

Citi's 2022 Global Technology Conference

Company Participants

- Corey Sanders, Corporate Vice President, Microsoft Cloud for Industries & Global Expansion

Other Participants

- Tyler Radke, Citigroup Inc.

Presentation

Tyler Radke {BIO 22760344 <GO>}

Good morning, everybody. I'm Tyler Radke, Co-Head of the software sector here at Citi, and welcome to Day 1 of our Technology Conference. And we're excited to have Microsoft. Although joining from Zoom, not Teams, I see, Corey. Corey unfortunately had a run-in with COVID, but I hope you're doing well. And so, I really appreciate the flexibility and shout out to the AV team for making this work. So Corey, thanks for joining us.

Questions And Answers

Q - Tyler Radke {BIO 22760344 <GO>}

(Question And Answer)

I thought maybe we could kick it off. Just if you could touch on your background, your experience within the Microsoft organization. I think you've worked with a number of leaders over the years. But just at a high level, what do you do on a day-to-day basis?

A - Corey Sanders {BIO 16695509 <GO>}

(Technical Difficulty)

Q - Tyler Radke {BIO 22760344 <GO>}

Right. And as we think about the segments that Microsoft reports to investors and kind of the segments you look after, is it kind of fair to say commercial cloud is your big focus area?

A - Corey Sanders {BIO 16695509 <GO>}

Yes, that's right. (Technical Difficulty)

Q - Tyler Radke {BIO 22760344 <GO>}

I'll throw out all my gaming questions, I was going to ask you. So --

A - Corey Sanders {BIO 16695509 <GO>}

(Technical Difficulty)

Q - Tyler Radke {BIO 22760344 <GO>}

Yes. So with the macro environment being top of mind with investors, would love to get your perspective. Obviously you're seeing it from the lens of industry and a massive Azure business. How would you just kind of compare and contrast the demand environment that you're seeing now versus what you saw at the beginning of the year?

A - Corey Sanders {BIO 16695509 <GO>}

Yes. It's -- the demand remains quite strong. And I think and excited about work
(Technical Difficulty)

And we've seen across the full spectrum and sometimes different by industry, sort of where the customers are and what they're looking to solve, but it's typically looking to solve problems with technology, trying to find sort of simpler, faster, easier ways to leverage technology. And again, that can either be for massive digital transformation, being able to get new learnings, new insights and drive new businesses. But it can also be for optimization, right, being able to take advantage of the scalable cloud and taking advantage of a migration from on-prem to cloud to be able to reduce the CapEx investment they may have.

And so, the opportunity to sort of look at both and the full range of our services has, I think, put us in a good spot to be able to help customers do more with less as we frequently speak with them about, and that again can span consolidating in our M365 in security products or leveraging AI and ML to build new products that they're shipping to their customers or even sort of optimizing their developer resources by taking advantage of low code, no code platforms to be able to expand how many people can develop. Which in some ways, as we look at resources across all of our customers, it spans from obviously both the macroeconomic environment, but even the job market and the developer market and sort of the ability to do more with less. And so across all these facets, I'm pretty excited about what we have to offer.

Q - Tyler Radke {BIO 22760344 <GO>}

Great. So maybe we could ask that question more specifically on Azure. So cloud consumption has been a big topic among investors. Some of your peers and partners that you work with through the marketplace have talked about some customers optimizing cloud spend. We've seen some slowdown in cloud consumption, even on the Azure business this most recent quarter. So can you just

talk about the consumption trends you're seeing in Azure? And how are customers approaching this managing or optimizing cloud spend topic?

A - Corey Sanders {BIO 16695509 <GO>}

Yes. I think -- I mean, in general, I think the conversation with customers that we have is, first of all, looking across the full Microsoft Cloud and sort of looking across all of the capabilities that we have and how they think about both their spend in an on-prem way and spend in a cloud way. And so, when we think about sort of Azure specifically, it also deeply intertwines with Office, with Teams, with our Security Suite D365 and again, like I mentioned, Power platform.

And so, as we work with customers, oftentimes it is a conversation over what is the most optimal way to leverage the services, again taking into account what they're already running, what services they're already using, consolidating some of those with some of our services. And then, of course, reviewing their services with us and understanding if they're optimizing across those services.

And so, it is a common conversation that we have, but it's very much focused on the customer and the solutions they're trying to drive. While certainly sort of optimization is a hot topic, it is always in the context of the business goals that are being achieved. It's rarely in sort of optimization for the sake of optimization. And so, we do have that opportunity, that differentiation at Microsoft to be able to put solutions together, to be able to put those products together, to be able to drive the right end state for a customer. Whether it be sort of the reduction of one side and expansion of another side or sort of the opportunity to sort of leverage all of the services and perhaps remove some of point services that may be increasing their overall cost.

And so as part of that, what I think has been really exciting is our role has really sort of changed as we work with customers on this, because we have this [ph]press and because these conversations are coming up pretty regularly. Our opportunity is shifting from less of a sort of an IT vendor and much more of a strategic partner. We have the ability to sort of solve some immediate needs, while also partnering on longer-term strategy changes, which many customers are obviously still thinking about.

That changes how we sell, and I would get to be a part of this on the front line with Judson on just how we think about selling the full Microsoft Cloud versus selling sort of point solutions. The opportunity, of course, when customers look at that full Microsoft Cloud is broad savings versus looking sort of point by point at potential savings therein.

It also sort of changes a little bit of what we've built. And that's sort of again where my new team comes in and sort of what I've been excited to build is around leveraging the combination of these services and solutions. Again, to be able to drive value by getting the best of these services spanning left to right. And that opportunity then certainly reduces their overall spend by being able to take

advantage of that, and sometimes and frequently improves their top line as well by being able to create new value by putting these services together.

And so, this is where I do think we have this unique opportunities, unique role to be not just seller of solutions and thus get sort of into the deep conversations over price per core, but actually also have the opportunity to really be the strategic partner for these customers and work through what are their goals, what are their strategies and then what services do we have that can help them get there. And that's, I do think we're -- the breadth of our services puts us in such a better spot to have these conversations and drive the right outcomes for customers.

Q - Tyler Radke {BIO 22760344 <GO>}

Great. And if we think about the numbers that you report on Azure, I think the last time we saw a more notable slowdown was during the pandemic in early 2020. How would you contrast those conversations with customers and the drivers of that slowdown then versus what you're seeing now? And how are you thinking about kind of the trajectory of Azure throughout the rest of your fiscal year?

A - Corey Sanders {BIO 16695509 <GO>}

Yes, absolutely. I mean, I think the slowdown at the early part of the pandemic was certainly a bit more of a knee-jerk reaction, I would say. I think that there was sort of immediate reactions and immediate sort of taking stock of the situation, which drove some quick responses and then changes in plans where necessary. I think given this is, to your point, sort of a pretty different conversation because it is more of a macro conversation. This is where, again, the conversation is slightly different for us. It is a lot less about sort of immediate opportunity because of immediate anxiety, but more again around that long-term strategy. What are the benefits and stages that the customer needs to go through? What needs to happen in the next 12 months, what needs to happen in the next 12 years.

And that is where I think our conversation becomes much more interesting, because we can actually sort of, as mentioned, drive those broader strategic conversations. Customers are not looking necessarily for quick fixes. They're looking for the ability to have that partnership to be able to drive the longer-term change. And that's where sort of all of our opportunity across the Microsoft Cloud, how we sell, how we build, all become quite advantageous to us and our partnerships with these customers. And that's, I think, a little bit of how I would equate them to being different. I think the sort of the fear of the initial one, it was very different than, I think, the sort of strategic approach that I've seen from customers today.

Q - Tyler Radke {BIO 22760344 <GO>}

Got you. Okay. That's helpful. And so, if we think about what you're seeing by region, obviously, different parts of the globe are in different stages of cloud transition. They have more data centers versus cloud. I guess, how are you seeing kind of the regional performance differ? And in regions that may be seeing more of a slowdown from a macro perspective, are they prioritizing cloud more or less? Just give us a little bit of regional commentary in the context of cloud versus on-premise?

A - Corey Sanders {BIO 16695509 <GO>}

Yes. I think, I haven't -- from sort of my role, I haven't seen necessarily a specific regional shift or specific regions who are seeing notably increased slowdown from others. One of the interesting things about sort of a global business and the fact that so many of our customers are global customers, they end up obviously having sort of a global deployment strategies and global deployment enablement. And so, we do still see quite a bit of demand pretty much everywhere in the world. And so, I do think that's been interesting. As sort of, of course, this macroeconomic environment continues, it will be something for us to watch. But so there's not been a notable region shift from my perspective.

I will say, as sort of you mentioned about the on-prem point there, one of the big opportunities and sort of places that we spend a lot of time focusing is around enabling value for customers' on-premise, right? And in some ways, our Hybrid and Edge strategy really focused on this, where there are good reasons for customers to deploy and continue to deploy in an on-prem environment. That is sort of our agnostic, I think, to the macroeconomic environment. And this is where I do think some of the benefits that we really focus on in the team with our hybrid solutions, one. Enabling customers to operate their on-premise environment as an extension of the cloud, so that being sort of simple policy, simple security controls and consistency between sort of their on-prem and their cloud environment. It allows them to sort of continue to take advantage of their on-prem investments and even sometimes expand their on-prem investments without necessarily sacrificing some of the benefits that the cloud can bring.

We also see a lot of focus on Edge as part of this. And so again, separate maybe from the macro environment, but probably more aligned to some industry-specific areas where we see sort of Edge and sort of proximity needs are actually increasing sort of how we define on-prem spend by putting sort of additional servers in either storefronts. I always joke sort of the server on the oil rig to be able to sort of take advantage of some of the cloud power, whether it be AI, ML or solutions running analytics at the Edge and still take benefit from the cloud capabilities behind the seats. And so, this is, again, where some of our services like Azure Arc or Defender for a cloud can really offer that unified support security.

And the last one actually that we're seeing from an on-prem perspective, and this may sort of be more of a regional push, frankly, has been certainly on the government side. And this is where when we look at sort of our recent announcement from a Microsoft Cloud for Sovereignty, which we just announced here a couple of months ago, the focus is around enabling governments to be able to deploy in any way that makes sense for them, right?

And this -- certainly, government spend and government digitalization has been on the rise, which is exciting. And so, offering opportunity to be able to take advantage of public cloud where it makes sense and some of our sovereign capabilities, and our policy and governance controls, while also taking advantage of on-prem where it makes sense and being able to put it into their sort of environments and being able to leverage cloud capabilities, again, like Azure Arc to manage it.

So that's been one where we're seeing a little bit of both, and I do think we'll continue to see that as part of again, a sovereign and a government-based deployment. And certainly, there's more regions where that's sort of growing and a greater interest. Certainly, Europe has been a very hot area for that type of deployment, but we are seeing that globally as well.

Q - Tyler Radke {BIO 22760344 <GO>}

Yes. And I think the on-prem piece is interesting in the context. I mean, we also just heard from Michael Dell in the keynote, we talked a lot about Edge computing. But we have actually seen really robust on-prem server growth at Microsoft. It's remained in positive territory despite the really strong growth in Azure. So I guess, how do you kind of think about the steady state of that growth? Is that given that we are going to be in this hybrid environment going forward? And to your point, some industries like government are really investing there. Is that kind of a sustainable rate? Or do you think as Azure gets bigger, that business starts to decline eventually?

A - Corey Sanders {BIO 16695509 <GO>}

I mean at this point, I think there's no indications of it necessarily declining. And obviously, Michael Dell talked here, I don't want to disagree with him. But no, I think there's no indication of it declining. I think what -- as we continue to see sort of customers, they're expanding the amount of solutions and digital transformation that they're doing. And so, they're expanding the amount of technology and digital capabilities that they're purchasing part of their budget.

And so, that certainly means that sort of the on-prem spend, I believe, will continue, especially when you look at some of these unique requirements, and in fact even expand in some of these requirements. As we sort of look at the opportunities, I'll use Edge as an example, because I -- again, my focus being on the industry side. As we look at some of the opportunities with frontline workers, with the opportunities around checkout list, storefront, et cetera, there's actually more technology that's being shipped to these Edge locations to these storefronts to be able to drive business and drive value for their end-customers. And of course, that's retail.

But it does span pretty much every industry and every business where Edge has become a really critical component for growth. And so, I think that's going to drive a lot of these purchases and a lot of the additional sort of on-premise spend. And then certainly, sort of sovereignty and the desire to be able to have data or servers within proximity is also continuing to see growth. And that is, of course, government, but there's also industries that are regulated and thus also follow some of the requirements of those governments. And we're seeing those opportunities too. This is where I feel like that even with partnerships like with Dell, the opportunity for us to bring services to be able to support that management in a consistent way, to be able to offer security in a consistent way. This is what actually is one of the most important aspects of hybrid is consistent security, and this is where services like Defender for Cloud or Sentinel offer that level of consistency.

And then even bringing our cloud services to be able to run in an on-premise way. This is something we've invested pretty heavily to offer PaaS services that can then

run in those environments and on that on-premises-based solution. So I think that we will continue to see that on-prem server usage. And I think actually, we'll be able to take advantage of it or customers will be able to take advantage of it with more advanced and enhanced services and capabilities.

Q - Tyler Radke {BIO 22760344 <GO>}

Great. Great. And I do want to talk on industries in a moment. But maybe just starting high level, because you did talk a little bit about the commercial booking strengths that we've seen in the last few quarters, really, really robust numbers. I guess from your perspective, what are some of the product or packaging or maybe go-to-market tactics that have helped drive these large commercial bookings and large contracts? I think last couple of quarters, you've seen north of 30% commercial bookings growth on pretty tough compares, which has been pretty impressive. So what are kind of the -- what's driving that?

A - Corey Sanders {BIO 16695509 <GO>}

Yes, absolutely. I mean, I think even just adding a little bit to some of the points that I mentioned earlier, a lot of it is around us working with customers as that strategic partner. As we sort of work with them on how we're reshaping their future through digital information. Those large commercial bookings are almost never sure IT conversations, right? Certainly, they involve the IT conversation, they involve the IT spending priorities, (Technical Difficulty) development, new business opportunities, new solutions that are being built. And that, again, is where our positioning as strategic partner allow us to have that broader conversation that spans again that full set of workloads.

This is also where our go-to-market shift, really focusing, and this is something that I think Judson has done amazing work from a go-to-market perspective as sort of our Chief Commercial Officer, focusing on the full Microsoft Cloud. There's no customer that we want to focus on just one of our products. And that go-to-market push, I think, has driven a lot of that opportunity on commercial bookings, whether it be sort of a combination of Azure and Teams and Office and Security and D365, that's sort of bringing these things together has been really powerful.

And it drives back into engineering. This is where, sort of, again, I think the opportunity in engineering to bring these components together, right? Each of these teams are constantly looking for ways to add value to the other's product. Because we all know that the sort of collection is really what bringing real value as customers put these products together to solve their problems.

I also maybe add one key point as well is as we sort of look at all those products and look at sort of how we sell and how we build, I do think the flexibility as well of contract has really helped, right? This allows customers to be able to use this -- their commitment on a wide variety of services and requirements. And so, the Azure commitment allows you to, of course, use Azure services, but it also allows you to use key partner services like Azure Databricks and Azure NetApp Files. And even sort of supporting a recent announcement from Power Platform that is integrated now directly into the Azure experience and offering a pay-as-you-go model. This type of

flexibility is really quite powerful for customers and allows them to, again, look forward as that strategic partnership over the potential to use any of these services to be able to achieve their outcome.

Q - Tyler Radke {BIO 22760344 <GO>}

Yes. And I do want to hit on the partners in a moment, but maybe we could talk about the verticals and industries, because that's in your title. So there's a good question for you. So maybe help us understand what is Microsoft's industry or verticalization strategy, both how you're building products maybe that are built specifically for certain industries and then how you're organizing your go-to-market team to go out and sell those products to those industries?

A - Corey Sanders {BIO 16695509 <GO>}

Yes, definitely. The biggest thing with our industry strategy is around accelerating the time to value for customers. This is really a pivot for us as a company, and I've been super excited to be on the front lines of this. They really are about taking that Microsoft Cloud vision that I've talked about, but bringing sort of engineering and marketing and sales together to offer true vertical solutions that will enable companies to sort of unleash their value, right? It's about sort of changing the way they approach some sort of long-standing problems or challenges that they have.

We have six industry-specific clouds to-date. Those include healthcare, retail, financial services, manufacturing, non-profit and sustainability. We also have additional industries that we work deeply on like energy, telco and mobility. The whole goal behind industry cloud is they're sort of extensible on top of our horizontal services, right? So they allow you to bring together multiple horizontal services to add value and solve industry problems. And given the combination of our collaboration and our business apps and then, of course, our infrastructure and data, we have a great array of sort of problem-solving solutions that sometimes need help to put together to be able to offer that end-to-end value for those business leaders in a given company or industry. And that's, I think, where the industry cloud really comes in.

It's also a big focus on -- and I know you said we'll talk about it later. So I won't go too deep now, but it is a big focus on ISVs and partners as well, and being able to enable partners to add industry value directly with us for end-customers.

Some of the examples of sort of work that we've done that I get particularly excited about. Patagonia is a good example. They ended up closing sort of at all of their operations at the start of the pandemic, right, to keep employees safe. When they reopen, they end up using the Microsoft Cloud for Retail to launch a new way to engage with customers. And again, bringing services together, they brought D365, Dynamics 365 and Teams to basically create a more advanced connection points with their customers and offer more seamless customer experience that they could deliver.

And so, this included sort of distributed order management. So sometimes local stores, they turned into sort of many warehouses and sort of bringing together.

Some of the challenges that we see from retail as an example of sort of their online business and their in-person business and sort of enabling employees to continue to work while also reducing maybe their online -- excuse me, their in-person business into support for their online business. Right? And so that opportunity to sort of switch and quickly tweak things was a power that was added as part of the partnership that we had with them. And of course, Teams being used connected across all those stores offices and warehouses and coming together to offer that value.

Another sort of good example that I'll call out as a company called Group Bimbo, which is work that we've done on the sustainability side. This is sort of, again, a recent GA that we announced for Microsoft Cloud for sustainability. And if you're not familiar with Group Bimbo, they are an international producer of big snack goods. I'm sure if you've been in sort of Latin America, you've certainly seen this available all over the place.

Their goal is that they only use renewable energy and eliminate their carbon emissions and waste entirely, which of course, as sort of a producer is not good, it's quite challenging because they certainly have lots of trucks that are going around and delivering their services. And so, they adopted the Cloud Sustainability to be able to collect, track and analyze their emissions, so that they can develop solutions to be able to reduce and understand all of the emissions impact that they have and basically had immediate impact without much extensive training to be able to make changes and tweaks to support their goal of reducing and eliminating carbon emissions.

So it's been a great partnership as well. But those are sort of examples of really sort of taking the technology we've got and enabling vertical-based capabilities to solve those end business goals, which those customers are really striving to solve different based on industry and based on time line.

Q - Tyler Radke {BIO 22760344 <GO>}

Great. And I wanted to just ask you about two industries in particular before we move on to partners. But one that's I think is topical is healthcare, obviously, with the Nuance acquisition. Maybe if you could kind of articulate your view of the healthcare industry. Are you expecting future M&A there?

And then secondly, some customers or some of your partners have actually called out a digital-native cohort, which I know Microsoft is more known for traditional old-world enterprise. But how do you kind of see Microsoft serving kind of these newer start-ups, VC-backed companies, digital natives going forward? And is that an area of focus for you?

A - Corey Sanders {BIO 16695509 <GO>}

Yes. Great questions. So from a healthcare perspective, I think the Nuance acquisition and the opportunity that I've had to work with the Nuance team has been fantastic, right? I think that their -- both their depth in sort of healthcare specific knowledge, solving sort of healthcare problems, coupled with their deep

understanding of AI and ML and voice recognition, and transcription and so on, has been fantastic. They've been a huge asset to join the effort, and I have great respect and opportunity to be able to learn from them.

I think that the -- all up, from a healthcare perspective, we have a lot of opportunity, a lot of opportunity both to help build these -- build upon these solutions that Nuance has already built. But then also, lots of partnerships, lots of opportunity to grow and expand existing partnerships that we have in healthcare. Especially as we look at sort of -- certainly, the pandemic feels like it's coming to a close, I say ironically, as I sit virtually because I have COVID myself. But certainly, I think the focus on the pandemic has diminished, but I think some of the expectations on healthcare have not. The expectations for virtual care, the expectation to be able to get doctors to support you without having to drive into their office, and a lot of the shifts around sort of surrounding experiences, whether it be hospitals or direct patient care and so on.

I think there's a lot of opportunity to continue the digital transformation. This is where one of my favorite partners that I talked about when I talk about healthcare is Teladoc. Teladoc, if you're not familiar with Teladoc Solo, it's a leading provider of virtual health solution. And they are a great partner that I have the privilege to get to work with. And they have basically built their entire communication platforms entirely on Teams as sort of the underlying platform. And this is such a great example of where our solutions, our horizontal capabilities can empower and enable sort of industry-specific solutions that would be built on top.

And so the combination of Teladoc and bringing together capabilities like Nuance and then, of course, our horizontal and industry-specific solutions, I think healthcare has a great opportunity for us to continue to expand and then, of course, grow our partnerships. So that's maybe a longer answer than you had expected on healthcare, but there you go.

And you've expressly mentioned M&A. There's no sort of announcements around M&A at this point in healthcare. But I think we have so much opportunity in partnership at this point that I'm just really excited about what we can do there.

For your second question, absolutely. I think -- and this gets a little bit into sort of a deeper discussion on partners. One of the things that when we look at industry specifically, certainly, I feel good about the Microsoft Cloud being industry-leading when it comes to horizontal technology solutions. I feel when you look at sort of each one of the spaces that we're in across Microsoft Cloud, whether it be business apps or infrastructure, data analytics, AI, ML certainly market-leading, and I'm bullish on the capabilities we have.

But I also have a huge amount of humility for the fact that we are not experts in every industry. We are not experts in understanding exactly what's needed across each industry and our ability to do partner -- to partner with technology providers and technology solutions, whether classic technology solutions or existing companies

that are shifting to becoming technology companies. Or as you mentioned, sort of start-ups and sort of digital natives who are offering sort of net new technology solutions.

Our sort of ability to go partner with them, learn from them, right, no matter where they are in the spectrum of size and value and be able to support them with our horizontal capability, sort of be their digital COGS, while they expand and build out their vertical solutions for end-customers. It becomes such a great opportunity for us to build those (Technical Difficulty) Microsoft Cloud capabilities, whether Azure, Infra. Security is a big one, right, offering our security services to these partners is a great opportunity as well.

And so to (Technical Difficulty) sort of start-ups. Sort of one example would be Schlumberger, who is sort of a massive provider of services in energy and oil and gas, which we've done sort of deep partnership with in building out solution capabilities to offer experiences for their end-customers. And it's been sort of a wonderful partnership and excited to be in. But of course, they've been in the industry for a very long time and, of course, have that expertise.

And then there's AiFi, which is sort of A-I-F-I, if you're looking for the spelling, which is actually a newer company, a potential Schlumberger for sure in the retail space, sort of really focusing on checkout list -- checkout-free, excuse me, technology. And that's another one, where we basically have been able to go deep with them and partner deeply on their technology, their solution, and support them with whatever horizontal capabilities they need, again, whether infra or data analytics, et cetera, even aspects of the user experience with the Power Platform.

Those types of relationships are fantastic. They are now powering 80 stores with this new computer vision technology that they built out, and we're super excited to be able to support them as part of that launch. And that, to me, is again a great example of a true -- a digital native for sure, and being able to enable their business to grow with sort of the shared partnership we've got and the ability to take that to retail.

Sorry, very long answer. I hope that was -- I get to talk about industry.

Q - Tyler Radke {BIO 22760344 <GO>}

A lot of industries to cover. So talking about partners because I know we only have a few minutes left. But I guess, maybe the best way to ask the question -- because, obviously, you're working with ISVs and you're working with the big SIs around the world, and you have a huge marketplace of partners. But I guess, where are you relying on them the most? Where are they adding the most value in terms of helping you close deals and digitize these customer environments?

A - Corey Sanders {BIO 16695509 <GO>}

Yes, absolutely. I think the two probably big examples -- the two biggest examples I'd use, one -- well, maybe I'll use sort of three examples. There are certainly partnerships that we have at the horizontal level, right? And so, this is sort of just a

great ecosystem of solutions that's offering sort of joint value for places that maybe we don't offer or have sort of different services. And based on customer choice, we love to be able to support the full range of capabilities.

And so, this is -- we recently announced an expanded partnership with Oracle, great partnership with SAP, Adobe. I mentioned already sort of Azure Databricks and NetApp Files. This ability to bring sort of these partners in and offer, based on customer choice, the ability to build your app in the way you want to using our platform and using our services. So that's been, I think, a cornerstone of our overall vision.

Again, going back to even a little bit, I mentioned my early days of working on Kubernetes and being able to bring Kubernetes as a service to light. Of course, now in hindsight, everybody's got a Kubernetes service, and it's obvious. But I think that focus on customer choice and enabling partners has been a cornerstone of our platform, which has been really fun to be a part of.

I also think industry is a really big -- and I would say, sort of I run the engineering -- the industry engineering team, and I think we talk more about partners and we talk about our own native-built services. I think we talk more about how we're enabling partners in these industry solutions simply for the reason that I mentioned before. They have the expertise. They have the knowledge. They have the ability to focus on those very specialized industry requirements. And I think sort of approaching industry with humility is a secret to our success here, where I think if we go in with the understanding that we need these partners to be able to bring this value to our end-customers, and we want these partners to bring this end value to our customers, and are excited about being able to support them in any way that makes sense. And so I think that's sort of the second one.

And then the third one, along the same lines and actually pulling back from a previous conversation is Sovereignty. I think our Sovereignty opportunity is very much partner-led. Microsoft Cloud for Sovereignty is a partner-led solution. And like you mentioned, sort of GSIs and SIs within country, really leaning in on understanding the local partners who understand the requirements of that government much better than we did. And so, how do we work closely with those partners to be able to deliver that value and be able to deliver that outcome. And so, I think that's another area where we're very heavy partner-focused and need the partners to help us to achieve the goals we're looking to achieve.

Q - Tyler Radke {BIO 22760344 <GO>}

That's great. I know we only have a couple of minutes left, but I figured I'd ask a question just on the data and analytics business, because obviously that's been one the company has called out in recent quarters as an area of strength. So how should we think about the Azure offerings? You have Synapse and obviously the Power Platform. In the context of your close partnerships with things like Databricks and Snowflake, what are kind of the key differentiations and how are you positioning all that to customers?

A - Corey Sanders {BIO 16695509 <GO>}

Yes, absolutely. So Power Platform has such a unique position in the market. And so its integration with all the other services, it's just value-add for customers. And so, I think Power Platform, whether it be with other services among Microsoft stack or partners, the opportunity for customers to leverage our low-code/no-code is quite valuable regardless, right? And so, that includes partnerships, things like Power BI working across all of the data providers, right? And this is something that we continue to work on and continue to engage on Power Apps offerings. That very simple building of developer experiences with data sources that come from sort of any of these data capabilities and connectors that support it.

And from a Power Apps perspective, just given, again, the developer shortage that's out there, we're just seeing an unprecedented demand for companies to be able to expand out and leverage Power Apps as part of a broader sort of movement within company to be able to add more applications than more solutions on these various data sources, again, whether they're partners or whether they're Microsoft first party.

And then, of course, Power Automate, to be able to take all of that and then be able to sort of automate the experiences, that being integrated with Teams has created a bunch of opportunity around frontline worker experience and so on. Where again you can abstract away sort of the complexities of the data platform, right, the complexities of whose what data platform and instead just offer that value in an automated capability at the top.

And so, I do think the Power Platform is such a great sort of addendum to any data and analytics story that a customer may have. And it's sort of -- doesn't matter the analytics requirements that the customer has underneath and the services that they're using, the Power Platform offers value on top, and it's just such a great story with customers to be able to analyze, act and automate on top of it.

I think when we look at sort of our overall data in AI and machine learning, one of the things that's been really great with the partnerships, like you mentioned, sort of Snowflake and Databricks, but there's a broader range of these sort of data partners that we work really closely with is, again, it comes back to customer choice. There's such a wide range of value that we can offer with our services to Microsoft, whether it be again AI-based services, ML-based services, security-based services. And so, partnering with these key partners, these key data partners, but then enabling those additional services around it, I think we have a great spot to be able to, again, give customers choice and be able to continue to sort of bring value to our platform and to their scenarios.

Q - Tyler Radke {BIO 22760344 <GO>}

Great. Well, I think we are a couple of minutes over, but I appreciate the time, Corey. And it sounds like you're doing great. So hopefully, you continue to recover quickly, and really appreciate you coming and supporting the conference virtually.

A - Corey Sanders {BIO 16695509 <GO>}

Yes, absolutely. Thank you so much for having me. And again, I wish I could have been there in person, but yes, I'm definitely pushing a lot of energy right now. I'll go take a nap after this and see where we go.

Q - Tyler Radke {BIO 22760344 <GO>}

All right. Thank you.

A - Corey Sanders {BIO 16695509 <GO>}

All right. Thanks a lot, everyone.

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