

07222020 MS Ready Inspire Satya Keynote

SATYA NADELLA: Good morning. It's fantastic to have our community of partners, as well as our global sales teams gathered here together virtually as one big team.

This is the most diverse community we've ever had at these two events. More than 70% of you are from outside the United States, representing nearly every country, every business function, from sales to marketing to finance to IT to operations.

First, I want to say a big thank you. Thank you for everything you do for our ecosystem, as well as our customers.

While the start of a new decade typically brings optimism and hope, we quickly saw that this world came to a standstill earlier this year, confronted by something that's unprecedented by both a public health and an economic crisis, as well as the systemic issues of racial injustice and inequity in our society. These are global issues that require a global response.

You all have confronted this, shown leadership amidst these challenges, helped our customers become more resilient during this time of acute crisis, as we navigate the response, the recovery, and the reimagine phases together.

You've acted as the digital first responders to the first responders, supporting those on the frontlines of this pandemic, from healthcare to education to public sector to critical manufacturing in grocery and retail. And you've helped businesses maintain continuity and stay open in the most constrained and the most difficult of circumstances. And as we navigate the response, recovery and reimagine phases, we all have a collective opportunity and I would say a responsibility to define what comes next.

We know it won't be business as usual. We will need to develop an acute sense of what should be rebuilt, what should be reimaged, and what should be left behind.

I've said this before: the technology sector as a percentage of global GDP has been forecast to increase from, what, 5 to 10% over the next decade, and this pandemic has accelerated that long term secular trend we've talked about for a long time.

To share a few examples, starting with the cloud, 89% of the CIOs say that they will now accelerate their public cloud investments from 54% prior to the pandemic.

The adoption of data and AI is increasingly a differentiator; in fact, I would say existential for every business, as is this multi-sense, multi-device collaboration, which has made remote everything possible.

These secular trends are fundamentally changing every industry, reshaping every industry, whether it's public or private sector. Just take the surge in telehealth. More than half of the primary care visits at some of the major health care systems are now being

conducted virtually, and providers are increasingly relying on new capabilities like these AI-assisted bots to ensure patients get the information they need whenever and wherever they need it.

Or take e-commerce, which has been pulled forward multiple years, according to one analyst. Offline retailers are embracing new models like contactless shopping, curbside pickup.

And we're seeing more innovation than ever in fintech as people put aside their physical wallets in favor of digital ones, and banks are harnessing the power of AI to manage risk.

And manufacturers in every category, from discrete to automotive to agrochemicals, are moving to automate everywhere, simulate anything and quickly advancing from early experiments with IoT and AI to rapid adoption at scale, creating digital twins and using mixed reality for remote assistance and field service.

While the pandemic has taught us that no business is 100% resilient, those fortified by digital technology are more resilient, more capable of transforming when faced with these secular structural changes in the marketplace. We call this tech intensity, and every organization and every industry will increasingly need to embrace it in order to be successful and grow.

We are working with the Harvard Business School to develop a framework, as well as a scorecard, to gather an in-depth understanding of our companies across industry sectors, use technology to drive business innovation as well as transformation.

Tech intensity inside of an organization creates new operating architecture, breaking up the traditional silos to expose the technology and data and business process workflows inside the company in a very modular platform. This enables citizen developers, in collaboration with their digital and IT teams, to respond to these changes in the marketplace, this new opportunity, with agility. Our collective opportunity is to channel this intelligent cloud and the intelligent edge era into tech intensity for every business on the planet.

Our solution areas were built for this era, and they are your tools to help people and organizations and entire industries not only thrive but transform during this time of change, so your customers can empower their employees, fostering a new culture of hybrid work, engaging customers intelligently and virtually, transform products and new business models, and optimize operations to keep customers and employees safe, to not just reimagine but build this future.

Today, I want to spend time on the building blocks that power all these solution areas and enable you to drive our customers' digital transformation, and share what we are seeing, the ingenuity of the people and the organizations using our tools and platforms, your services to reimagine what comes next, and call out how U.S. partners can build more

successful businesses and add more value to customers by taking advantage of the core architectural principles and coherence that's built into the tech stack.

Let's start with Azure. More than ever, organizations are relying on Azure to stay up and running and support critical workloads, from healthcare triage with AI-assisted bots to digital twins in manufacturing to e-commerce in retail.

We are the only cloud that extends to the edge, from Azure Edge Zones for 5G to Azure Sphere for secure IoT. And we're removing barriers for anyone who wants to migrate to the cloud by addressing their data sovereignty and regulatory needs.

We have 61 datacenter regions today, more than any other cloud provider, and more compliance certifications with 90-plus. In fact, we announced seven new datacenter regions this last fiscal year alone, in Italy, Israel, Mexico, New Zealand, Poland, Qatar and Spain.

Key to our datacenter approach is sustainability. Our customers see this urgent need and expect us to take action. As part of our commitment to be a carbon negative company, our ambition is for our datacenters to generate net zero emissions, which will include having diesel-free backup power by 2030.

Today, we have more than 200 ongoing sustainable development projects around the world, including a partnership with First Solar to build a first of its kind datacenter region in Arizona, powered by 100% by renewable solar energy. And we're going even further, making it easier than ever for customers to reduce their carbon emissions with our cloud.

Customers understand our overall differentiation, and today, 95% of the Fortune 500 run on Azure. Just last week, Land O' Lakes, one of the largest farmer-owned cooperatives in the United States, chose Azure to power their business all the way from the dairy farm to the retail shelf.

With our partner, Tavant, Land O' Lakes is bringing together the art and science from generations of farmers and cutting edge technologies, applying AI models to aggregated datasets to help farmers generate new insights from their crops.

Land O'Lakes also is building a digital dairy platform — I love this — that will bring together data from across its member dairy farms, including weather, feed management and cropping practices, animal health and financials. A new solution will use Azure Synapse to query the data in order to identify insights that will improve profits, reduce waste and improve transparency in the food supply chain.

We are innovating to address customer needs across the cloud and edge. For example, with Azure AI and its responsible machine learning capabilities are helping customers better understand, protect and control data and models, supercritical in today's world.

With Azure Arc we're providing a single control plane between Azure and the workloads on any datacenter or any cloud.

With Azure Stack you can modernize your datacenter with validated hardware that runs Azure cloud services.

And now, we are reimagining Azure Stack HCI to deliver that hyper-converged infrastructure software as a native Azure service, providing an easy way to manage your clusters and VMs from your Azure portal and seamlessly move between local or cloud management tools.

Since Azure Stack HCI is now an Azure service, that means you will get regular feature and security updates. We have a choice of validated hardware from server class systems for datacenter racks to small form factors for the edge and remote offices, like the Lenovo device right behind me here.

When I step back and think about this infrastructure across the cloud and the edge and the incredible impact our partners and customers can have with it, there's one story that brings it home for me. Let's take a look.

(Video segment.)

SATYA NADELLA: What an amazing life-saving device. Professor Randall's work, so critical in today's world, exemplifies the impact we can have when we are able to simulate anything with the power of the cloud.

Now let's turn to developer tools. We have the most used and the most loved developer tools, no questions asked, on the planet to build any app on any platform. With the world's most popular code editing tools, Visual Studio and Visual Studio Code, developers are more productive than ever. With GitHub, developers around the world are able to collaborate and build software together.

Over the last few months, we've seen increased developer activity across multiple measures, pull requests, pushes and real-time collaboration.

More than 3 million organizations, including the world's leading brands like American Express, Coca-Cola and Home Depot, as well as digital-first companies like Etsy and Stripe, now rely on GitHub to go from idea to code and code to cloud.

This modern developer service applies not just to startups and enterprises, but also to the public sector. Take the State of California. Like other governments around the world, California needs to quickly share information with citizens in the event of an emergency. Every second counts and the state is relying on GitHub and Azure DevOps to rapidly churn out code and applications and websites in a fraction of time it would have taken us to do in the past. Previously, engineers would have had to deploy code and then find and fix the security risks later. But now the code is scanned in real time to discover the risks

as they emerge, avoiding slowdowns in the production process. The result is more secure, more reliable services faster. The state can now stand up a new website in just three hours, down from an average of 18 months a few years ago. That progress has been acutely felt during the pandemic. Ninety percent of the State of California's COVID-19 infrastructure now is built on GitHub and Azure DevOps.

And we're going even further to give developers new tools to power remote development, productivity and collaboration wherever they are. VS Code Spaces, I'm really excited about this tool, for example allows developers to quickly provision a dev box in the cloud. You can work from any device, even just the web browser, and have a powerful developer machine hosted in Azure for fast code build and debug cycles. And VS Live Share enables real-time collaboration between members of a developer team, no matter where they are.

Now, this opportunity extends beyond just professional developers. Power Platform allows anyone to rapidly build low-code/no-code apps and workflows, customize and extend Microsoft 365 and Dynamics 365, and integrate with hundreds of SaaS applications out there. If you can use formulas in Excel, you can create an app, build a virtual agent, automate a workflow, or analyze data with Power Platform.

And one of the most exciting things for me is how professional developers and ISVs are using Power Platform as a rapid application development tool, as well as an extensibility framework.

Today, 97% of the Fortune 500 are using Power Platform, and we've seen tremendous growth as organizations turn to Power Platform, especially at this time in COVID-19 response efforts.

One example is T-Mobile. In early March, T-Mobile had a massive challenge on their hands. They were designated as an essential business, so the company needed a way to keep a fifth of its stores completely staffed, while prioritizing its employees' health and keeping them informed.

In just 48 hours, two T-Mobile, business analysts, Greg Soto and Matt McDermott, built an app with Power Apps and did all of that. Their app let T-Mobile employees share their work status, including if they were available to work and willing to work. Managers could see who was already working in a store and who was working remotely and who was willing to work but didn't have a physical store to work in and use all that information to do that complex reallocation of staff. The solution allowed T-Mobile to keep retail associates employed, keep their customers, including the very important first responders, connected.

Today, we are making it easier for any business to return to the workplace with the same confidence that T-Mobile had. Our new return to workplace solution in Power Platform helps organizations manage their return to workplace experience end-to-end.

It has four components. First, managers can use it to make informed decisions about when to reopen a physical location using data like COVID-19 infection rates. Second, employees can access these self-service tools to check into work or self-screen before entering a building. Third, leaders can use it to actively manage COVID-19 cases. And finally, facility managers have the tools required to manage occupancy and supplies and keep their locations open safely.

Because it's all built on Power Platform, the solution is fully customizable and can be extended by partners. Huge opportunity as we speak for every one of you. It's already being used by organizations including CBRE, the world's largest commercial real estate services firm, to manage their return to the workplace experience. And together with Microsoft 365 and Azure, we have a full set of solutions to help any organizations keep employees productive and safe wherever they work.

Now, there's one other aspect of our platform I want to highlight, because it's accessible to anyone in an organization and it enables anyone with a big idea and the passion to carry it through, to make it real and scale their impact. That includes people like Greg and Matt at T-Mobile, as well as a manager at Sterling Bank in Nigeria. Let's take a look at the video.

(Video segment.)

SATYA NADELLA: Incredible to see how Foyin, without any development background, was able to identify a problem in her business, take action, and then go on to inspire and teach others to do the same.

Now let's turn to Dynamics 365. Dynamics 365 is helping organizations accelerate their digital transformation and remote every part of their business operations, from manufacturing to supply chain management to sales and customer service, inclusive of new scenarios like curbside pickup, contactless shopping and remote customer assistance.

And we are seeing growth across Dynamics 365 as businesses from BNY Mellon to FedEx and Walgreens Boots Alliance use Dynamics 365 solutions to build more resilient organizations.

A great example is Patagonia, along with its partner, Sunrise Technology. The outdoor retailer was one of the first to close its brick and mortar stores because of COVID-19. But they did one more thing – they made a difficult decision to shut down even their online sales to ensure the safety of their warehouse workers.

So with that, they needed a complete new way to serve customers. They applied Dynamics 365 commerce to the challenge. With the distributed order management capability of Dynamics 365, Patagonia can ship inventory to a customer from a store or from a warehouse, optimizing to get a single shipment to the customer.

So Dynamics 365 Mobile Point of Sale enabled rapid deployment of curbside pickup options, helping Patagonia ramp operations thoughtfully and safely, while reducing the load on all locations, including the warehouse, and offering great customer experience. Patagonia's business need is not unique, and we are helping other retailers adapt to this challenging environment with new innovative ways to serve their customers.

As online transactions increase, so does fraud. New capabilities in Dynamics 365 Fraud Protection include account protection to help combat fake account creation, fraudulent account access and loss prevention, which helps protect revenue by identifying potential fraud on returns. And we are also helping retailers reimagine the store experience as they work to reopen and keep employees and shoppers safe.

Dynamics 365 Connected Store, this is another very exciting project, now includes traffic and analytics, so store managers can easily track the number of customers in the space and ensure that they're adhering to the capacity limits, as well as the social distancing. They can also recognize customer vehicles as they approach the store so that curbside pickup order is just ready as soon as the customer pulls up.

And more broadly, we are helping organizations strengthen their understanding of customers, with real time data and insights, so they can stay close to this changing consumer behavior.

Dynamics 365 Customer Voice is helping customers such as Toyota of North America capture and incorporate real-time feedback into a single view of the customer so that a company can take action during moments that matter.

Now let's turn to Microsoft 365. The way we work, learn and experience events like this one is changing dramatically. As work norms evolve, organizations need a comprehensive solutions that brings together communications, collaboration, business process, built on a strong foundation of security and privacy.

It's important to understand what has been lost, what has been gained, and through this crisis specifically the balance between optimal productivity and employee wellbeing.

The past few months have served as the largest at-scale experiment the world has seen for remote work. We've been studying this at Microsoft to understand the changing nature of work and productivity, informing our approach to Microsoft 365. We've learned that video meeting fatigue is real. I've certainly felt it, and I'm sure many of you have felt it. Video meetings force our brain to concentrate more and carry a higher cognitive load, as you can see in this diagram right here.

We also know that while meetings are important, they take place in the context of broader collaboration and workflow. Teams, the hub of teamwork in Microsoft 365, Teams helps people to be more productive and collaborative before, during and after meetings, and addresses the fundamental challenges like video meeting fatigue.

There are 75 million daily active users of Teams. We've seen tremendous adoption of Teams and Microsoft 365, from small businesses like the House of Lilac, a florist in Miami, Florida, to some of the world's largest brands like L'Oréal.

A great example is from education. The University of Texas in Arlington, one of the largest universities in the state with over 60,000 students, when the university had to shift to remote learning, it used Teams to do so, moving 13,000 classes online. And now, they've been exploring new Teams features, like Together Mode, so that students and teachers can feel like they're together in a classroom, even when they're apart, so key to educational outcomes and that connection.

Together Mode is a new experience in Teams that uses AI to digitally place participants in a shared background. This makes it feel like you're sitting in the same room, reducing background distractions, makes it easier to pick up the nonverbal cues that we miss, so conversations are much more natural, and more importantly, more inclusive. Our research shows that the brain exerts less effort when participating in a meeting using the Together Mode compared to a standard grid view.

We're also enabling an entirely new category of apps and bots by integrating Teams with Power Platform more closely than ever before. The new Microsoft Data Flex brings together the rapid application development capabilities of Power Apps with relational databases, so anyone can create an intelligent app right inside of Teams.

And we're making it easier to create intelligent chat bots with seamless access to Power Virtual Agents within Teams as well. Teams is the only platform with this capability, enabling both citizen, as well as pro developers, to build enterprise grade apps that provide immediate business value.

Finally, we are innovating to support the more than 2 billion first-line workers around the world, who during this pandemic have been critical, including so many who are contributing to all the essential roles to keeping our society and economy functioning throughout.

Workers at Honeywell factory in Houston, Texas, for example, are using Teams embedded in a wearable computer from our partner RealWear to live stream what they see to remote colleagues and experts, while having hands free conversations. This has allowed them to continue production and complete critical factory testing, keeping engineers around the world engaged to ensure everything is built properly. And they can sign off on certifications directly within Teams.

Now let's move to security, compliance and identity. This is so critical. It underlies the entire tech stack. It's a strategic priority for every organization, and the shift to remote everything only increases the need for an integrated zero trust security architecture that reduces both the cost as well as complexity.

We're the only company that offers integrated end-to-end capabilities across security, compliance, as well as identity, powered by cloud intelligence, informed by 8 trillion threat signals each day.

COVID-19 has made this much more acute. Cyber-criminals have exploited the fear and vulnerability created by the pandemic to scam people and organizations for personal information and credential theft. They have had more opportunities to exploit email phishing attacks, for instance, as people have relied heavily on email while working remotely during the pandemic.

The principles of zero trust are critical for businesses of all sizes and complexity, from largest of enterprises to the smallest of businesses, most vulnerable to attacks, that depend on partners to provide critical security and compliance services.

A great example is Serenitas, which operates housing communities for those over 55 throughout Australia, and contracted our partner, Vigilant IT, to improve their security. During the initial deployment phase, AI and the Microsoft Cloud App Security flagged this impossible travel activity for a user account. This is a clever use of AI that identifies two login attempts from geographically distant locations and determines if the logins are malicious or benign. Vigilant IT investigated and discovered that the attacker was attempting to spread malware. Thankfully, multiple layers of security mitigated that threat as the malware was blocked by Microsoft 365 at multiple stages. Nonetheless, this was a powerful reminder why the principles of zero trust and an end-to-end security solution are so crucial and essential for all businesses.

Serenitas has continued to work with Vigilant IT to optimize security and has adopted a comprehensive zero trust approach, including multifactor authentication and data loss prevention capabilities, increasing their security posture even further and providing them and their communities with a peace of mind.

We're going even further to protect every organization. Today, Azure Active Directory is used by more than a hundred thousand organizations, with more than 300 million monthly active users.

And we are expanding beyond securing just an organization's employees to protect their external customers and partner identities as well. In fact, General Motors, for example, is using Azure Active Directory to secure digital interactions with their employees, dealer network, as well as their customer base.

And we are helping customers meet compliance requirements, protect their most sensitive information. New endpoint data loss prevention in Microsoft 365 helps organizations identify and protect sensitive information across all their end points. A great example is how this is built into our new Edge browser — I'm loving using it — allowing that granular control of data without any additional plugins or agents.

Now together, these tools and platforms offer unparalleled integration, architectural coherence and extensibility. Take this scenario. For example, you can start with just a list of items in SharePoint, no code, just a list. You can then add workflow in Power Automate so that they can run whenever you make changes to that list. You can then build an entire app on top of it, still no code, just using Power Apps. You can integrate it into Teams and collaborate with others in your organization. You can add advanced scenarios with the help of pro developers using Visual Studio. And with Azure Cognitive Services, you can build your own AI assistant right inside of Teams and help with workflows. Every time you ship a new version of your assistant, you can use GitHub Actions to do CI/CD and deploy to Azure automatically.

All of this development can be done in the browser using Codespaces if you want to, and all the data that is produced and managed by this app can go into Azure Synapse and then be reported in Power BI and used to generate insights inside of Dynamics 365, and ensure that all the data is protected using Azure Active Directory, Data Loss Protection, as well as conditional access. That's the architectural coherence that can power your business, as well as your customer value. All of these capabilities are available today.

Moreover, this tech stack contains your building blocks to reimagine the world and have impact in your local communities. It's both our opportunity and our responsibility. This is what grounds us in our mission to empower every person and every organization on the planet to achieve more.

A recent study shows that for every dollar our cloud generates in revenue, in the local region our local partner ecosystem generates as much as nine additional dollars. Think about that, one to nine local surplus.

Our customers are using the power of the cloud to generate even more revenue. That means even more local economic success. That's at the core of what we do. It's not just about the economic growth driven by tech intensity alone.

The world is at an inflection point. It's time for us to get to the very core purpose of a modern corporation and what it means for the world going forward.

We believe that the purpose is to create a profitable solution to the challenges of people and planet in every community, in every country around the world. This will be foundational to the success of every business moving forward. It's what our customers, as well as our employees, expect. That's what our world demands of us.

We view this as four interconnected pillars. First, we must ensure that this economic growth we just talked about is inclusive for every country, developed or developing, every community, urban or rural, every business, small or large, every worker, first-line or knowledge worker, and every person, including the 1 billion people with disabilities.

Second, we are committed to building trust in technology and its use, spanning privacy, security, responsible AI, as well as digital safety.

Third, we support the fundamental rights from defending democracy to addressing systemic racial injustice and inequity.

And finally, we must protect our most finite resource, the planet, by working towards a more sustainable future. That's why we committed that by 2030, we will be a carbon negative company across our direct emissions as well as our supply chain. And this week, we announced our first carbon fund investments focused on carbon, as well as waste.

But it's not just about us. It is about all of us as an ecosystem working together. The way so many of you are doing that today inspires me deeply, people like Professor Randall, who is using Azure to get more people access to ventilators; people like Foyin, who's using Power Platform to scale her impact and skill others to advance their career opportunity.

And to recognize this impact, we decided to create a new Partner of the Year Award category this year, the Community Response Award. There were hundreds of amazing submissions, but I want to leave you with one from Canada that stood out. Let's roll the video.

(Video segment.)

SATYA NADELLA: Thank you so much. Thank you for the work you're doing to serve our customers, your communities and the world. Enjoy the rest of Inspire and Ready.

END