

## JP Morgan TMT Conference 2020

### Company Participants

- Corey Sanders, Corporate Vice President for Microsoft Solutions

### Other Participants

- Mark Murphy, Analyst, J.P. Morgan

### Presentation

#### Mark Murphy {BIO 18840231 <GO>}

Good morning, everyone. I'm Mark Murphy, software analyst with J.P. Morgan. I'm very pleased to be hosting Corey Sanders, CVP of Microsoft Solutions.

Corey, thank you for joining us.

#### Corey Sanders {BIO 16695509 <GO>}

Thank you for having me.

### Questions And Answers

#### Q - Mark Murphy {BIO 18840231 <GO>}

You got it. I'm going to kick it off with a handful plus questions, and we can also take questions from the audience. So you -- in the audience, you would do that by clicking the Q&A button at the bottom of the screen, and then you can type in your question, and I will relay that to Corey.

So Corey, welcome again. It means a lot to have you here with us. We're going to discuss many of the key growth vectors for Microsoft, and we would love to start off with your background and what you cover in your role for Microsoft.

#### A - Corey Sanders {BIO 16695509 <GO>}

Absolutely. Yeah. Thanks, Mark, and thanks for having me. This is a lot of fun. So I've been with Microsoft for 16 years. I started actually as an intern, as a developer in Windows. So I started fixing bugs in Windows in the core parts of the platform and did that for about five years. I moved to Azure in 2009 in the product team and designed some of the virtual services, so virtual machines, I actually wrote the first spec on virtual machines for Azure, and sort of what it -- it was about 100-page spec on sort of how it would work and customers' experiences around it, and ended up

running the compute team actually, for many years back in Azure. And then about a year and half years ago, I moved to this current team, which is called the Microsoft Solutions team.

One of the things that I realized when I was in Azure was I was really enjoying going out and working with customers on what are they trying to get done, what problems are they solving, what is their digital transformation and learning about their industries and their scenarios. And so I moved to this role to get a lot closer to make that my full-time job. And so I'm now responsible for sales and customer enablement across all of our commercial solution areas, so I've got AI, apps and infra -- business apps, which includes, of course, Dynamics and Power Apps and Power Automate, and then modern work, which is Teams M365, et cetera, and security, sort of spanning across all of them, of course. So that's my gig.

**Q - Mark Murphy** {BIO 18840231 <GO>}

Okay. And pretty good idea in retrospect to that, that Azure compute engine that you invented in 2009, I think, it's a pretty good job we got.

**A - Corey Sanders** {BIO 16695509 <GO>}

Yeah.

**Q - Mark Murphy** {BIO 18840231 <GO>}

So thank you for that overview. I want to ask you about the sales organization, Corey. We have seen this Microsoft sales engine has been firing on all cylinders for quite some time now, very robust bookings growth, in fact, since the reorg a few years back. So since you oversee that commercial solution seller organization, maybe you can explain to us what is unique about the structure of that group, how it's organized, maybe touch on how it works with the rest of the Company, and just how sales has evolved for Microsoft over the last couple of years.

**A - Corey Sanders** {BIO 16695509 <GO>}

Yes, absolutely. And it's evolved and continuing to get this focus here, even in this coming fiscal year. A few key areas. One, I think deep technical expertise or we call it sort of technical intensity inside the Company, making sure that all of our sellers have the knowledge, the expertise, the depth in our products and how customers would use them from start to finish across the entire process. And this is something that's -- it's an ongoing journey because our products are constantly changing and expanding and growing, and so making sure that sort of latest and greatest information is deep with our sales folks.

It's really important. It's something we really focused hard on last year, actually, when it came to Azure, just being one of the more technically challenging areas, sort of the depth of networking and security and compute and past services and so on, making sure our sellers could really have those conversations in-depth with customers. So that's a big area of focus for us.

It leads right into sort of our customer success conversation. And one of the big things that we have changed and continually focused on is making sure our sellers are actually compensated on customers using and being successful with our technology. It's no longer sort of a sell the license and move on conversation. It's how do we make sure that they are actually leveraging it. And that spans all the solution areas. That spans Power Apps, it spans Teams, it spans, obviously, Azure and making sure they're actually using it is a big part of our story for each one of those motions.

We've also given a lot of industry focus. This is something that I actually have really expanded even going into FY '21. I think we're seeing an even greater focus on industry, and this is something, especially with the COVID-19 crisis, the need to give that industry focus is quite high because every industry is doing things in a little bit different way, digital transformation doesn't mean the same thing for every industry. Retail is going to be different than manufacturing, going to be different than health from public sector, et cetera. And so that focus is really important. That means skilling and that means understanding those industries in depth.

And then maybe just a couple of final points. We are continuing to expand our digital selling. It's kind of an obvious thing, especially now, sort of being able to sell remotely. This is something that I think we were already on this journey, and COVID-19, again, actually accelerated a lot of our focus there. And thank goodness, we have amazing tools to help us do that. And then a partnership conversation. We continually focus on our partners and making sure that they're lined up for success in these end-to-end motions.

**Q - Mark Murphy** {BIO 18840231 <GO>}

So, Corey, your sales teams have applied those learnings and that expertise, so successfully into the realm of digital transformations, and it's become such an enormous topic. We've (inaudible) multi-year strategic deals. We've seen Walmart. We've seen AT&T. We've seen Kroger. We've seen others. And on the earnings call, we heard Satya actually called out two years of digital transformation that happened in the past two months. We've taken many questions on that. What does that mean?

Can you walk us through -- what does that mean from a customer perspective? How investors should think about that statement? I also just wanted to ask you, on that topic, what inning are we in with digital transformation, US and global? And is the pandemic impacting any of the deployment? Any of the large budget discussions? Sorry, that's about four questions in one.

**A - Corey Sanders** {BIO 16695509 <GO>}

Four questions we have. Let me -- I'll go through them here in piece-by-piece here. So yeah, the first question around the sort of two-year of data transformation in the past two months. One of the things that the most important step for digital transformation is a sort of passion and energy and excitement top down from companies on making the shift. And that can be either deciding that you're going to become a much more remote workforce, that you're going to leverage remote-based solutions. But it can also be opportunities for productivity improvements and

automation, being able to take digital services into your manufacturing plant, using IoT to be able to be smarter about how you approach things that are running for many years and whether you need to repair them and so on. So the big set with digital transformation is the push from the leadership that it's the right thing to do when we need to do it now.

And when I think about the progress that we had been seeing, that typically had -- that is a hard conversation. It takes work. It's -- typically, there's cost involved, and you have to sort of think about your workforce needs to change to get there. And when I think of this shift here from COVID-19, we've seen a lot of those conversations dramatically accelerate. It's suddenly become my goodness, right, this new world, either from a financial perspective or from a remote perspective, I need this to happen immediately, right.

And so when I think of this shift, it has really sort of paved the way and accelerated those conversations. And it's also accelerated those customers who were already underway, right? They were already sort of seeing this go and they said, we need to move a little bit faster. When I actually think about what sort of this means and sort of how we're thinking about it, especially in a post-COVID world, there's sort of multiple phases to the COVID-19 challenges, and that recovery is going to see a lot of these digital transformations. The obvious short-term is just business continuity. We are seeing sort of an uptake in all sort of remote-based experiences and services and solutions. Some obvious ones, Teams seen sort of huge spike, Windows Virtual Desktop, has seen a huge spike. But then perhaps some of the less obvious ones, our e-commerce solutions with curbside pickup, kind of an interesting one, or remote assist being used with HoloLens. So you can sort of support people in factories to repair things without having someone looking over your shoulder, and you can do it from a remote and safe location. Even things like remote sales has really picked up for obvious reasons, people still need to make sales and being able to take advantage of that.

The next sort of waves of -- certainly, we'll see this hybrid period for recovery where part remote, part back in the office and sort of enabling solutions and automation for that. But then the real exciting places that we're seeing sort of energy around digital transformation sort of really accelerate is sort of the structural changes and things I've already mentioned, some of the automated factories, smart buildings, being able to understand who is in the office, when and how, being able to do fraud detection and being able to take some of these solutions that we've got digital twins and really apply them to longer-term changes. Those are not going to happen overnight, right, and so as much as I would love those to happen in two months, they're going to take work to go deliver.

So going back to maybe -- I think I covered everything except your last question, which was sort of what stage are we in, so -- and then sort of how has it impacted deployment in large-budget discussions. So what stage? We're in the early stages. I think that was sort of an important point. I think sort of customers deciding they want to do this. Clearly, it's sort of the early stages of the promotion. I think there's a huge amount of opportunity that we're going to continue to see growth around this.

And then just short-term conversations, I think we've seen a lot of gives and takes when it comes to deployment in large budget discussions. The energy is there. Sometimes, the desire to give a whole lot of upfront money as part of it, may not be as strong there. And so how do we enable longer-term growth and opportunity with perhaps reducing the short-term expectations that we have of customers across these massive digital transformation motions.

So I think I got them all, Mark, but if I missed any, please bring me back to it.

**Q - Mark Murphy** {BIO 18840231 <GO>}

That's great depth and perspective. And it's a good reminder of some of the areas that we overlook at times. E-commerce, curbside pickup, we're not always mindful of that. You also said something along the lines of, my God, I need to do this immediately. And I know Satya had talked about the concept of remote everything on the earnings call. Can you walk us through what that is going to mean from a customer perspective, both in the near-term and then looking out over the longer-term horizon?

**A - Corey Sanders** {BIO 16695509 <GO>}

Yeah, absolutely. So there's a few places that we've seen an immediate impact from remote everything. Certain -- obvious ones, Teams and sort of the usage of Teams, sort of the realization that it's the only -- you must set up this type of environment to be able to continue to do either teamwork or learning, so that's been sort of an obvious one. And then actually, Windows Virtual Desktop has been a very sort of fast and exciting growth area. Again, for similar reasons, you need to be able to work in a secure and remote way.

Security has also been a really important concept as part of that remote everything. And while it doesn't -- it necessarily elicit the concept of doing something remote, a lot of the structure of our security solutions like Azure Active Directory, conditional access, enables you to work in a remote way while still being secure based on whatever policies or principles you have on-premises. And so I think those are big ones and really short-term twitch -- short-twitch -- excuse me, near-term fast-twitch solutions.

Some of the other ones that are longer-term -- are fundamental changes in the way folks work. I think the best examples maybe sort of digital sales and customer service being able to do a sales motion fully remote is definitely challenging for folks. I think it's a new experience and being able to have the tools and solutions to do that similar with customer service, right, sort of, there are many cases where those expectations were people on-site and at this point, those limitations are -- it makes it harder. And that's where services like Remote Assist become much easier to leverage.

One of the interesting things that I'll say about that, that we're seeing, again interest as customers are taking advantage of some of these remote capabilities, they're actually learning benefits of being remote. And this is something that I think has shocked some people, and we even talk about it internally as sort of a sales force --

an in-person sales force will actually be at a disadvantage to a remote sales force in the future. And this is because of the intelligence that can be brought into it. So with a solution like Customer Insights and Dynamics, you can actually bring live intelligence as part of your remote selling where you can understand what is the customer going to ask, what are they thinking about, what should be the pitch, right, and it comes up right on your screen and enables you to do it in a live way. Similar to customer service, enabling virtual agents.

So again, using AI and intelligence to really take customer service, improve it, reduce costs and increase stat. So the longer-term conversations, I actually think are very interesting because they're a little bit more work. They're going to take a little bit of effort on the customer side. But the value is much greater than just, I can do it remote now. It's actually adding incremental value on top of it, thanks to the AI and intelligence that can be layered in.

**Q - Mark Murphy {BIO 18840231 <GO>}**

So, Corey, I want to come back to that in about five minutes. I want to drill down more into Dynamics because we're interested in that topic. But I want to ask you as well about spend consolidation potential during the recession here. We look back on this and we think Microsoft has played offense extremely well during the economic expansion. But our view has been that eventually, there'll be some point where budgets come under pressure in a recession, and maybe you have customers trying to reassess some of the value that they're getting from other premium-priced alternatives that they've been using. How well-positioned do you think Microsoft is going to be to convey a higher ROI, or kind of a more cohesive architecture versus some of those Point [ph] products? And I'm thinking of markets, it could span everything from collaboration, communication, security, file sharing, or other areas. So how do you think that will behave during this economic period?

**A - Corey Sanders {BIO 16695509 <GO>}**

Absolutely, yeah. So this is a very common conversation that we're having with customers. I'm sure you all understand and appreciate that. And it is really a TCO conversation that we're having, and I think it's going to have a set of interesting impacts in different places of our business. Certainly, M365 -- Microsoft 365 is actually very well-positioned for a great TCO conversation. And this is around typically a vendor consolidation discussion, right, being able to say, you have seven different security solutions or three different compliance solutions. So some customers -- I think I just met with a customer that said they had 43 distinct security solutions that they were using. I was shocked that they could keep track of all of them.

And so the opportunity to take a subset of those solutions, consolidate and leverage sort of a single solution for a single price, the TCO is really quite powerful there. And that is a very common conversation we're having across the board, and certainly an opportunity for us. Similarly with Teams, right? Certainly, Teams is a really expansive platform. It's chat, collaboration, meetings, voice, application hosting platform that, again, becomes an opportunity for consolidation, right, instead of having one platform that's really good at meetings and one platform that's really good at

collaboration or chat, and one that maybe your application platform, suddenly, you can bring them all together. And again, I think we're really well-positioned for those types of solutions.

I think Azure is going to be an interesting one because I think Azure is also a really valuable TCO conversation. I think that has actually a short-term, sort of, negative impact actually, on our revenue, just transparently. I think we're going to see customers' opportunities to be able to reduce their spend, and actually, we're passionate about helping them. We've built out some checklist for our sellers to go through and say, here are all the ways that got a customer can reduce their spend, not removing workloads, but rightsizing their VMs, making sure they're using the right size and paying the right price, and making sure they're scaling up and down versus just a static usage like they used to do on-prem. And then using some of our cost savings options, reserved instances, we're actually making sure that our sellers are all pushing this sort of much cheaper ability to buy computer or pass services.

And so, those are areas where I think we had actually really powerful TCO conversations that we can have with customers. I think it has a short-term headwind for us, just transparently, but a longer-term opportunity as we build that trust and sort of prove out the value prop much more precisely for customers as they think about their TCO.

**Q - Mark Murphy** {BIO 18840231 <GO>}

Okay. So you would -- you're doing the right thing for these customer relationships in the very long-term. And part of that's going to be just helping them get the most efficient use in areas, including the actual Azure (inaudible) usage? Is that a fair way to think? [ph]

**A - Corey Sanders** {BIO 16695509 <GO>}

That's right. I think we have places where vendor consolidation to a single product will give them cost savings, and I think we have ways of helping them even our product usage, reducing the way that they're using it to get the most out of it. So I think that's right, yeah.

**Q - Mark Murphy** {BIO 18840231 <GO>}

Okay. Now, Corey, and I want to come right back to Teams because I am very interested in that.

**A - Corey Sanders** {BIO 16695509 <GO>}

Okay.

**Q - Mark Murphy** {BIO 18840231 <GO>}

But I wanted to ask you as well, going back to the last earnings call, Amy commented on seeing some weakness in the SMB market. And we're wondering -- if you think about this trend in digital transformation and the IT spend discussion, if I were to ask

you, how do you think it's going to play out by customer segment in this environment?

**A - Corey Sanders** {BIO 16695509 <GO>}

Yeah. So one of the biggest partitionings that we've looked at for the -- sort of the impact has been actually industry, right? I think actually the industry segmentation has shown a lot of distinction on sort of the impact that this is playing out. We sort of -- we're leveraging a little bit the Gartner list of sort of the high-impact, medium-impact, low-impact, with some caveats there, education, I think it's in the high impact. Education is actually a very positive growth area for us. And so, I think there is -- opportunity even there. But when we look at some of those high-risk industries, across both enterprise and SMB, we're going to see some challenges. I think existing workloads will see some of the cost reduction efforts that we looked for, and we may see a slowdown in some new workloads.

Now -- so I think that is going to impact both. I think SMB is likely going to see a higher amount of impact just by the nature of their business being a little bit less fungible, a sort of a little bit less expendable cash, et cetera. And so I think we'll see those industry slices happen and then I think we'll see impact be greater, the smaller the business is for a lot of obvious reasons. This is, of course, countered by the fact that we're actually seeing a massive amount of growth in some other areas, right? It's interesting -- retail has been kind of an interesting one where we've seen massive growth in the retail places that have established online presence for obvious reasons. But for those who are struggling with online presence, we've seen less usage.

And so there's a little bit of even that give and take within industry. But a good amount of industries that we've seen healthy growth, public sector, education, retail, et cetera, and I think those are helping. And by the way, that's helping and driving growth in both enterprise and in SMB alike.

**Q - Mark Murphy** {BIO 18840231 <GO>}

Very helpful, very logical, and obviously, no one has quite the global scale and reach of Microsoft to look across all those slices. I did mention, I wanted to come back to Teams. We went back and looked at some of the quotes actually from our own recent survey work. And so, let me -- I want to read you two of these. Teams is basically Zoom and Slack together. You can make arguments that Zoom and Slack standalone are better, but Teams has it all-in-one. It's consolidated., and also, if you use Outlook, it's fully integrated.

So the question I have for you is, how are you viewing the unique kind of value prop of Teams? And how you're thinking about how it stacks up competitively?

**A - Corey Sanders** {BIO 16695509 <GO>}

Yeah, absolutely. So you covered it quite well, I think, frankly. Look, I think what we're seeing from Teams and the way people are using Teams is really quite inspiring. It is becoming basically the hub for all collaboration, engagement and work, right? And



so this includes chat, it includes meetings, calling, file collaboration, sharing, workflows, et cetera. It's also becoming a platform, so it becomes a platform for new applications, whether it'd be third-party applications or Power Apps-based solutions that are being built.

And this, I think, is actually quite exciting because in some ways, it's kind of a meta-OS, right? It's becoming basically a new place for people to work, day in and day out. And we're seeing both of these play out in very interesting ways, culturally, frankly, in the way sort of remote work is happening. One of the interesting things around -- that I've seen from Teams and talked with customers is that the combination of meetings and chat sort of side-by-side is enabling more voices to be heard in meetings.

What we've actually heard is that -- sort of that unique way of communicating is actually expanding out diversity because people who are comfortable talking and sort of yelling at their screen or what have you, they talk and they continue to talk and they would have talked in person, and now they talk in the remote meeting, right? And I happen to be one of those types of people. But then the people who maybe were less comfortable, just injecting, they now have another forum to go interject and drop in chat, their questions, comments, feedback. And so with this dichotomy of offering both the collaboration and it creates unique ways of integrating and working together.

Same thing with the platform structure. I met with a customer just last week and we were talking about going back to work -- Power app work that we're doing, sort of enabling contact tracing and so on. And his big push was, please make it integrate with Teams, because I've now pushed Teams onto everyone's device. Every phone has Teams, every laptop has Teams. I don't want to go install another app. Just make the app available in Teams, right. And so these are the unique things that are becoming not only possible, but actually required by our customers as we sort of look at the fact that there's Teams solution is all-in-one.

Now certainly, from a -- sort of competitive point that you mentioned, we feel really good about the technical quality. Certainly, impressed with some of our competitors out there as well. I mean, they have good products, too. I think we happen to be using one now for this actual meeting. But we do feel like the opportunities around bringing all of these components together is very, very unique, and will be very, very hard for our competitors to emulate, whether it be bringing phones into [ph] audio conferencing, chat collab, et cetera, all into one thing.

**Q - Mark Murphy** {BIO 18840231 <GO>}

Well, I'd like to yell at my screen, as you described. But I'd love to be able to attack people from all angles, including (inaudible)

**A - Corey Sanders** {BIO 16695509 <GO>}

Exactly. Multitasking, it's a powerful thing, exactly.

**Q - Mark Murphy** {BIO 18840231 <GO>}

Now, Corey, just a quick follow-up on that. Some of those competing products that have partial overlap with Teams, they had recently suffered from some scaling issues, some security issues. And I'm just wondering, has there been a benefit to Microsoft from the publicity, right, to try to highlight the differentiated architecture in Teams?

**A - Corey Sanders** {BIO 16695509 <GO>}

I think the big opportunity that we have with Teams in addition to sort of the points I just mentioned is the full end-to-end connection with security. I do think it is a unique opportunity that we have. And I think that customers are really looking for this. I think there is -- as more and more folks work remote, they also realize that there's more endpoints that they're exposed to and more potential statutory risk.

And I think Teams offers -- this opportunity, Teams offers when customers look at Teams, they come back and say, hey, we'd like to buy some of your security solutions on top of this to make sure we're enabling that type of end-to-end protection. So I do think we have benefited from that consideration from customers.

Look, I think outside of competitors and challenges that our competitors may have in those areas, it's a really important topic of discussion for customers that I'm working remote, I have endpoints that may be more frequent endpoints and more common endpoints, less control, how are you helping me secure this, whether this be with identity, it be with sort of endpoint protection or other such security solutions and analysis. So absolutely, it's been an ongoing conversation.

**Q - Mark Murphy** {BIO 18840231 <GO>}

Okay. And now we've had a couple of questions coming into Q&A. I want to get -- trying to get to that in about 5 minutes.

But before we do that, let me just kind of finish up on the Teams discussion here. Can you help us understand maybe how Teams plays into the broader strategy around Microsoft 365? And so, if we're sitting here looking at this exponential usage increase in Teams, can you help us think through how it translates financially?

**A - Corey Sanders** {BIO 16695509 <GO>}

Yeah. So there is a few places that I think we're going to see the opportunity there. Certainly, it's a part of our M365 conversation, right. It's sort of got the integration with Office 365. There are -- even just within that component and within the Teams component, there are upsell opportunities, so adding telephony, adding voice, these types of solutions. So there is actually upsell revenue opportunity from a baseline of just consumption.

I already talked a little bit there, security opportunities there that also is an upsell opportunity. So taking some of that baseline usage of Teams, but being able to add whether it be Azure Active Directory-based security solutions, whether it be

endpoint-based security solutions when connecting into Teams or even sort of the integration with the Office-based security solutions as part of Teams, being able to secure documents when they're moving around and leveraging them in the collaboration environment. These are all upsell opportunities as we look at sort of the M365 suite. And why Teams being a part of it is actually so part and parcel to that business.

And then sort of the third one that has been kind of late-blooming one, but a very exciting one is, again, that platform conversation, being able to take Teams and build platform solutions on top of it using Power Apps and Power Automate now creates a licensing opportunity for those solutions as well as customers use them and get excited by them and get band [ph] their seats as well. And so there is quite a few sort of taking that base usage and expanding out to where customers are excited to buy more and expand as they continue to use the solution.

**Q - Mark Murphy** {BIO 18840231 <GO>}

Now, Corey, that's extremely helpful. I wanted to come back and touch on Azure. Again, you were involved and instrumental in it from the very, very beginning. We heard this comment you made a few moments ago about, there could be some short-term impacts. I think we understand that. It did perform very well in the March quarter. I think it was 61% growth in constant currency. Part of that, we know was this work-from-home spending wave. So can you help us understand that wave, which elements of that do you think would be more enduring versus temporary surge? So in other words, where is this uplift going to be structural, even as we slowly begin to reopen and return to the office?

**A - Corey Sanders** {BIO 16695509 <GO>}

Yeah, absolutely. I mean, I think we have seen and continue to see a lot of customer excitement and growth when it comes to the business continuity requirements and the work-from-home requirements. And that you look it runs a big range of things, whether it runs from again supporting applications, running in Teams, Windows Virtual Desktop has seen a very large growth, security-based solutions. But even just the need to leverage fungible infrastructure because their data center may not be accessible. They may not be able to go make the changes they want to go make or expand their data center, and so they need it for sort of fungible agile usage. So there is certainly quite a bit of that hybrid-based deployments -- and remote work based deployments, and that continues. We do see that continue.

From a structural perspective, I think some of that will actually continue forever, right. There are aspects that people have learned now that remote work is possible. They have learned that they can do it, and they've done the work to set it up. I think we will see a good amount of that continue, whether it be the applications just support remote work, even Windows Virtual Desktop. I think we'll continue to see the desire for disaster recovery solutions to be ready to go in cases they need to use a public cloud for that.

And then I think there's also net new applications that have been built out and scaled, whether it be sort of new AI-based solutions, bots, that have been spun up to

respond to some needs, things like telemedicine, education. And from -- all signs are pointing to that continuing to be used and continuing to be changes that we see here for many months, frankly. And so, it's a very interesting time because as sort of I mentioned, we've got this big reduction in TCO, there's big opportunity for customers to save money, coupled with just the spike in demand and expectation that the cloud becomes this hybrid extension to a data center. And so a lot of gives and takes that we're seeing across the Azure business.

**Q - Mark Murphy** {BIO 18840231 <GO>}

Now, if we think about what you're describing and we try to look at -- from a product perspective, if we do this drill down within Azure, is there anything that's starting to bubble up within Azure that you would say, you know, you might want to pay attention to this as potential to become a much larger topic, maybe a few years down the road.

What I mean, Corey, is we know, you have Azure Sentinel, you have Azure Stack, you have Azure Cosmos DB, you have Azure Edge Zones, Azure Arc, Azure Active Directory, and obviously it's been there a while and is a big one. So what do you think we should hone in on?

**A - Corey Sanders** {BIO 16695509 <GO>}

Yeah. It's great, and a good list of services that you mentioned there. I think I'd probably say there's a few areas, one, hybrid. We've been talking about hybrid a lot, certainly. But I think when you think about digital transformation, hybrid opportunities, especially when it comes to edge-based solutions, I think that we will see a lot of energy in that regard. And so I would combine even a few that you mentioned, Azure Arc offering sort of a single control plane for managing environments, both on-prem and cloud. Azure Stack Hub to be able to deploy into sort of hybrid environments and be able to support those solutions, but then Azure Stack Edge as well. And kind of bringing those pieces -- all three of those together, I think a lot of digital transformation. Again, I mentioned it already, some of the manufacturing -- sort of reworking manufacturing plans and thinking about IoT with analytics, these are going to be the components that fuel all of that and enable sort of a disconnected experience while still enabling a cloud experience, whether you get manufacturing, remote sites for energy, retail locations, all of that's going to be, I think, pretty exciting and a big part of the digital transformation story.

What -- a couple of last ones here. Sometimes I get really caught up when I talk about Azure. Azure Sentinel, and you mentioned Azure Sentinel, absolutely. I think this is something that just so much customer energy around this. When you think about the M365 usage and the security bridge between that and Azure, and having single analytics -- security analytics platform between the two, Sentinel has become a really positive environment.

A couple of you didn't mention GitHub. This is sort of remote development has really picked up, and GitHub has been really an exciting part of this collaborative development even remote. And so especially layering against some of the security

solutions, I think that's going to be a hot one. And then Synapse, our analytics platform, also going to be a really exciting one to drive some of these outcomes.

**Q - Mark Murphy** {BIO 18840231 <GO>}

So, Corey, I took my eye off the clock. We're down to about two minutes here. Let me see, maybe you can give us a one liner, I don't know if you can or not. (Multiple Speakers) audience, yes.

**A - Corey Sanders** {BIO 16695509 <GO>}

It's a challenge. [ph]

**Q - Mark Murphy** {BIO 18840231 <GO>}

The Power Apps biz, one of the keys to even faster growth is discovery and applicability to the broad range use cases. In a post-COVID work-from-home environment, has that discovery process accelerated for new code apps?

**A - Corey Sanders** {BIO 16695509 <GO>}

(inaudible) yeah. So the one answer -- one-sentence question, yes. No, yeah, it absolutely has. I think what we've actually seen that's been really interesting is Power Apps is such an open-ended platform, which is really what's so powerful about it. But oftentimes, you need for the first one or two to get ideas right? You need sort of like what's the example app that I'm going to go build.

What we've actually launched with -- as part of the response to COVID is both the crisis response app. We've launched sort of a healthcare support application for tracking supplies. And like I said, we're sort of working on a going back to work application. These templates are not only solving customer problems, but they're enabling people to understand and discover, as you sort of called out in your question, the art of the possible. What's possible with Power Apps and you stuck with this template and then you can start saying, wow, if I can do this with that, now let me look at these six other things. So that's -- I think those scenarios -- those templates are becoming really quite powerful to deliver that.

**Q - Mark Murphy** {BIO 18840231 <GO>}

Now that's excellent and very well done. Corey, in our final, maybe, one minute, just looking back on this discussion that we've had around sales, digital transformation, what do you think we'll see in the next couple of years in terms of Microsoft's customer dialogue, the go-to-market motion, the evolution of all the customer relationships? Is there any way to sum that up in terms of what we should be looking for?

**A - Corey Sanders** {BIO 16695509 <GO>}

Yeah. I mean, I think the most exciting thing for me with my team, and this may be my perspective, is the opportunity to sell and enable customers across these solution areas. I think some of the examples that I gave even today, being able to

offer remote assist with HoloLens, with Azure Analytics and being able to bring these components together, these are some of the things that get me really excited because, one, we're super unique in this, and two, customers have problems and they want a solution. They don't want a product.

And so how do we help people enable those solutions crossing our Teams platform into Azure and crossing over Dynamics and Power Automate, the components are coming together in ways I think we've never seen before. And I am super excited to fuel that because I think it's going to drive a lot of our growth and a lot of our unique opportunity with customers over the next year or two.

**Q - Mark Murphy** {BIO 18840231 <GO>}

Corey, we can hear your energy and enthusiasm, and that comes across [ph] very clearly. It's very infectious. I want to thank you so much for taking the time to be with us at J.P. Morgan TMC Conference and letting us into your home location there in New Jersey. So thank you so much and looking forward to the next time.

**A - Corey Sanders** {BIO 16695509 <GO>}

Thank you so much. I had a blast. And come back any time. Appreciate it.

**Q - Mark Murphy** {BIO 18840231 <GO>}

Take care.

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