboration experience, right. And I think they has done really an awesome job of putting these components together right there. It's no longer a discussion of Word and Excel and PowerPoint, it's a discussion of collaborating in Teams and how all these components come together to enable that experience and it's not just a sort of a licensing bundle right it is actually a customer experience end to end. And one of the best examples I think of this as we recently announced, -- this last week, which is really sort of taking these components to bring them all together. So, some of the things that came out of Viva directly in Teams you're able to sort of understand corporate -- requirements. You're able to understand sort of community changes that are happening in your

corporation, you're able to understand your work-life balance using an analytics platform to see what you're doing and email what you're doing in what you're doing on Teams and how you're spending your time.

And when you should be taking breaks and so on and so forth so that type of analytics built in these would think the customers are just going to start expecting as they look at their collaboration productivity software, it's all one thing which is productivity, efficiency and collaborations one, and this is where I think that when I look at the future of Microsoft 365, it's really tied into that team's experience and all the experiences that surround it.

And so I'm pretty bullish on it. I think that part of the transformation is an early innings. I think there's a lot of room for us to continue to innovate and it's also an area, I feel pretty good about our differentiation in sort of having the full platform spectrum.

Kash Rangan {BIO 22837283 <GO>}

Got it. Specifically only one of the company that does this, the collaboration aspect, not the video conferencing, it's got (inaudible) salesforce.com. Any thoughts on how you --, we should be looking at Microsofts differentiation with Teams (inaudible) Slack, or maybe at Zoom or RingCentral.

Corey Sanders {BIO 16695509 <GO>}

Yes, I mean I think it's the, it's the breadth of sort of connection points. Right. When you look at sort of teams. It is certainly in an integration point with Dynamics. If you look at something like our Microsoft healthcare cloud sort of the ability to bring, sort of a customer patient experience with the collaboration experience with the chat experience, right.

So, there's absolutely opportunity with our business apps. But, it goes much beyond that, right. When you think of, sort of the integration back with our analytics platform, integration with something like a chatbot or Power Apps, right. These are some unique integration points that there is sort of no single competitor today that has that full breadth of offering from a predictability suite and email suite and all the way through to the business apps and the analytics underneath.

And then maybe the kind of final point there that I think is again a unique is the security expectations across that full end-to-end. Right. We have a real depth in our security products and our security capabilities that allow you to do that from Teams to Dynamics to Azure analytics with a single security view.

The customers again are expecting, it's sort of an assumed part of this new, this new world where everything remote, everything is collaborative, but everything needs to be secure and this is where I think we stand-alone.

Kash Rangan {BIO 22837283 <GO>}

Yes, so I know the market likes to look at, these financial markets like to look at the subscriber growth rate, installed base growth etc. of Office 365. How much more room is there for adding more subs in the next few years or many years?

Corey Sanders {BIO 16695509 <GO>}

Yeah, I think, so there's probably two areas to talk about there, I think there is one which is sort of coverage. Right. I think that there is the classic sort of Office, a coverage model was information workers. Right. And as you sort of look at this again this collaborative App productivity chatbot experience.

I think there is a much broader conversation on frontline workers that it really is able to add value, right. A unique value in that front-line worker segment. And then I would also say, premium services in the sort of ongoing value of increasing services like some of the security services compliance has been one that we've seen pickup that I think continue to add value to the overall suite and give opportunity for sort of upsell momentum as well.

So, I do think obviously, there is the seats on the plan, sort of perspective, but I do think there is, there is an opportunity both in more and more coverage, but then also in sort of premium value to be had.

Kash Rangan {BIO 22837283 <GO>}

As mentioned frontline worker I cannot help it, think that the pandemic has been unusually harsh of the frontline worker right as we get to a vaccine these frontline workers come back may, it's got to be a positive for your business because you've been talking about the F1 SKU, what not for quite some time. Do you think that the turn of the frontline worker is a good incremental positive for Microsoft?.

Corey Sanders {BIO 16695509 <GO>}

Yeah, definitely, I mean, look, I would say the frontline worker getting being able to get back to work is good for the economy and like it's just. I think it's certainly lifts all boats. So I would. I think it's, it's a great thing, and obviously you look everyone getting the vaccine and the pandemic going away is I think really, really key. One of the things that as we look at sort of frontline workers. One of the things that we've seen sort of the opportunities pickup is that those industry focused solutions, right?. The HealthCare solution that I mentioned sort of being able to enable retail based frontline workers to be able to have a single experience between e-commerce and their storefront. So, I do think there is a lot of opportunity there that even those broader than just Teams in sort of enabling frontline worker experiences. So yes, I think it will end up being a good thing for all of us.

Kash Rangan {BIO 22837283 <GO>}

Got it. Corey. Curious to get your thoughts how customers are thinking about their collaboration and communication strategy going forward, especially vaccines, being distributed. Are we going to collaborate less because you're hopefully come out of the pandemic or, how does the behavior change or not change?

Corey Sanders {BIO 16695509 <GO>}

Yeah, you know, we've started adopting a phrase in my team of sort of digital first. And what that means to us is even even in person engagements, in-person conversations with customers, we still want to be very digitally led and so when I think of, frankly, I look at some of the things that just launched, even when we get back together, I can barely wait for it sort of in-person meetings that sort of in-person engagements still being able to take advantage of some of the progression. We've made and sort of leading with digital leading with AI sort of being able to understand how we spend our time, understand who we spend our time with and leveraging AI services to guide to guide our meetings into guide our productivity. I don't think that goes away. In fact, I think we actually double down on it. Right. So I think in person will be fantastic frankly again for just the overall mental psyche of the world, because I think we all miss the sort of the in-person engagement opportunity, but I don't think it reduces the the opportunity of being digitally led and how we engage and how we sell and how we work in factories being able to support a remote factory without jumping on a plane is always good, whether we can't jump on a plane or we can jump on a plane would probably prefer or not if we could do it remotely it saves money, it save time, it save time away from family. So, I think there is an opportunity for -- digitally lead across the board.

Kash Rangan {BIO 22837283 <GO>}

Got it, On the earnings call. So I've talked about but our percentage point benefit from COVID related savings through your bottom line. When you talk to customers, are they experiencing such savings and what are they trying to do with these savings, if you have a view on that?

Corey Sanders {BIO 16695509 <GO>}

Sorry savings from --

Kash Rangan {BIO 22837283 <GO>}

It is much of talked about COVID-related savings for the company's bottom line. Right. So when you talk to customers, do they experienced such saving this slow, because (Multiple Speakers).

Corey Sanders {BIO 16695509 <GO>}

Got it, Okay, Great. Sorry, yes. I mean I'd look when I talk with customers, I think it's, always a balancing act and it always sort of depends again upon the industry, right, because I think there is certainly savings from things like operating expenses, travel expenses etc, but I think the bigger conversation is typically sort of how IT spend is

shifting, right?. I think sort of. -- And I do think that's a really interesting opportunity sort of IT spend shifting from sort of managing site locations etc to managing remote capabilities and remote security and sort of remote communication.

So, I do think -- it's hard for me to say were savings or not, because every company is different and how they approach it, but shifting in how they're spending their money is absolutely happening and sort of shifting and how they think about what to prioritize and again comes back even my first answer around the digital transformation right that shift in actually re-pivoting money towards taking those steps towards digital transformation is definitely happening.

Now, whether it's a net negative because their travel expenses were enough to offset or what have you. Right. Each company to their own. But, I think that's -- definitely a key component.

Kash Rangan {BIO 22837283 <GO>}

Got it. All other exciting note, I just want to say a big thank you for this high octane, high energy, high enthusiasm presentation. Really really enjoyed it and awesome discover that you actually worked with Bob Muglia back in 2009 and you had a big role in shaping up Azure, and once again, thank you for taking the time to be with us. Really appreciate your commitment to Goldman Sachs.

Corey Sanders {BIO 16695509 <GO>}

Thank you, Kash. Really appreciate the time. Yeah, it was, there was fun talking with you and we stuck more about database that I feel like we. I feel like there's a lot more to dig in there.

Kash Rangan {BIO 22837283 <GO>}

I love databases. What before finishing up, I just wanted to share with you. You heard the term EaaS and IaaS, right? First, we had SaaS. So my contribution, if there is anything that I've done for this EaaS and IaaS. Is a true story? This leads to, (inaudible) 2007 we are like what we call this thing the cloud divided up into (inaudible). So, that,

Corey Sanders {BIO 16695509 <GO>}

I have you to blame for this. Okay,

Kash Rangan {BIO 22837283 <GO>}

No, I really sorry for that. all right.

Corey Sanders {BIO 16695509 <GO>}

I mean explain to your customer, the difference between those two. That was my early days in Azure absolutely.

Kash Rangan {BIO 22837283 <GO>}

Have a lovely day. Thank you so much Corey. Bye. Bye.

Corey Sanders {BIO 16695509 <GO>}

Thank you too. Bye. Thank you.