

## Barclays Global Technology, Media and Telecommunications Conference

### Company Participants

- Kirk Koenigsbauer, COO & CVP, Experiences and Devices Group

### Other Participants

- Raimo Lenschow, Barclays

### Presentation

#### **Raimo Lenschow** {BIO 4664646 <GO>}

Hey, welcome to our next session. I'm really happy. Yes, Kirk Koenigsbauer from Microsoft on. Very German in by the way, so I will be proud talking to you. Kirk, you have like a very long career in Microsoft. And so it's -- there's so many different areas we can and should talk about and I'm looking forward to talking about. Maybe we start with like a more broader question is, if you think about your time in Microsoft, you saw many changes. But if you think about the last two years like when it comes to what's going on there. How the pandemic has impacted all of there, like, how did that impact you and the Microsoft team?

#### **Kirk Koenigsbauer** {BIO 5905758 <GO>}

Yes. Well, first you make me sound old.

#### **Raimo Lenschow** {BIO 4664646 <GO>}

Yes.

#### **Kirk Koenigsbauer** {BIO 5905758 <GO>}

But no, I mean I think the last couple of years is there's no question, it's been nothing short of extraordinary. And how it's supercharged so much of digital transformation in the industry. It's just amazing. I've been in this productivity and collaboration space for a long time as you suggest and whether it's how people are creating and innovating, marketing teams, sales teams, logistics teams, supply chain, supply chain tough right now, as we all know, servicing customers, everything is just undergoing a really massive shift. And it's been amazing to see.

I think from customers, what we're hearing pretty consistently, it's actually quite consistent across the board, there are a couple of different challenges. And I think

one is really around hybrid, which I'm sure you've been talking about and at the conference and other places. But hybrid is a sort of going to be the new normal for us. And the interesting thing that we hear and that we find in our research. In fact, we do this survey called the Work Trends report. And it's about 30,000 employees across a bunch of different industries globally, bunch of different markets, big companies, large companies, small companies, mid-size, the whole gamut.

And we found this really interesting paradox as we think about hybrid. On the one hand, 70% of that population really love the flexibility that remote work has provided. And they want that in the future. They think that that's an important part of their job, what they want to go do. But at the same time, these same people, 67% of them actually want more in-person time for collaboration and for creation. So we talk about this as a hybrid paradox. But it is the reality I think that we're all going to live, and people are going to want the best of both worlds.

It's been two years doing this stuff and people aren't going to want to go back to the old ways. And so we're going to be in this sort of hybrid environment, for sure. Another trend that I'm sure you're seeing too, is what we talk about as the great reshuffle. Some people talk about as a great resignation. But I actually think it's a little more accurate to talk about it as a great reshuffle, where there are lots and lots of people that are sort of rethinking their place in the workforce, 41% of people that we survey are considering leaving their current employers. And a similar percentage are just thinking about doing something different. And so there's just a massive talent war that's going on, there's a massive refocus on the employee and the need to develop employees and skill those employees, retain those employees. You're not going to higher your way out of this problem that we face, and it's changing leadership, it's changing a bunch of different dimensions.

And then I guess I would say the last big trend that's pretty consistent across every customer I talk to is security. Just the threat of phishing and ransomware, breach and IP theft and all the stuff insider compliance issues and so forth. With all the change that's going on, companies are more than ever really worried about their security platform. And how to protect from the endpoint right up through their cloud platform and their infrastructure and all this stuff. And it's a very interesting time because it's so consistent across each of these dimensions, at least from what we're seeing in the space.

## Questions And Answers

**Q - Raimo Lenschow** {BIO 4664646 <GO>}

(Question And Answer)

Yes, yes. And it must be fascinating for you because like you're like the overarching umbrella, you were kind of touching all these actually in your job?

**A - Kirk Koenigsbauer** {BIO 5905758 <GO>}

Yes, it's a fun time to be in this part of the business for sure. No question. No question.

**Q - Raimo Lenschow** {BIO 4664646 <GO>}

Yes, yes. In all conversation I kind of want to touch on a good fuel of the points you made already to go, dig a little bit deeper like, let's start maybe on the Microsoft 365 side like, you moved successfully to the cloud, I've been watching obviously as a financial analyst, I look at the numbers, I look at the number of people that are converting or have converted, et cetera. How do you think about the opportunity for further seat growth? Like I mean we're approaching now numbers, years ago you would have said, yes, no that's it, that's converted. Now that you keep growing. There's a lot of new areas coming as well. Like how do you think about that volume growth?

**A - Kirk Koenigsbauer** {BIO 5905758 <GO>}

Yes. No question. Well, Microsoft 365 has been -- it's amazing the momentum that we're seeing now. And as we've disclosed about 1/3 of our total Office 365 seats are now sold through Microsoft 365. And so broadening this value proposition beyond just sort of productivity and collaboration, to all the management stuff that products like EMS provide and so all the security offerings that we provide. And then, of course, the sort of Premium Windows experiences in the commercial piece. It's really allowed us to sort of broaden the notion of what our cloud productivity and collaboration service is. And it's kind of become this sort of de facto world productivity cloud. And that's great.

In terms of your question, though, specifically, you're right, the sort of legacy or the history of our franchise around sort of all things Office and now evolving obviously to Microsoft 365, it's been largely centered on the information worker or the knowledge worker. But that's really changing with Microsoft 365. We do see new opportunities, new avenues to deliver these kinds of productivity and collaboration experiences that are going to drive seat growth.

I think M365 is also an ARPU play, we can talk about that if you want to. But on the seat side, there's a couple of different vectors that I think are interesting. One that is really frankly gotten a lot of recognition over the last two years kind of going back to your first question, which is around the notion of the front line or the first line worker. And this is a population of set of the employee base that has kind of been left behind. These are your service professionals, your retail professionals, your manufacturing shop floor professionals, your healthcare professionals, folks that don't necessarily sit at a desk all day and sort of type away like a lot of us do.

They are on the first line of everything, for sales, for service, for support, obviously, transportation, safety, security, health. We've seen it over the course of the last two years and how important that is to the economy. And that population has historically been kind of left behind in terms of being connected to the rest of the workforce. And so lots of CEOs, CIOs, business leaders that we talk to are interested in lighting up and being able to connect that population to the rest of the employee base to be able to lead with them and communicate and the mission alignment and all that. But

that's also where a big chunk of digital transformation is happening sort of in every one of these industries that I've been referencing. The first line worker, the frontline worker experience is really getting digitized in a massive way. And that's a big seat growth driver for us.

The other -- another one that I think is pretty important to us, which we've talked about in the past is the SMB space, the small mid-sized business base. But I would sort of put a finer point on the very small business opportunity. The sort of solopreneur up to say 10, 20, 25 seats something along that line. That's a really -- we feel like that's a really big opportunity for Microsoft 365 also. And we have created a bunch of new SKUs over the course of the last few years with Microsoft 365 to put the sort of power of the platform into the hands of small businesses, including these really small businesses, and that's been a big opportunity for us.

In fact, just last week, we also announced a new SKU called Microsoft Teams Essentials, which is essentially a product specifically designed for this small business space, super competitive, \$4 a month, all in one sort of meeting and conferencing solution. We think that that's a big deal. I also personally get pretty excited about security offerings in the small business space. We can't forget that a lot of big companies, that's where a lot of the focus is on ransomware and fishing and all that stuff, but it's happening in the small business space, too. And frankly, they don't have the tooling or the expertise at that level. They don't have big IT shops or partners sort of supporting them on a day-to-day basis. So security is important there.

And then the last one I guess I would just say is around emerging markets. We observed emerging markets, of course, at Microsoft broadly, but I would say our focus has been largely on the large sort of organizations in any given emerging market or developing market. And we think that there's a lot of opportunities sort of in the breadth, the smaller organizations, those mid-size and SMBs again. And Teams is really our vector and our avenue there because it just is changing the dynamic in such a important way. So I don't know, we see a lot of opportunity with M365 to drive seats going forward. And we've seen some good growth through both the FLW, the first line worker piece and the SMB space over the last couple of quarters.

**Q - Raimo Lenschow** {BIO 4664646 <GO>}

Yes, no. Yes, exactly. And you mentioned ARPU already, that could be like, so we have volume and have price both OEM, I remember I made a mistake few years ago, I said, price increase and Amy kind of killed me on the call. So selling more value to customers. The -- where are we on the different SKUs there in terms of like adoption and opportunity?

**A - Kirk Koenigsbauer** {BIO 5905758 <GO>}

Yes. Yes. Well, I think you're right to articulate it. I mean, Microsoft 365 has the opportunity for seat growth, but also for ARPU growth as well. And I would say originally, frankly, it was much more of an ARPU play initially because we were converting these seats from on-prem or the basic Office 365 workloads to this broader M365 suite. But we see quite a bit of headroom ahead of us. Right now we just post this in the last couple of quarters, the E5 offering that we have, think about

as our highest -- for folks who don't follow along, the minutiae of our SKUs. It is sort of highest premium tier for Microsoft 365. And that right now is only 8% of our installed base.

And so we feel like we've got a lot of upside there, whether it's I referenced security briefly in the SMB space. But a lot of organizations are looking to provide the kind of security and compliance and identity solutions that are required today. There's a big chunk of management value that's there, there's a big chunk of what we call a phone system or modern ways to do sort of weight-based calling and PSTN-based calling. And so we think that there's quite a bit of headroom left in this E5 space. I do think, overall, there is a little bit of a balance, of course, as we drive more SKUs, right, more seats and we'd raise ARPU it's -- we have to think about the balance on either side there. But we see opportunity on both vectors.

**Q - Raimo Lenschow** {BIO 4664646 <GO>}

And the -- where are we on that, I seem to remember like a few quarters ago, you talked about E3 as the heroes? Like is there still like E1 to E3 cover-ups?

**A - Kirk Koenigsbauer** {BIO 5905758 <GO>}

Yes. It's a little, it's a -- so we have a number of different SKUs because we address large organizations, large enterprises, mid-size companies and small businesses, we have a host of different SKUs. And we do use this sort of nomenclature of E1, E3, E5. For some reason, we don't like, even numbers, I guess.

**Q - Raimo Lenschow** {BIO 4664646 <GO>}

Yes.

**A - Kirk Koenigsbauer** {BIO 5905758 <GO>}

But we have them for the enterprise SKUs. We have a set of SKUs for the SMB side. And of course, we have a consumer business too with over 50 million subscribers. But yes, the -- our objective, of course, is to penetrate into a market or a customer in some way, whether it's with an E3 SKU or whatever and then sort of expand the rooms of the house is sort of an analogy that we use internally to drive that higher ARPU with more scenarios. Whether it's maybe they're starting off with just the basics of productivity and collaboration, but then there's a really natural opportunity to attach security on top of it or compliance on top of it or a phone system on top of it. That's kind of a playbook.

**Q - Raimo Lenschow** {BIO 4664646 <GO>}

Yes. Okay. And then on the -- talk a little bit about the Windows franchise. It doesn't get as much airtime anymore, which is kind of I think it's unfair because it's a very big important product for you. What have you seen as you think about the pandemic supply chain management constraints that are playing out there, like, what have been your observations there?

**A - Kirk Koenigsbauer** {BIO 5905758 <GO>}

Yes. No. For sure. Windows remains a huge anchor of growth for the company and it's a super important way that we service our customers, attract new customers and so forth. So we talk about it a lot internally and it's super important. The dynamics related to your supply chain point are a little different on the consumer side. You sort of the -- we do see some supply chain impact. We see that show up sort of in the OEM piece, of course, as you'd see that. On the commercial side, it's a little bit different. We're a little bit less dependent there because a lot of what's happening in the commercial space is companies are buying their PCs and then they're upgrading them to Microsoft 365, which includes the per user component in Windows. And so there we see actually a really strong ARPU opportunity for Windows Commercial by moving customers to Microsoft 365.

And there what customers are doing are not to sound like a broken record, but going back to the same point again, they want Windows to be more secure. And so, for example, we have this offering called Microsoft Defender, which is essentially endpoint security solution. That is part of Microsoft 365, part of Windows. And that's one of the ways the customers are sort of upselling.

I mentioned management infrastructure is another big part of it. How do you manage Windows? Frankly, multiple device types across this sort of in this new hybrid world, where lots of people are remote. You've got to think about things like virtualization, we have a new offering called Windows 365, which is a virtualization offering, which we're really excited about, just came out recently. And then, of course, there is the natural upgrade cycle of machines and we've seen lots of organizations with the focus on employee experience, wanting to make sure that their employees have good devices, so that they can get their job done. And so we have benefited from an upgrade cycle in the commercial space too. So we're bullish on what we see in terms of Windows Commercial value going forward. We think it'll continue to be a big growth driver for us.

**Q - Raimo Lenschow** {BIO 4664646 <GO>}

Yes. And it's funny like just to give you some feedback like, as I start going back to the office, I just -- all of a sudden I discovered the ancient nature of my machine and seem like there need to be an upgrade cycle there.

**A - Kirk Koenigsbauer** {BIO 5905758 <GO>}

Yes. For sure.

**Q - Raimo Lenschow** {BIO 4664646 <GO>}

Yes. And let's shift gear like the little bit again. The Teams has been one of the super success stories there for you guys over the last two years. Like where are we in terms of adoption, but also adoption of the different subcomponents that were sitting within Teams?

**A - Kirk Koenigsbauer** {BIO 5905758 <GO>}

Yes. Yes. Well, in terms of broad adoption, we announced 250 million monthly active users of Teams. And someone who's been on the Teams journey from day one, it's

pretty awesome to see what that growth has been. And no question, the product was growing before the pandemic and there's definitely been a lot of acceleration through it. We see -- one thing I look at quite a bit is, are we seeing broad deployments across big, big enterprises and now we're over 130 organizations, have 100,000 seat or more deployments, which is a really good signal of what that adoption looks like. And then, of course, there's a long tail of organizations that are deploying broadly, too.

When you talk about within the sub components, just as a reminder, folks that may not be as steeped in it, Teams has core chat and messaging capability, collaboration capability, it's got this voice-based calling service as well that we call phone system. It has office integration, and of course, there's a platform for third-parties ISVs as well as businesses IT departments to build their own line of business solutions into Teams. And really across the board, we're seeing nice uptick on all this. Obviously, meetings, as you might expect has been a huge growth driver over the course of the last couple of years. But we see -- we really see growth across the board.

Just as an example, going back to our first-line worker conversation, we've seen just 150% increase in usage around these frontline worker solutions inside of Teams itself. And so it's become a really nice host for us to birth new experiences. In fact, I'll tell you, I recently took over responsibility for one of our workloads called Yammer. And the growth and we've integrated Yammer inside of Teams, the growth of Yammer inside of Teams is so fast now, it's eclipsed the standalone part of the Yammer business. We have many, many stories like that of new products that we're birthing that are launching as a part of Teams and growing as a part of that growth. So it's been really exciting to see that.

**Q - Raimo Lenschow {BIO 4664646 <GO>}**

Yes. And where are we on the specifically on video, voice because that's the -- I mean, to me it's almost a hidden success because like the more conversations I have with people in the field, the more is like, yes, this is kind of really good. It's not the Skype anymore, this is kind of feels like very, very good and powerful. Where are we on that realization and adoption?

**A - Kirk Koenigsbauer {BIO 5905758 <GO>}**

Yes, it is a bit of a sleeper I guess. We have about 80 million monthly active users on what we talk about is our phone system solution. That essentially is, again, our voice-over-IP sort of P2P calling between like you and me, if you and I wanted to have a phone call, we can do that over Teams. And that has grown immensely, particularly, over the last couple of years. We have completely -- you mentioned Skype before, we have completely replanted the backend infrastructure that manages all of our calling, all of our meeting and calling infrastructure essentially. And so we feel very, very good about our position there.

I think the interesting thing that's happened is that the basic phone call is never going to be the same. I mean, people want to now see each other whether they're using Teams or Zoom or FaceTime or whatever, like, it doesn't really matter. There's a whole new standard for what a calling experience is. And so we feel really quite

fortunate to be in a position where Teams in and of itself is not just a voice-over-IP solution, but it's a solution that can integrate in these great collaboration experiences and deep integration with Office and so forth, whether you're doing a one-on-one or a team meeting.

And so we really feel that that's helped drive some of this and it's really I think changing calling forever. And of course, hybrid is going to be a big part of that. So the other piece that's been important for us as we really have repivoted how we work with our operators. And you talk about all these different markets and working with them closely to build the PSTN component of the solution into this has been a big part, too. And so we feel really good about the broad traction of end-user usage as well as partners getting on board with us with Teams.

**Q - Raimo Lenschow** {BIO 4664646 <GO>}

Yes. Yes. No, that sounds really exciting. Yes, and as I said, I see it more and more, so it's got a really good progress. Another thing that I have to admit like it doesn't probably get enough airtime on our side is Viva and I do the German pronunciation. I hope that's correct. Can you talk -- I mean, if I talk to Microsoft people, they are a lot -- there is a huge level of excitement around that. It has been really kind of come over to our side as well. Can you just talk to that a little bit?

**A - Kirk Koenigsbauer** {BIO 5905758 <GO>}

Yes. And I should tell you, I'm extremely biased here because I am on point for the company to drive our Viva business and run some of our products there. I would tell you, maybe even going back to where we started. This notion of the new hybrid work model as well as this great reshuffle has just put an incredible focus on the notion of what is the right employee experience. As I referenced, you've got this massive talent war that's out there. Employers have never, I think, in time at least I've been in this business, have never really cared so much so deeply about the development of their people, their careers, their learning, their skilling, how they can advance. I think one of the things that's been a real lesson here for leaders over the course of the last two years is you have to keep your folks motivated. They have to understand what your mission is, because people today they care more than just about getting a pay check.

And so there's been a lot of focus on creating a great employee experience. And to be candid with you, it's not been awesome for many, many people for a long time. This is a space that's got -- it's super fragmented. There's a lot of different ISP solutions in there. They're all good individually, but they're not interconnected. And I think what we decided to do is focus on this employee experience category, and we've introduced this thing called Viva. And we just announced it in February so it's not surprising that it's not super, super well known. But we are talking in a pretty big way and we just actually hit within the last month general availability for our four -- our first four core workloads which are around learning, knowledge management, we have a workload that's around insights. So what's happening with the wellness and productivity of your employee base. And we have one called Connections, which is helpful to connect people to different employee experiences throughout an organization.



All this we have our own first party solutions, but we're opening it up to third-parties as well. And we're really quite bullish on it. We bought a company called Ally.io back in September/October. That service that provides OKR's objectives and key results, I think goals and mission alignment up and down an organization. We're excited about that. So this is going to be a big area of investment for us. And our point of differentiation is, we're building this right into Microsoft 365 and into Teams. And again, a lot of -- there are solutions out there in the marketplace today, but they're isolated, they're point solutions, when was the last time anybody sort of wanted to go to their learning management portal. It's not very natural.

So by building it into Teams, where we can have nudges and we can make recommendations based on our broad Microsoft graph of intelligence that we have and sort of build it into what we talk about is the flow of work. We think we're going to see much, much higher adoption and engagement. And frankly, that's what organizations need. They really need their employees using the stuff to get the development, to get the skilling, to get the insights that they need to be, stronger employees and be able to contribute. And so that's a huge opportunity for us as we think going forward.

**Q - Raimo Lenschow** {BIO 4664646 <GO>}

Is that -- just one more question. Is it somewhat LinkedIn, we have the learning experience platforms out there? And I would think it's somewhat might link with dynamics as well to some degree? Like that -- yes, okay.

**A - Kirk Koenigsbauer** {BIO 5905758 <GO>}

Okay. Yes. For sure, like, we work really closely obviously with LinkedIn, a big part of Microsoft. We have a very close set of integrations there, where our learning application that we built as a part of Viva actually includes as a part of the service, a bunch of LinkedIn courses. And then it also offers the full LinkedIn catalog of over 20,000 or 30,000 different trainings and coursework that folks can do. And so we essentially have a very tight coupling there between those. But we also work with SuccessFactors and Pluralsight and a bunch of other really sort of well-established learning providers to be able to provide their content into our solution within Teams directly. And we think that's going to be a nice value proposition for people to grow.

**Q - Raimo Lenschow** {BIO 4664646 <GO>}

Yes. And you're coming from a different angle. You're coming from the employee productivity angle rather than the compliance HR angle, where it was almost like forced on you? Yes, yes.

**A - Kirk Koenigsbauer** {BIO 5905758 <GO>}

That's right. We're putting the employee first in this process to make sure they've got really great sort of consumer-grade, consumer ethos types of experiences. And we think that that will, again, built into Teams, built into the flow work will be really competitive.

**Q - Raimo Lenschow** {BIO 4664646 <GO>}

Yes, yes, I can see that. Yes, that sounds really exciting. Yes. The -- Kirk, last couple of minutes, I want to talk about security like you've mentioned it several times already. But I think it needs his own little section here. So that's why I'm talking about it like a little bit more. Can you talk a little bit about the evolution here, because like I remember like I published a big report on that, and I was surprised how much progress you guys have made and how comprehensive you've been, got the number wrong completely because it was actually much, much bigger business than I kind of -- and then we modeled at a time or before at the time? Just can you talk a little bit about the evolution there?

**A - Kirk Koenigsbauer** {BIO 5905758 <GO>}

Yes. No, it's been a great three, four years building out our security offerings. Obviously, security has been important to Microsoft for a while. It's core part of the operating system, it's been a core part of Azure and M365. But we've really started to focus on in the last three, four years. And it's great to have Charlie Bell on point a new leader with such history to sort of running our security offerings all up and wonderful to have him now at the company.

But as I referenced earlier, this is a huge deal for every organization that we talk to. Cybercrime is something like a \$6 trillion sort of cost to the economy. And if you sort of think about that for a second, that would actually make it, if you were a country, it would be the third largest country in the world after China and the United States. So this is a huge, huge deal for every single CEO, CIO, CSO for sure.

And the challenges they face today are things like fragmentation that got 50 plus systems. No joke, 50 plus systems for different types of security or compliance workloads in their company and that creates just a ton of complexity. And it also creates risk in terms of how these are integrated together and are they interoperating as the way that they should, are they sharing signal and so forth to understand what this risk looks like, a lot of these services are still on-prem based. And so they're not as up-to-date. They're not able to take advantage of the power of AI and the cloud compute that it can offer in the security space to sort of get ahead of this as opposed to constantly being on defense.

And going maybe a little bit back to the employee experience piece. Every company I talk to can't hire enough or fast enough security experts. And so they have to rely on companies like Microsoft. And so we have seen a big push here, folks want to get to Zero Trust. They have to assume that breach is going to happen. And so how do you sort of -- how do you protect against that? And yes, we announced recently that Microsoft is now greater than \$10 billion business in the security space. So it is a huge, huge deal for us. And we're super committed to the category. So hopefully, that gives you a quick overview.

**Q - Raimo Lenschow** {BIO 4664646 <GO>}

Yes. No, totally. Yes. Yes. I mean one of the stuff that does come up on the earnings call is EMS. And you talk about the growth there. We have a seat number like and it

does seem like a very big kind of penetration number as well. Like how do you drive growth there? What are the kind of the factors to consider?

**A - Kirk Koenigsbauer** {BIO 5905758 <GO>}

Well, yes, it's sort of two parts there. One is, you're absolutely correct. I mean, EMS, our enterprise mobility and security suite is absolutely the cornerstone of our security offerings and our Zero Trust approach. I mean it is the thing that provides the identity plane inside of any organization with Azure Active Directory and the management plane with something that we call Microsoft Endpoint Manager. These are both collectively so core to running a company's infrastructure and running it securely. As we referenced, the growth of Azure AD is really strong, we have over 500 million monthly active users there, 300,000 paid. I mean, it is a very, very big business for us and a super important one, again, as the sort of cornerstone for all this.

One thing, by the way, that's not often talked about is, it's not just about protecting sort of Microsoft commercial services, but also a host of cloud identity solutions for third-parties, too. And that's a very, very fast-growing part of the business. And then on the management side, I think it's a little bit under looked sometime how important this is. The relationship between security and management, I mean, they are, it's peanut butter and jelly essentially, you can't have a strong security infrastructure if your management isn't up-to-date, if it isn't moving to the cloud, if it isn't ready for hybrid, if it's not consolidating. And so that's why EMS is just so core to our security story all up.

**Q - Raimo Lenschow** {BIO 4664646 <GO>}

Yes. Yes. And then if you think about it like, is there -- on the one hand there is a seat, it's like Amy on every conference calls is like look you need to be careful. If you couldn't look at Azure, there's EMS in there and seats (inaudible). Are they the similar, the same factors that you should think about it? And we talked earlier on the Office side in terms of further penetration there, or what would be like other things to consider?

**A - Kirk Koenigsbauer** {BIO 5905758 <GO>}

Yes. No, we definitely see that there's room for growth with Azure Active Directory. I mean, I think, there's still a lot of legacy on-prem out there. There's this push to hybrid as we've talked a little bit about and making sure that organizations have a robust identity platform, given the fact that there's so much hybrid, so much remote work. There's going to be continued consolidation. We've talked about password lists, my God, what a hassle passwords have been for the last 30 years, and we've got to move beyond that. And Azure Active Directory, our identity solution is moving in that direction to get rid of passwords, which we think will be key.

Verify credentials, there's so many elements of this business that are -- that we feel like are going to be real good growth drivers for us going forward, let alone the third-party app piece that I mentioned, too. Customers want -- no one wants to move to a single vendor entirely, of course, but you do want to remove a lot of the complexity that's in the environments today and this is one of the ways to do it.

**Q - Raimo Lenschow** {BIO 4664646 <GO>}

Yes. Kirk, I see my time is up. I'm getting the flag here, too. But I mean it was so great talking with you. There's many different areas we could have touched on top of that, but it was great having you. Thanks for that, for the conversation, really exciting. It's great to have you here as well. Thank you.

**A - Kirk Koenigsbauer** {BIO 5905758 <GO>}

Thank you very much. Appreciate the opportunity. Take care.

**Q - Raimo Lenschow** {BIO 4664646 <GO>}

Thank you. Happy holidays.

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