

## **Microsoft Inspire 2021**

### **Satya Nadella**

**SATYA NADELLA:** Good morning and welcome to Inspire. I'm so excited to be here with you today.

I want to start by saying a big thank you. You are the core to who we are and what we do as a company.

When it comes to our partners, we believe in two truths. First, we are only successful if you are successful. That means creating new opportunity for you across every sector and every country.

And second, we collectively are successful when the world around us is successful. That means every community and country you are helping small businesses become more productive, multinationals more competitive, nonprofits more impactful, governments more efficient, improving health care and educational outcomes, creating new employment opportunities and much, much more. That's what makes our ecosystem so unique.

Over the course of this pandemic, you've done the hard work to help the world use digital technology get through one of the most challenging moments in modern history.

The past year, while heartbreaking in many ways, was a catalyst and the beginning of an era of rapid change. We are going through the greatest structural transformation in our economy in a generation. And while we aren't going to be able to predict every tailwind or challenge ahead, we know that digital technology will be key to resilience and transformation through whatever may come our way.

There is no going back to digital adoption levels of two years ago, there's only going forward, and this will require a step function change in the level of tech intensity in the years ahead. Every company will need to be a technology company in their own right.

The solution areas you're building upon were uniquely designed for this time, and they are your tools to help people, organizations and entire industries build their own digital capability.

Our ambition is to foster foundational innovation that creates entire ecosystems even greater than the platforms themselves. That's what the Microsoft Cloud uniquely enables.

There is a circuit between Microsoft Cloud and your opportunity as our partners. If you're an Azure partner today, you're a Microsoft Cloud partner. If you're a Microsoft 365 partner, you're a Microsoft Cloud partner. If you're a Dynamics 365 partner, you're a Microsoft Cloud partner. That's because the Microsoft Cloud is the most comprehensive and trusted cloud. No other cloud offers our breadth or our depth.

The Microsoft Cloud helps power every organization's digital capability, while ensuring their independence and sovereignty over it. No other cloud offers this.

And the Microsoft Cloud is built on trust and security, trust in technology, trust in business model alignment. No other cloud offers this.

And the Microsoft Cloud offers the best integration across the technology stack, while offering openness at every layer of the stack, ultimately improving time to value, reducing costs, increasing agility. No other cloud offers this.

Today, I want to talk about the differentiating aspects of the Microsoft Cloud, and I want to talk about how we're going to go even further, introducing new capabilities across our cloud to create entirely new technology categories and opportunities that will be critical to success for every organization.

Let's start with the massive changes we are experiencing at the infrastructure layer. Coming out of this pandemic, one thing is clear. Every organization is going to need more ubiquitous and decentralized computing power.

We are going through radical changes in the computing architecture across the cloud, the edge that will impact every business. Nearly 2 billion new connected devices will ship each year by 2023, up more than 50% from today. The data creation at the edge is growing almost as fast as in the cloud.

The Microsoft Cloud is the only cloud with the capabilities to support every organization's multi-cloud, hybrid and edge needs in this environment. We're building the world's computer with more than 60 datacenter regions, more than any other cloud provider, and we're not stopping there. We're bringing the power of the cloud closer to where the data is generated. Just take what's happening with 5G. The network is getting virtualized, moving to the cloud, as you see with AT&T, who chose Azure to power its core 5G network.

We are also taking cloud compute to the edge with 5G deployments, enabling new scenarios like precision inventory tracking at ports, and production lines that automatically adjust with demand.

From Accenture to ASOCS, Celona, Cognizant, HCL and Tech Mahindra, we are working with partners to deliver these breakthrough capabilities for enterprises at the Edge.

Our partner Tampnet is building private mobile networks, delivering reliable, secure connectivity to isolated endpoints like containerships and offshore wind mills.

And in the U.K., we are partnering with the city of Milton Keynes to bring low latency compute to an entire stadium, even powering autonomous shuttles within the venue.

We have always led in hybrid and we are expanding our hybrid capabilities so that organizations can seamlessly build, manage and deploy their applications anywhere.

Azure Arc extends the Azure control plane across on-premise, multi-cloud and the edge. In fact, last month we announced that Azure Application Services can run anywhere with Azure Arc, meaning anyone can take their favorite Azure application services on-premise, on the edge, or the cloud. I can't overemphasize how much of a breakthrough this is for our customers and you as partners.

Next, let's talk about the new layer of the infrastructure stack that's getting created as digital and physical worlds converge; the enterprise metaverse. This platform layer brings together IoT, digital twins and mixed reality. With our metaverse stack, you can start with the digital twin, building a rich digital model of anything physical or logical, whether it's assets, products, a complex environment spanning people, places, things and their interactions. The digital twin is bound to the physical world in real time so you can monitor the environment and collaborate within it using mixed reality. You can run simulations. You can apply AI to analyze and predict future states.

In fact, Mars and Accenture are using our metaverse stack to digitize the supply chain and optimize production through complex digital simulations. And in France, public sector officials turned to our partners, Cosmotech and SystemX, to model and simulate a region's growth. They used Azure digital twins, along with our data and analytics services, to determine where new energy sources should be located and what impact they would have on the region's electrical grid.

Now, let's turn to data. This is the most strategic asset for every organization, and every business needs to become digitally sovereign over their own data. We are generating data faster than we are able to understand it. From finance and retail to manufacturing and genomics, petabytes of data are being collected and processed each day. In fact, the amount of data created over the next three years will be more than the data that was created over the past 30 years.

But too much of this data isn't understood. It's relegated to internal and external silos. Every organization now has the opportunity to ensure their own data is being used for their benefit. Too many digital aggregators today have sophisticated game theoretic pricing and bundling strategies where they end up taking your data and charging you to reach your own customers.

The Microsoft Cloud is the only cloud that helps you build sovereignty over your own data and your customer relationships, and Azure Synapse is at the core of this. It brings together data integration, data warehousing and big data analytics, giving you the freedom to query data on your terms at any scale.

It doesn't stop there. With Synapse Link, you can even integrate your operational data stores on a real time basis with your analytics stack.

With Azure Machine Learning, you can build advanced AI models to identify trends and predict outcomes.

With Synapse and Power BI, an entirely new generation of SaaS applications is being created. A great example of this deep integration is Dynamics 365 Customer Insights and Synapse.

Going forward, every business will need to reimagine the entirety of its customer experience. This requires a 360-degree view of your customers with the ability to turn insights into action in real time. All of this means that the Microsoft Cloud is the most differentiated data offering at every layer so you can build predictive and analytical applications.

And in such a data rich world, data governance becomes mission critical. With Azure Purview, we offer the most comprehensive data management and governance solution so you can map all your data no matter where it resides, on premise, in the cloud, in SaaS applications. In just a few months, customers have used Purview to scan, discover and classify over 44 billion assets to get a holistic view of their data landscape.

The next important consideration of the data stack is rich, powerful AI capabilities. Large scale models themselves are becoming powerful platforms in their own right. And you see this today with advancements in Azure Cognitive Services and our partnership with OpenAI. They have trained one of the world's most powerful language models, GPT3, on Azure.

Earlier this year, we announced that we are bringing the power of GPT3 to Power Platform. If you can describe what you want to do in natural language, GPT3 will generate a list of the most relevant Power FX formulas for you to choose from. The code writes itself. This is such a game changer and we've seen so much excitement and reaction from the Power Platform community.

And we are now bringing the power of our collaboration with OpenAI to professional developers with GitHub Copilot feature, a new AI pair programmer, which helps them write better code.

It's fantastic to see how partners are building their own AI capabilities on top of this platform to overcome the enormous challenges we face. When the Suez Canal was blocked earlier this year, our partner Blue Yonder used the Microsoft Cloud and its AI capabilities to help customers adjust their supply chains in real time. Let's roll the video.

(Video segment.)

**SATYA NADELLA:** What a great example of a partner using our entire data stack to help customers be resilient in the midst of the most trying of circumstances.

Now let's turn to creators and builders. More than ever, the world requires technology advances that radically democratize creation. We need to expand access to skills, tools and platforms, as well as the connections and collaboration across communities so that everyone can create, whether it's building a virtual world, students working on an assignment with short form videos, knowledge workers creating formulas and spreadsheets, pro developers writing code or domain experts using low code tools to build applications.

And today, I want to specifically talk about developers and their expanding role in our world. We are experiencing a surge of developers across every industry and geography. In fact, the number of developers at non-tech companies has grown faster than at tech companies. Students, teachers, data analysts and scientists have all seen rapid growth on GitHub over the past year.

As every organization looks to build its own digital capability, they need to modernize existing apps, build new apps and have a standard way of doing both. And we know that application development increasingly is not just about pro developers, but includes domain experts, designers, marketers, salespeople, customer service, all the other functions working together in these fusion teams.

The Microsoft Cloud is the only cloud that provides a developer tool chain for everyone, no matter their technical experience across all platforms, whether it's Azure, Windows, or any other cloud or client platform. From Visual Studio to GitHub, we have the most popular tools to help developers go from idea to code and code to cloud. Visual Studio has more than 25 million monthly active users, and GitHub is now home to nearly 65 million developers who use the platform to write code together.

In fact, some of the most groundbreaking technological achievements of the past year were only possible because of the contribution of the open source communities on GitHub. A community of nearly 12,000 developers on GitHub contributed to the software that made the Martian helicopter flight possible. Let's meet one of them.

(Video segment.)

**SATYA NADELLA:** What an awesome example of what developers can achieve together.

And our approach goes beyond even pro developers. Just like Office revolutionized productivity gains for knowledge workers, Power Platform is doing the same for domain experts.

Power Platform is the next generation business process automation and productivity suite that is being used by nearly 16 million monthly active users, and we are seeing people in every

industry build on it and scale their impact. Accenture, Arm, H&M, Rabobank, Schlumberger, Telstra, T-Mobile, Toyota, North America, Unilever, ZF Group all have created centers of excellence for Power Platform, with thousands of their employees using our tools to build apps and workflows for everything from COVID-19 screening to product quality control.

And partners including Avanade, Applied Information Sciences, Hitachi and Capgemini have established dedicated Power Platform practices, helping clients address their massive challenges over the past year.

EY, for example, developed a repeatable platform solution that helps multiple banks manage the complexity of handling PPP loans. They were able to go from prototype to production in just weeks, and their solution has processed more than 50,000 small business loans, totaling over \$10 billion.

One of the Power Platform examples that inspired me the most over the past year is the story of Rebecca Sacket, who works at a small HVAC company in Houston, Texas. She had no prior app dev experience whatsoever, but she was able to use our cloud to have a tremendous impact at her company. Let's take a look.

(Video segment.)

**SATYA NADELLA:** What an amazing story, I love how Rebecca was able to use our tools to digitally transform their processes. And when we talk about every business having their own digital capability that is uniquely differentiated in the marketplace, that's what our developer toolchain and PaaS services provide. It's not just about any individual scenario. It's about the opportunity to bring together functions across an organization to digitally transform entire processes and create digital feedback loops from operations to customer service. Just like any consumer internet company would, that's what this is about.

Just let's take two examples. Fusion teams of pro and citizen developers across Coca-Cola United and its partner Happiest Minds used technologies such as Power Automate, Azure Data Factory, Azure Dev Ops and Azure SQL to build a solution that automates ordering for new vending machines that the company is rolling out. It's an entirely new approach to how Coca-Cola United manages its supply chain, enabling rapid scale, while greatly reducing costs.

And Estee Lauder companies M·A·C Cosmetics, with our partner Valtech is using Azure services including App Insights, Kubernetes to enable customers to virtually sample and try out products directly from their personal devices or within the store. It's not just a fun new retail experience, but a completely new way to create customer engagement loops and respond to customer demand.

I want to turn to one more category of apps that we believe will be increasingly critical to the success of every organization going forward, collaborative applications. We are breaking down

the silos between collaboration, communications and business process to help you create these applications for knowledge and frontline workers.

There's an amazing reinforcing circuit between Microsoft Teams, Power Platform, Dynamics 365 and your own applications that no other cloud offers. Think about what you can accomplish when you bring together people, communications, business process, and the impact you can have. A service engineer can fix customer issues faster, adding troubleshooting steps to the customer service case record directly in Teams, for example, or a sales team member can close deals faster by understanding signals from the marketing department around demand generation.

Collaborative apps bring together everything people and organizations want and need to do their job directly in the flow of work. Already we see ISVs, including Adobe, AvePoint, C3.ai, Icertis and ServiceNow building collaborative apps to deliver rich experiences for their customers.

And we're going further with new connected experiences between Dynamics 365 and Teams. Over the past year, these two platforms have become increasingly integrated with new features that make it easier to securely access and search for Dynamics 365 records within Teams and to meet, chat and collaborate within Dynamics 365. Organizations like Rockwell Automation are using these capabilities to enable their sales teams to make smart decisions faster, providing better customer experiences.

Today, I'm excited to share that Teams customers will receive access to Dynamics 365 data within Teams at no extra cost, regardless of whether they're a Dynamics 365 licensee.

Our ambition is to make it much easier for employees and external parties to share content and information and to create new opportunity for all of you. It's all powered by the Microsoft Cloud, the only cloud for hybrid work. That's what I want to talk about next, how we are unlocking new opportunity for you as the world shifts to hybrid work.

When we talk about structural change, hybrid represents the biggest change to the way we work since the adoption of the nine to five workday over a century ago. It will require a new operating model. We will need to define productivity much more broadly, inclusive of collaboration, learning and well-being. All this needs to be done with flexibility in when, where and how people work.

In our own research, the majority of the employees say they want more flexible remote work options, but at the same time they also want more in-person collaboration. This is the hybrid work paradox. Everything from people practices to places to business processes will need to be reimagined. Hybrid work represents an enormous opportunity for all of you as every organization needs digital solutions to keep their people connected and thriving wherever they work from.

The Microsoft Cloud is the only cloud that supports everything an organization needs to adapt to this hybrid work. It starts with Teams. Teams has over 145 million daily active users, almost double the number a year ago. It's where people meet, chat, call, collaborate and automate business processes all within the flow of work. No other solution offers this today.

Teams is the future of work. Over the past 18 months, we have introduced more than 300 new features from new presenter modes that place you right in front of your content to create a stronger connection with your audience, and new Teams rooms, innovations like front row, a new meeting layout that makes you feel like everyone is in the room together, and hardware from partners like Polly, Jabra, Logitech that use AI-powered camera technology to offer video views for remote participants, to Fluid components that make it simple to collaborate asynchronously and synchronously across Teams and Microsoft 365.

And it extends beyond collaboration to learning. Learning in the flow of work will be critical for every employee's growth and success in the future, where people can work from anywhere. More than ever, people are turning to platforms like LinkedIn Learning to build their knowledge capital and acquire new skills. And they're using new tools like Dynamics 365 Guides to access step-by-step instructions on the job and quickly get up to speed.

Earlier this year, I virtually visited a Toyota plant in Indiana and met Nathalie Strobel, who started on the assembly line and is now a trainer in the plant. She's been using Dynamics 365 guides to help scale a new generation of workers. Let's take a look.

(Video segment.)

**SATYA NADELLA:** It's fantastic to see how organizations like Toyota are unlocking new levels of productivity and advancing employees' economic and career opportunities with our tools today. And we are going even further, creating a complete new product category to help organizations adapt to this new era of work, Employee Experience.

In hybrid work, it's critical that organizations continue to foster social capital to keep employees connected wherever they are, knowledge capital, ensuring learning is always happening in the context of your work, and human capital, balancing short term output with employee well-being. We want to help organizations achieve all this and address the changing employee expectations with our Employee Experience Cloud, Microsoft Viva.

Viva brings together communications, learning, well-being and knowledge directly within the flow of work so that employees have the information, the resources and support they need to succeed and thrive and stay connected with each other and their company's mission.

With Viva, we are creating new opportunity for our partners. We know organizations make deep technology investments and need a simplified way for their employees to connect to the systems and tools that they already use every day.



We're making it easy for you to build integrations and extend your solutions with Viva, and today, we're excited to announce 20 new Viva partners, including Qualtrics, ServiceNow, Workday, building on our existing partnerships with Headspace, SuccessFactors and many others.

Next, let's talk about Windows. With Windows 11, we have a renewed sense of Windows' role in the world. The past year has proven how central the PC is in keeping people and organizations connected, productive and secure. And with this new generation of Windows, we are reimagining everything from the operating system to the store to unlock new opportunity and build a more open ecosystem for developers and creators. Windows 11 offers personal agency and real choice to users. It's a stage for world's creation, and it's a platform for platform creators.

Today, we are continuing this journey and creating a new category with Windows, the Cloud PC. I'm excited to announce Windows 365. With Windows 365, we are making Windows available not just on Windows devices, but any device harnessing the power of the cloud. This has never been done before. Think about it, just like applications were brought to the cloud with SaaS, we are now bringing the operating system to the cloud with Windows 365.

With Windows 365, the operating system itself becomes hybrid, accessible on the device, as well as the cloud. With just a few clicks, you can set up your Cloud PC and stream the full Windows experience from the Microsoft Cloud to a personal or a corporate device. It's that straightforward. And you can pick up right where you left off because the state of your Cloud PC remains the same even when you switch devices.

In this new era of hybrid work, Windows 365 provides organizations, whether they are a business of one or one thousand, with greater flexibility and a secure way to empower their workforce to be more productive and connected regardless of the location.

A great example of how Windows 365 is helping one of the most remote regions in the world in northern Canada deliver critical public services. Let's roll the video.

(Video segment.)

**SATYA NADELLA:** It's awesome to see the impact Windows 365 can have in expanding access to critical services and keeping people connected.

All of these attributes of the Microsoft Cloud are fueling digital transformation. If there's one trend that has defined the past year, it's that digital adoption in every industry is being accelerated.

Today, we talk about remote learning, remote sales, remote manufacturing. But going forward, it'll just be learning, sales and manufacturing.

To share just a few examples, in health care, telehealth is now the expectation for outpatient visits. In manufacturing, nearly all industrial companies are investing in digital factories to enable lights-out manufacturing. In retail, consumers are rapidly changing when and where they buy, embracing new models like curbside pickup and contactless shopping.

The Microsoft Cloud is the only cloud with industry and cross-industry solutions that help organizations improve time to value, lower costs, increase agility.

Over the past year, we've introduced industry clouds for financial services, healthcare, manufacturing, nonprofits, as well as retail. Our industry clouds are modular, extensible so that organizations can start with what they need today and adapt as they grow.

Partners are key to this approach, and our industry clouds create new opportunities for our partners to build new revenue streams across the value chain.

We've seen great momentum from customers and partners over the past few months; Avanade and Finastra in FinServ, Providence, Cleveland Clinic, KPMG, DXC in health care, Lids and Newmine in retail, and many, many more.

And today we are announcing a new Microsoft Cloud for Sustainability that applies to every industry. Customers, investors, legislators, your own employees are increasingly asking organizations for stronger commitments, greater accountability and more rapid progress on their carbon reduction efforts.

With the Cloud for Sustainability, we are bringing together capabilities across our cloud and creating an entirely new business process category to help every organization address this very urgent need. In the years to come, I believe digital capability building around sustainability will be perhaps as critical for businesses as CRM is for sales and ERP for finance today.

Underlying everything we talked about today is trust. It's the heartbeat of any business. Technology is so integral to our lives and our society, in our economy, that when it breaks, it's not just about any one technology breaking or one company breaking, it impacts us all.

No one wants to build technology that rapidly scales but breaks the world around us. No customer wants to be dependent on a provider that sells them technology on one end and competes with them on the other.

And when it comes to cybersecurity, the threat landscape has never been more complex or challenging. We intercepted and thwarted a record 30 billion email threats and 31 billion

authentication attacks last year, and are currently tracking 40-plus active nation-state actors and over 140 threat groups.

What differentiates our approach is organizing identity, security, compliance, as well as device management in an interdependent whole and extending protection to all data, devices, identities, platforms and clouds.

The Microsoft Cloud is the only cloud with best of breed and best of suite security capabilities. Our ambition is to help every organization adopt a Zero Trust architecture, while also reducing the complexity, cost and risk created by stitching together point solutions.

We are recognized as a leading vendor in cybersecurity with leadership positions in five Gartner MQs and seven Forrester waves. More than 400,000 customers use our offerings, and behind each of them, our partners helping build, implement, integrate solutions that tighten the customer's security perimeter.

To close, I'll end where I started. We want to be the best partner for our partners. What we are witnessing is a generational shift not just in technology platforms, but in digital adoption curves. We have built the most trusted and comprehensive cloud to translate the structural change into opportunity for you as partners and maximize the value for our mutual customers.

That's why I am very excited about the changes to our marketplace. Today we are announcing we're reducing our fees from industry standard 20% to 3% for every transactable application published across AppSource and Azure Marketplace. This is our investment in your success so you can invest more in your business and in your people.

When we step back, software and digital technologies represent the most malleable and infinite resource to drive the growth for the world. We've seen how partners across this entire ecosystem are helping customers navigate this rapid change, reimagining how people sample products, processing billions of PPP loans, helping businesses adjust their supply chains, even flying drones on Mars. You have met every challenge and helped others do the same.

And it goes beyond that. When we talk about our mission at Microsoft and our role in every country and community in which we operate, we are only successful when we make those countries and communities more successful.

In fact, this partner ecosystem, all 400,000 of you, are projected to generate more than 10 million new jobs over the next four years alone. And for every dollar Microsoft generates, our partner ecosystem generates nearly 10 more.

And most importantly, the work we do together uplifts the communities where we live and work.

I want to end by highlighting a partner that exemplifies this very notion. One of our partner of the year award winners, uPlanner in Chile, used the Microsoft Cloud to help hundreds of thousands of students in South America continue to learn during the pandemic.

So let's roll the video and I want to thank you all again for all you do for our customers and your communities. Enjoy the rest of Inspire.

(Video segment.)

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