Dell Technologies at 2019 Citi Global TMT West Conference

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David Phipps: …conference with a friend from Dell, Jeff Clarke. He's the Vice Chairman of Products and Operations. I'm going to go through some of the basic questions, and as you know, Dell recently became public through a transaction that was completed in late December. So welcome to the conference.

Jeff Clarke: Thanks, David.

David: So when people saw you a few years ago, Dell was a public company and it went dark or private for a little while and you made some changes.

Jeff Clarke: A few.

David: A few changes. So maybe you could walk -- first I guess we should say, there are Safe Harbor from Dell, so if they do say anything that is forward looking, we would cover that. And now that we have that out of the way, maybe you could talk about some of the changes in the new Dell that you're trading today versus the Dell that many investors would remember?

Jeff Clarke: Yes, I think -- can everyone hear me okay? Good. I think there are two big changes in my mind from say five-plus years ago when we were a publicly traded company to now being a publicly traded company. One of them is, our industry has gone through a significant amount of change. If I think about the industry 5.5 years ago, if I had been at a conference like this, it would have been PC is dead, all servers are going to the cloud, there's not going to be very many on-prem servers deployed, what's Dell going to do? Aren't you caught? Flash forward, our industry shipped 1.5 billion PCs in the last 5 years for about $1 trillion of revenue, our server industry is healthy, it's had a very healthy year this year, it's going to be an $80 billion opportunity across the sector. So it's changed a lot. And it's particularly changed when you think about how technology is being deployed, and what we believe is that we're in the early stages of this data era with more devices, more edge computing, more data being created. We believe it leads to a very rich opportunity. So, industry has changed.

Now Dell has changed. I mentioned 5.5 years ago most in this room probably would have again characterized us as being primarily a hardware company, primarily a PC and server company. A flash forward to today and we have I think the most comprehensive portfolio in the sector. The acquisition that we made with EMC a little over two years ago has added a broad portfolio where we can service more needs of business customers than I believe anybody else in the marketplace. Whether that's from an industry-leading position of storage, an industry-leading position on the virtualization layer, a leading position in PCs, a leading position in servers, the services and infrastructure that go around that, we are now changed, our dialogue with our customers. Primarily the dialogue is, how do we help them with their digital transformation and IT transformation? And how do we provide a broader base of solutions that are more highly integrated than we were capable of doing 5 years ago? So I think we're very different in that regard.

David: Thank you. So one of the things that's top of the mind with investors right now is what's going on in China. So maybe you could talk about how Dell was positioned with manufacturing in China and import/export or serving local markets, so maybe more of a tariff context. And then maybe how the business in China is performing because there are a lot of negative data points that are in the Chinese economy right now.

Jeff Clarke: Sure, so I'll answer in 2 ways. So one, clearly the technology industry has a fair amount of its supply chain in China as we all know. We have gone through a series of tariff phases. There have been 3 Lists implemented to date. We clearly are in the position of we are pro-trade, we don't think tariffs help end users at all, in fact it raises cost, it raises prices. With that said, we have legislation and rules that we have to abide by and we've navigated the first 3 Lists I think reasonably well. If you think about what's been implemented, primarily desktops and servers and storage, through the first 3 Lists, because of the uniqueness of our business in North America that is still primarily CTO, we have a lot of our manufacturing already in North America. So the impact to our business was less than I think others given our density of commercial business if you will. The fact that we are already building in North America and we migrated the rest of what we had to, to mitigate the tariffs. We believe that our global flexible supply chain provided us the optionality that we needed so that we could pivot our North America bound desktops that were still built in China to have them built in North America and we successfully did that. Yes, we incurred cost. We passed that cost along to end users. We raised our prices. If you've watched each of the tariffs being implemented, there is a corresponding list price move by our company. For that matter, by the industry.

What's in front of us today is List 4. For those of you that haven't followed the List, List 4 is everything else that's not on List 1, 2 and 3. Particularly and for us that would include notebooks, flat panel monitors and all-in-ones. You also know from the recent meeting of the two governments in November that the List 4 implementation was pushed off or is cooling off for about 90 days, which expires towards the end of February, if memory serves me right. We are positioned that if List 4 does get implemented, we will pivot our supply chain to have the flexibility to build in jurisdictions that are not subjected to the tariffs. We believe we understand this very well. We believe that we have the optionality and the global footprint of our supply chain that will allow us to pivot very quickly to be able to mitigate the impacts of tariffs. There will be cost associated with that. We spent the last 20 years as an industry building a supply chain for example in notebooks, and this would disrupt that. I don't set policy, I have to respond to policy, and if that's indeed the rules, we have a series of options that we will deploy to mitigate the tariff impact. It will raise costs, there will be a corresponding price move. So, does that help on tariffs?

David: It helps on tariffs, thank you.

Jeff Clarke: Any more detail that you'd like? Now on the China market opportunity, clearly with where we are, we're 3 weeks, 3.5 weeks away from closing our Q4, I can't speak to any Q4 specific guidance or changes in our plan. We met with everybody on the 21st of December, we affirmed our guidance for the quarter, that's our guidance for the quarter. I look long-term into China, the dynamics are good in China as they are everywhere in the industry. We believe we are in an IT-led investment cycle. We believe that this data era that we are in the very early innings of is pervasive across the globe that provides a tremendous opportunity for IT infrastructure and solutions across the globe. China is absolutely going to participate in that. If you look at the growth of IT, you look at the modernization that's required, the automation intelligence that has to be put into our products to actually make something of all of this data that’s going to be created, there's no doubt in our mind that the long-term prospects are very solid in China. For that matter, around the globe.

David: Fair enough. One of the other things that's changed since the end of the year is that the government has shut itself down. You have a good client as a government customer. Can you talk about the size and scope of that business and are you -- is there any impact that you foresee with this?

Jeff Clarke: Sure. Look, the United States government is a large and important customer to Dell Technologies. We've just gone through their historical buying -- into their buying season which ends September 30th. So, the end of their fiscal year buying cycle finished September 30th. Generally, the next quarter is a smaller quarter and we’re certainly in that quarter today. We're monitoring this day-to-day. There is nothing I can tell you about Q4. Long-term, I think the same things that I just mentioned. The government is modernizing, the government is digitizing, the government is creating more data, more data requires more storage, more data that is storage requiring more compute, advanced algorithms around machine learning and artificial intelligence, we believe the long-term prospects bode well. We’re monitoring the situation as it unfolds literally daily. To answer your specific question, the United States government represents mid-single digits of our revenue stream.

David: Okay, thank you. One of the things that’s been a hallmark at Dell forever is the ability to profit from component pricing changes which are generally downward trending. You certainly are having that again now in the memory market where there are some components shortages in some of the key processers. So, when you look at the puts and takes of the supply chain, when we look forward, will Dell continue to be able to take advantage of component price declines? Maybe you could talk a little bit about the memory markets.

Jeff Clarke: Sure.

David: And processor availability? 3 questions.

Jeff Clarke: Keep me straight. Make sure I answer all 3. So, we have entered a deflationary period after we’ve been at this a fairly long time, over 3 decades now. We had gone through an inflationary period of 8 quarters, the longest I can recollect in commodity pricing ever. That began to show signs of a deflationary period the end of last year. We see that continuing into this year. Most notably DRAM, NAND and LCDs. I think commodities, particularly DRAM and NAND, had been an inflationary environment again for 8 quarters. Our model historically allows us, because we keep low inventory levels, to get access to the lower cost components typically quicker, and we have every intention to do that here. There is nothing in our model today that suggests that we can't take advantage or get to the lower cost commodity components as fast or faster than anybody else.

If you watched our direct model, one of the beauties of the direct model, we were able to improve our margins as a result of that. While others still have large commitments against higher-priced commodities, we have access to the lower prices and we tend to sweep that into our margin profile and not necessarily reset street price.

The pricing environment today is rather benign and I think there's an opportunity to do that particularly in servers given our role in servers today has changed dramatically from where it was 5 years ago. Specifically, we are the x86 and mainstream unit and revenue leader in the marketplace. So, I think that's an opportunity for us. I think it's an opportunity certainly through the first half of the year. I think the second half is unknown at this point in time. But through the first half of the year, again, I think we signaled this on our last earnings call in November, that we began to see that the end of last calendar year and I continue to see that as an opportunity through the first half of this calendar year.

CPUs. Look, it’s a challenging environment. There are shortages, there's tightness across all SKUs. We are working through that. Again, I think one of the benefits that Dell has, and certainly we are using, is, because of our direct model, the ability, again, the low inventory, the ability to understand what we have. We are changing lead-time and price on the website very regularly. So, on our more transactional businesses, the consumer business, the small business, the low end of the medium business, we can shift demand to product we have and make product that we don't have less attractive. Quite honestly, we can do that into the commercial business as well. Typically, the lever is lead-time, so if you watched us over the past handful of months as this is been a challenge, we have used price and lead-time availability to shape demand. It's something that we think we’re good at and something that inherently we have with our direct model.

In addition, in the supply-chain side, we’re incurring extra cost. It's cost that I've approved for us to go spend to put flexibility into the system. And what I mean by that, historically for lower cost fulfillment you would have motherboards and chassis arrive at factories together. We’ve separated those and we’re air freighting motherboards and PWAs if you prefer, because they're more hand to mouth. That provides us more flexibility in the supply chain, because chassis are generally floated in. It's a long, long inventory cycle and we’ve been able to buy flexibility. But it’s come at a cost. We continue to see CPU shortages today and we think that tightness remains through the first part of this year.

David: With some of the shortages, the competitor, so Advanced Micro Devices, does that provide an opportunity for Dell to take up some market share with Advanced Micro Devices? Or is it just it depends on what the customer is aware of?

Jeff Clarke: I think, David, you have to look at the mix of our business. The vast majority of our PC business is commercial PCs. And the reason I mention that is because there are certain features in commercial PCs that you only get with Intel that are not available from the alternative solution. We think the AMD opportunity in PCs is primarily on the consumer side and the small business side. Medium business and up, Intel, at least with our customers in the way that we fulfill and sell the value out of our products, VPRO as an example is a feature that you can't get unless you're buying an Intel chipset with an Intel CPU. We think that has become the standard, de facto standard, and there's not an opportunity to shift that. Where there are -- where customers are more open to choice, we clearly have an AMD portfolio, we'll continue to have an AMD portfolio, and we'll continue to offer it.

David: So, let's talk now 5 years ago when you were the different Dell, you didn't offer as broad a product and service offering. And so, has customer behavior changed so that they like to go to an integrated solution? Or do they still like to buy thing separately and assemble it themselves?

Jeff Clarke: Well, I don't think there's one answer to that question, to be honest. I think part of the answer lies in where is a customer, and these are business customers, where are customers on their digital journey? Where are they at in their digital transformation? Are they at the tip of the spear as we like to say where they are building modern applications and looking at an integration layer of that data and want to control plane to be able to manage that on top of their infrastructure? Increasingly, customers are there, and increasingly our solution hunts there, hunts very well. In fact in a very differentiated way over anyone else. You have Pivotal, the tip of the spear of our stack, which is a leading platform to build cloud native applications and modern applications. You have Boomi as a data integration layer that sits underneath that allows you to integrate data across various platforms. The control plane is VMware. You look at VMware as an operational hub in a private world, a public world, a hybrid world, a bare-metal world, increasingly more so towards an edge world. On top of our leading infrastructure, we think that stack is a very differentiated offer in how we bundle it together. Then think about a single go-to-market model as increasingly a single service model around that, that's very attractive to a lot of customers, I think more as they advance in their digital journey or down their digital transformation.

And again, we believe we're the only one in the marketplace that's uniquely positioned to be able to provide that solution. And it's less better together, it's about building leading capability in each of those stacks and then being able to integrate it in a very differentiated way. I would -- for me, an example would be there are many software defined platforms out there, but I look at the software defined platforms that we've worked with VMware, whether its VxRail, VxRack, some of the work we're doing in software defined networking with NSX and our network switch products, these are increasingly more highly integrated products from product planning, to product feature implementation, to go-to-market alignment. I don't think, I've not seen examples of that being done elsewhere and I think that is a unique advantage of what we have in the marketplace today.

David: Fair enough. If you have questions, just raise your hand or hit the light on your button and we'll be happy to do this. This is Dell's first opportunity to be at a sell-side event since becoming public, so we're happy to look for questions. Please.

Unidentified Participant: Just in terms of sales force, can you talk about where you are in the transformation of the sales? It seems like you guys have made a lot of strides in getting the sales force to where you want it to be, but what other things are you doing?

Jeff Clarke: In a specific area? Specifically storage? Enterprise in general?

Unidentified Participant: (Inaudible)

Jeff Clarke: I think there are a couple of things we've communicated in our previous earnings calls that I'll build on, and we'll see if that answers your question. One is, we think the opportunity to invest is today. So we've communicated in various forums that we've made investment in sales capacity in small business, medium business and expansion of our storage capability. If you look at, as I've talked about the storage turnaround that we've been involved in and how do we get storage growth which is key to our long-term financial framework, growing the buyer base is job one and we determined the way to grow the buyer base is more sales capacity and more sales coverage. So, we've made significant investments over the past 5 quarters now, and continue to invest in increasing our overall sales capacity and coverage in primary storage. We're at a point now where we enter what will be FY20 that the first tranche of storage sellers that we have hired have a year of tenure. Tenure is one of their highest productivity levers in our environment and we have a tranche of new incremental sales makers that have that one-year tenure which is pretty significant.

Growing out the medium business capability and the small business capability are opportunities that we think exist in the marketplace that we will continue to invest in. Hall will kick me if I get the wrong number here, 40 plus thousand sales makers across Dell Technology aligned under a single strategy. The sales makers of VMware and the sales makers of Dell EMC, since we want to talk about the enterprise, aligned on software defined storage, aligned on software defined networking, go-to-market and server and server virtualization, and being able to sell vSphere and the stack of products through that. I think we're very well aligned, we've made a lot of progress. I think that's why you're seeing the revenue synergy on the VMware side and why you're seeing, for example, our server business doing very well. I think our opportunities that suggest that we're doing well together. I'd also tell you we're not done, there's more work to do, there is more opportunity. Did that help?

David: Other questions?

Unidentified Participant: Hopefully you can hear me. On the component side, so when we had the memory shortage, were you guys actively building inventory? And what's your inventory like right now? Will you look to reduce that? And now that we're seeing a shortage in CPUs, is there any thoughts to building little inventory right now that there's a big shortage there?

Jeff Clarke: What I think we communicated, I certainly wouldn't in front of a bunch of my friends advocate what our supply sourcing strategies are and what inventory we take or not take. I will tell you that we didn't have a memory issue. We fulfilled demand, our lead times did not -- I assume you're talking about a year ago when it was hard pressed? If you looked at our demand and if you looked at our server business, I think it grew 41% in Q1 of this year, 34% in Q2, 30% in this last quarter, and the year before it was on a similar trajectory which would suggest we probably had some parts. And I think if you look at our balance sheet, we did not consume up a lot of cash in managing that inventory. You know our commitment to service debt, you know that we can't take on a lot of extra inventory. You know that we've always been a direct company that has prided itself on low levels of working inventory. That framework hasn't changed. And whether -- I've been at this 32 years now, there's always a shortage of something. And we've been able to weather the storm, we're clearly a large procurer of many of these, and in many cases we're the largest buyer of these key commodities. I believe if you look, we are the largest CPU provider or buyer for servers and PCs. The largest for DRAM, the largest for NAND/SSDs. There are larger NAND buyers, but in our sector there isn't. That's a good position to be in.

David: All right, a question now on storage. Can you talk about your outlook for how CIOs will make the decision between on-prem and hybrid versus public cloud? Security, cost, keeping a balance and so forth are all issues that you've talked about. So my question is, in the coming years how do you think things evolve?

Jeff Clarke: Well I think there are couple of important trends underway that we see and that we remain very bullish on. One, there has been a lot of recent research and certainly a lot of our discussions with customers, is applications are showing signs of repatriating to on-prem. In fact, there is research out that says 80% of companies have repatriation activities underway today. And there are many cases where that research is followed up that 50% of the applications will be repatriated back on-prem. I think you have a dynamic that is not clearly well understood, but I think bodes well for what we do, is edge computing is actually a rebalance of the public and on-prem world. Those resources have to be more locally deployed simply driven by latency. If you think about a world, this data era that we've talked about, many have coined going from 16 zettabytes as an industry last year going to 160 by 2025, 25% of that data is going to be real-time in nature. You are going to have to have real-time processing and storage capabilities local with no latency which I think bodes well for on-prem deployment.

Can I predict it? It's not my business. I don't predict how much of that will be on-prem in the public cloud. What I can tell you is, workloads are repatriating primarily driven by either security, cost or performance attributes are the 3 most quoted. A large number of companies are repatriating. That's not to say new ones aren't going to the public cloud. I am not suggesting the public cloud goes away, by no means. What I'm suggesting is, it's not one or the other. There is a much greater balance in the future state that we believe driven by edge, driven by low latency needs that drive more balance in that. And I think you've seen it in the x86 server industry this year grow fairly significantly. There are assets being deployed on-prem in those environments. And again, we're in the very early innings. We don't even have 5G deployed. Think about 5G, more devices, creating far more data, modernizing factories, modernizing transportation systems that will all be digital in nature, creating tons more information, we believe bodes well for what we do. And we think, because of the stack that I described in particular with the VMware orchestration layer here, we're in a unique position to be able to do bare metal deployment, public cloud deployment, private cloud deployment, on-prem deployment and edge deployment with a control plane that is very advantageous. And increasingly, my job is to build differentiated infrastructure underneath that to take advantage of that, that's what we're doing. Does that help?

David: Yes, it does. And can I ask you just a quick follow-up? Because you made an interesting comment about need for storage at the edge, and the 25% of all of the growth. What would that -- and you also said it's not that well understood, but what could that look like for Dell? Are you selling products that are sort of housed in the edge?

Jeff Clarke: Well think about edge deployment is going to have devices that create data. There will be some aggregation, there will be some local compute and storage, and then probably long haul back to the cloud for bigger or larger analytics. The first three stages of that are -- the first stage, we're not going to make a watch or a sensor or whatever, that's not ours. The aggregation layer and the compute and storage layer on that edge, that's certainly what we do. And with a software stack that allows us to migrate from that edge to on-prem and the data center out to a public cloud, again, I think is a very unique and distinct advantage we have.

David: So when we look at the client set here at the legacy Dell and you had legacy EMC and you had legacy VMware, over the past 5 years, have those customer sets harmonized or are they different or they similar? Do they have a lot of overlap?

Jeff Clarke: Well, we have only harmonized in the last 2 plus years as we brought in and extended the Dell Technologies family. And what we found in the early work, and I think we communicated this in describing why this deal made sense, in our largest accounts there was actually little overlap between EMC -- legacy, let me use the right vernacular -- legacy EMC customers buying a lot of legacy Dell gear. And conversely, a lot of legacy Dell customers buying a lot of EMC gear. That overlap was actually surprisingly small. What we've been doing, and the question that I tried to answer earlier, is aligning the sales forces to go get that revenue synergy to be able to cross-sell. One of the single biggest opportunities I think we've been able to discover here, and you've seen it in our performance, is if we store over half of the world's mission critical data, our servers are probably good enough to be right next to them. And in many cases, they weren't, and increasingly more so they are today.

So, what an opportunity you have when you had a large storage footprint that wasn't necessarily hooked up to Dell servers, the opportunity to cross-sell that and to drive that business which now has happened over the 2 plus years, has been a big opportunity for us. Again, you've seen the same thing on the VMware side where the revenue synergies. I think we publicly communicated we're on track to deliver $700 million of revenue synergies for VMware based on the Dell selling force selling that into our account base. I think, again, we're in the early innings of that. It's very promising. But the revenue synergies that exist in our account base, because at the beginning there wasn't significant overlap, has served us well.

David: One of the areas that you've done heavy lifting is on the storage side of business where you've made some changes. So, could you talk through what people would remember from EMC and to what is in Dell storage business today?

Jeff Clarke: Sure. I've been involved with the storage business now for 16 or so months and walked into an environment where we had a series of operational issues. We had significant product complexity and quite frankly we had lost share for 4 years, 15 out of 16 quarters. So, the situation certainly wasn't one -- we were still a leader, so despite what I just described, we were the leader in primary storage, but clearly our position had been declining over a long period of time. We implemented a plan. I referred to it as a turnaround. We put stabilization into the business and we went after 5 key items. One I talked about already, it was clear that we had a declining buyer base. And the only way to grow the storage business was to grow the customer base, buyer base. Hence, the reason we invested in storage sellers, storage coverage, and continue to do that. So that's underway. I like the progress to-date. More to do. We're still hiring and building out. We started in our commercial sales segment. We're now in our enterprise sales segment and we're building out the coverage and capacity we need to grow the buyer base.

The second one was aligning the sales compensation and our channel programs, which we have tweaked over the past 16 months. We enter FY20 with both of those in, I think, really good shape. I mentioned we entered FY19 changing the compensation plan for storage. We've tweaked that it again for FY20 biasing it more toward storage and building complementary channel programs as well. There were a series of operational issues, those are gone. That was job one, get the basics right.

The next set of issues were around marketing. We weren't doing any. We had marketed at the Dell Technologies brand level and we weren’t marketing at the Dell EMC level. Beginning this year, primarily in the second half, you’ve seen us crisping up our market positioning. You see us now doing demand generation in the marketplace very actively today. We built out our loyalty program and we will spend significantly more next year in our marketing capabilities of our product line and our solution capability.

I'd say the last one is the product side where we had significant work to do. We had many products, many overlapping products, many aged products. I clearly made a determination that we needed to focus our R&D efforts. We do have the privileged position of having I think the largest IT, the largest engineering team in storage, but they were highly fragmented, doing duplicated work. I've given examples before where we had multiple operating systems, multiple de-duplication algorithms, multiple compression algorithms, not because we needed them, because we bought all of these different things, left them separate, never integrated it. What we've done is, we've now targeted what we call our dot next roadmap which is what we believe is a market-driven, customer driven, technology driven roadmap that intersects those 3 important attributes to develop and deliver to our customers products that hunt and are competitive in the marketplace. And we've pivoted the vast majority of our technical resources to that and focused them on that.

In many cases we have 2 times as many engineers working on the new stuff than we had a year ago, and we’re beginning to see the fruits of our labor quite nicely and beginning to see that hit the marketplace. The one thing I often get asked about is around storage, specifically midrange storage, which I've communicated publicly in many events like this that we have our next-generation midrange storage coming at the end of this year. We’re on track to deliver that.

One of the questions I get as a result of that, when you have 4 midrange products, how do you get to the new one? We’re developing technology that will make the migration from the 4 products to the new product easy like it should be. So, there's artificial intelligence and some machine learning capabilities that we're building into the operating system, file system that allows us to do that. It's a contemporary architecture which we haven't had in some time, so it's a container based, micro services-based architecture that has a data path that's designed for NVMe to storage class memory and logical steps. And it's optimized for that data path, it's not optimized for spindles. So, we’re pretty excited about that. We have a lot of work to deliver.

We refreshed the high end of the storage product with our VMAX, excuse me, our PowerMax product, formally VMAX, PowerMax in May of last year. We upped the lower end of the product line with the Me4 in September, the midranges as I described. And then we are spending a lot of time with the current products as we have to sell what we have, which are competitive products, and we’ve made them increasingly more competitive from a year ago. As we head into this year, we've increased de-duplication rates, we've added performance, we’ve added capacity, we've added data reduction capabilities -- improved our data reduction capabilities. So that's what we've been doing. And the results have been we’re pleased. We took 560 basis points a share in Q1, 100 basis points a share in Q2, 265 basis points a share in Q3. So, after 4 years of decline, we have 3 in the row, and my definition, being a trained engineer, 2 dots is a line, 3 dots is a trend. We now have a trend of 3 successive quarters of taking share. I would tell you the business is stabilized, but we have more work to do.

Interestingly, the external storage marketplace has grown this year beyond anybody's expectation. Year-to-date through the first 3 quarters of the calendar year, the external storage market is up $2.1 billion over the same time last year. We've captured 51% of that $1.3 billion. That's more than everybody else. So pleased, but not satisfied. More to do. But we believe we're on the right trajectory and it's a key linchpin into our long-term guidance of getting the storage business growing and taking back share.

Unidentified Participant: So the Dell hardware entity is arguably much better penetrated in governments and international markets than VMware. What are you doing to perhaps use that advantage to extract additional revenue synergies going forward through VMware?

Jeff Clarke: If I didn't answer it before, I'll try again. Our comp plans and that revenue synergy that we put in front of our broad sales force globally includes quota retirement for VMware. So our sellers have quota retirement targets for their set of customers that incent them to sell VMware. We're pretty pleased with progress to-date as I mentioned. Certainly, more to do, the opportunities globally are large, and we're excited about that.

David: So to wrap up, and we thank you for your time, Jeff, investors have choices to make investment in different stocks. And so what do you think they should take away as to why Dell stock is an interesting alternative for them?

Jeff Clarke: Well, I think first of all, you have to believe that the opportunity in IT is large. We think we're again in this early cycle of an IT technology-led investment era, that there's a massive modernization that has to happen. That there is going to be incredibly -- an incredible amount of data created and an incredible amount of data that's got to be processed and stored. If you believe in that, which we do, and all signs suggest that that's happening, there is no better asset than Dell to be able to navigate that future world. We believe that growth, I think we've said publicly that we think IT growth is twice GDP over the next handful of years. GDP 2% to 3%, so you can back in 4% to 6% is what we think IT grows. We think that's the opportunity. We think we can perform at that level with the very unique and differentiated stack, the largest sales force that's aligned in the marketplace, we're one throat to choke from the services capability. Less of a story better together, but more of a story of a very collaborative family of products under the Dell Technology umbrella that when combined and when engineered to be -- engineered to be integrated, have a very differentiated set of features in the marketplace that no one else can develop. That's why we think we're differentiated. We think the opportunity is large and we think we're poised to be able to capitalize on that going forward.

David: Great. Thank you very much.

Jeff Clarke: You're welcome. My pleasure.