

Goldman Sachs & Co. Op Assisted

May 5, 2020

2:00pm ET

Host: Good afternoon, ladies and gentlemen, and welcome to the Dell Technologies Storage Portfolio Update. At this time, all participants have been placed on a listen-only mode.

It is now my pleasure to turn the floor over to your host, Rod Hall. Sir, the floor is yours.

Rod Hall: Yeah, thanks, Catherine. And hello, everyone, for our first-ever Zoom webcast, at least for me anyway. So welcome, everybody. I hope everybody's on the webcast is healthy and safe.

Before we get going here on a storage update for Dell, I've got a couple of disclosures to read, and then we'll kick into it. And I'll give a couple of intros as well.

So, first of all, for Goldman Sachs, we're required to make certain disclosures and public appearances about Goldman Sachs' relationships with companies that we discuss. The disclosures relate to investment banking relationships, compensation received for 1 percent or more ownership. We're prepared to read aloud disclosures for any issuer upon request; however, these disclosures are available in our most recent reports available to you as clients in our firm portals. Disclosures also available by ticker on the firm's public website.

And then for Dell, I'm going to go ahead and read theirs too because I'm so good at this. "Dell Technologies' statements that relate to future results and events are forward-looking statements and are based on Dell Technologies' current expectations. Actual results and events in future periods may differ materially from those expressed or implied by these forward-looking statements because of a number of risks, uncertainties and other factors, including those discussed in Dell Technologies periodic reports filed with the SEC. Dell Technologies assumes no obligation to update its forward-looking statements."

All right. So with all of that, welcome, everybody, to today's Dell Technologies storage portfolio update. On the technologies IR website, you're going to find in a company presentation intended as a supplement to this call, although we're not necessarily just going to go through those slides.

Let me introduce the two speakers we've got from Dell today. First of all, it's our pleasure to have Jeff Boudreau on the line with us. He's the president of the Infrastructure Solutions Group, ISG. In his role as president, Jeff oversees the storage servers, data protection, and integrated products and solutions for Dell. Jeff has been with Dell Technologies since 1998 and has more than 25 years of engineering and business management experience in the IT industry. So welcome, Jeff.

Jeff Boudreau: Thank you for having us.

Rod Hall: And then also with us is Travis Vigil. He's the SVP of product management for storage and data protection. And Travis is responsible for storage and data protection product strategy. He joined Dell Technologies in 2004. So Travis, thanks for joining. Good to have you as well.

Travis Vigil: Thank you, Rod.

Rod Hall: All right. So let's kickoff with a quick walkthrough. Maybe Jeff, you could take us through the ISG strategy and now you're positioning your ISG portfolio in today's environment.

Jeff Boudreau: Sure. Well, first, I'd like to say thank you for having us. We appreciate the opportunity and look forward to the discussion.

From a strategy standpoint, at Dell Technology, our vision is to be the essential technology company in the data era. And the ISG strategy is directly aligned and a key part in realizing that broader Dell Technologies' vision. We've listened to our customers, specifically around simplifying our portfolio and accelerating our innovation engine.

If you think of the ISG strategy, it's really a two-pronged approach. I'd say the first, if you think about it's win-to-consolidation game of the core infrastructure markets that we compete in. And what I mean by that is, you know, we innovate within our existing product categories, and remain best in class and best in breed within those domains. So think service, storage, network, HCI, CI.

And you've seen a lot of these innovations already across the power portfolio, again, from service, to storage, to data protection, to networking, to HCI, CI. And today, we're really excited because we're announcing power store, and that's our next-generation mid-range offer that was built for data intensive applications in the data-intensive world. And you'll also see more innovations coming real soon to help with some future consolidation as well.

The second part of the strategy is really how we drive expanding to new opportunities and deliver differentiated value by innovating and integrating across I'd say ISG, Dell Technologies, and then the broader ecosystem. So if we think about innovating across ISG, that's delivering a simple interconnected portfolio of products that really improves customer experience.

An example of that from today's release is CloudIQ, and that's a SaaS-based monitoring software that we provide to our customers that provides them great insights around anomaly and failure detection, proactive and predictive analytics for continuous health of the infrastructure, really helping them solve operational challenges. You know, it's a big step towards realizing the autonomous infrastructure that people are really driving towards. CloudIQ really began in the storage division, and now we're expanding that across all of Dell Technologies and all of ISG's portfolio.

We're innovating across Dell Technologies, bringing differentiated value to our customers with offerings like VMware Cloud Foundations – you might know it as VCF, or VxRail is our industry-leading hyperconverged infrastructure solution, or Dell Technologies Cloud.

Another example from today's release is the co-development we've done with VMware for PowerStore. So from Day 1, we're going to have the best integration in the storage industry with VMware running any VMware virtualized applications directly on PowerStore.

We're also leveraging the best-of-breed technologies and assets across the entire Dell Technologies family and portfolio to solve big challenges. Think data management. Think edge. Think 5G. Think telco. And a lot of this is accelerating right now in the world we're living in as it's never been – I think technology has never really been – never been so important as we kind of figure out the new world for the new normal as we go forward. And a lot of our customers are looking for more strategic vendors as they accelerate through this digital transformation, and we believe we're uniquely positioned to help with that.

So I guess stay tuned. There's going to be a lot of innovation that we're going to accelerate together and really push – and put us in a greater and a stronger position as we go forward.

Rod Hall: All right. Thanks, Jeff. So some of the comments you made suggest – you know, you're talking about, and I'm sure we'll get into more detail on this, the deep integration with VMware. Maybe could you expand on that a little bit from an ISG portfolio strategy point of view, and just talk a little bit about further intentions in terms of integration? Maybe this is one of the first examples. I guess there are probably – VxRail, VxRack is a good example. But how do you intend to move forward with VMware integration cross whole portfolio?

Jeff Boudreau: Sure. So as we were just discussing, the collaboration and innovation for VMware is critical to both our strategy, but also to VMware's strategy. And really our customers are demanding it, right, especially as they looked for fewer and more strategic and more trusted partners, as we just – you know, just discussed. The relationship has never been better, and I think you've heard this from Michael, Pat Gelsinger and Jeff Clark. We've put together a model, if you will, an operating model that allows us to work across Dell Technologies to really do some joint product planning and development, collaborative innovation around integration, which we just talked about, and really to deliver end-to-end solutions for our customers.

Some quick examples of that one, we're integrating an ISG-leading infrastructure. So think of VxRails. With VCF and NSX, which is a virtual networking stack, to provide the industry's best cloud solution. And that's really intended to address the challenges of the multi-cloud world.

We've seen an increased traction with our co-engineered solutions, and you mentioned a couple, but I'll highlight a few but on the client side, especially today, with everybody doing work from home. Unified Workspace ONE, that's a joint VMware, Dell Technologies innovation.

Now, on the infrastructure side, we have VxRails. We have – and we also have – in the networking space, and NSX. So really huge, you know, innovations that we're doing together. And as we just talked about with PowerStore, you know, it is going to be the best integrated storage available. We've partnered with – directly with VMware from Day 1, and we're integrating in multiple ways. Things like VC or APIs, our VCF integration, vRealize orchestration. I mean, this all allows a VMware admin to easily upgrade PowerStore as you go forward.

So, again, you can expect us to continue to innovate across the portfolio and across Dell Technologies to provide the industries, you know, I'd say most tightly or integrated portfolio, really meeting a customer and exceeding customer expectations.

Rod Hall: Okay, great. So we want to – we definitely want to dive into PowerStore, but since we've got the benefit of having you here, I wanted to ask is with all of the work from home and the lockdown, there's been a lot of focus on accelerated migration to the cloud. And I wonder if we could get your perspective on that. Are you concerned about it for the business? You know, how do you see things developing as a result of all of this work from home that we're all doing now?

Jeff Boudreau: Sure. It's a great question. So I'm going to start and finish with this probably the same way in the spirit of cloud's good for Dell. And we have the best hybrid cloud solutions in the business, and we are the Number 1 cloud infrastructure company in the world.

You know, our strategy around cloud is pretty simple. It's bringing the best of the public cloud to the datacenter, and then taking the best of the datacenter and bringing that back to the public cloud. And that remains unchanged, you know. This was a pre-Covid strategy, so it hasn't just changed with this.

What we have seen in the industry is a surge in utilization of multiple SaaS collaboration platforms. I mean, think of what we're – the technology we're using right now, right. You just mentioned it was the first Zoom analyst panel you've done to date. But you think of, you know, work from home, collaborate from home, ed from home, there's a whole bunch of things going on around streaming video and streaming data. All of this is not public cloud. Some of it is public-cloud based, but a lot of these SaaS providers own and operate their own infrastructure. And their investments – I guess we've seen increased investments or demands on their investments as we go forward.

So for the industry, we're actually seeing a broad-based surge in technology investments to really accelerate digital transformation. Now, that's if – having more client, so people could work from home, so PCs, monitors, displays. That's got to connect with something. Think compute nodes and network. And eventually, that's got to be stored off for something, which would be storage arrays, or hyperconverged, or even cloud, right.

And so we believe giving our customers choice, and we believe giving cloud when and where they need it. And that's really important as they accelerate in this new world order. You know, just make it through a couple of examples, like

the stand-up and support of a remote workforce. Companies will need cloud IT infrastructure. They need VDI solutions. They'll need public and private cloud and hybrid cloud environments.

So multi-cloud, hybrid cloud is where we see the acceleration going. A multi-cloud strategy will really help customers support a variation on different workloads and a variety of workloads as they go forward. So, you know, most companies that we know of and most businesses that we see are already running and trying to manage five or more cloud environments, often through multiple vendors, both from public and private clouds. And this drives a lot of complexity.

And with Dell Technologies cloud, our customers can reduce that complexity by really leveraging our technologies to deliver a consistent cloud experience across that environment. It helps them manage and operate, developer services, security, you know, really helping them decide where the best workload – where the workload should really reside.

And with the PowerStore release, we're allowing customers to deploy in ways that meets their cloud strategy and business needs. An example, we introduced a managed service to connect PowerStore to all major public clouds and actually provide a DRaaS, or DR as a service, to VMware on AWS. So bottom line is we power both private and public cloud environments, and many of these SaaS businesses are experiencing major growth in all of these streaming video companies and streaming collaboration companies. And they're big customers of ours, and we see that continue.

So, again, cloud's good for Dell. We have the best hybrid cloud solutions in the business, and you know, we look forward to helping our customers.

Rod Hall: All right. Good. So with all that in mind, kind of big picture, could you take us into the storage market a little bit more deeply? How do you think about that market? Given all of what you've said about SaaS and your SaaS platforms, how do you see that market developing over the next few years?

Jeff Boudreau: Sure. So we're in the data era. It's no news to anybody, and the world continues to grow. Data continues to grow at just an amazing rate, and it's growing more and more from everywhere if you think about it. You know, if you think about what's going on today, customers and data is being created all over the place, right, especially with work from home and from home, a whole bunch of new endpoints and edge positions. But – so bottom line is customers are going to continue to need more external storage.

Today we're the Number 1 player in the storage market. We have about 30 percent share. We're bigger than our – if you think about our competitors, you could take Number 2, 3, and 4, add them together, we're still bigger. And our Number 1 position includes a whole bunch of things. That's high-end storage. It's midrange storage. It's entry storage. It's All-Flash arrays. It's hybrid arrays, HCIs, CI, SDS, and data protection. So any way you want to slice up the market, we're the clear leader across the board.

Now, if you think about where the market's going just using the latest IDC forecast, the external storage market, which is a very large market, and you know, a large multibillion TAM is expected to grow about 3 to 4 percent bigger from 2020 to 2023 in terms of revenue. And we would expect to grow at a premium to the industry. So, you know, as a leader in this market, we think we're very well positioned, and we want to make sure we grow at a premium.

Within storage, the key areas for growth we're seeing is All-Flash. It's unstructured data. It's HCI. And it's software defined. And as I stated, we're a clear leader in each of – all of these segments, and we'll continue to invest and innovate in all of these areas, so we can extend that leadership.

But there's so many tremendous opportunities, specifically if I take, you know, unstructured – the unstructured space. Eighty percent of all new data being created is going to be unstructured. Now, I think about the wearables, like the smart watch I'm wearing, or the verticals like media and entertainment, so think of the streaming videos we just talked about. I think about it – you know, automotive with ADAS and autonomous driving. Just think of all the sensors on the car and how much data that's going to throw off. So it's just an explosion of data and data growth that's coming our way, and I just think that's, you know, we're extremely well positioned with what we have.

I think a huge trend you're going to see is our customers are going to demand and push and will continue to adopt more agile and flexible consumption models. And that could be OpEx versus CapEx in the flexible consumption, so that gives them more leverage, if you will. And deployment models, so we talk about purpose-built arrays. We talk about software find stores. We talked about converged. We talked about cloud.

Customers want choice, and they want to make sure they have the right data and the right place at the right SLA. And it's really driven by that workload. So we really are looking forward to a – you know, our customers are looking at more complimentary solutions, that they can benefit no matter if it's a hybrid cloud world, a multi-cloud world, that they can get leverage off of those assets, no matter if it's in the cloud or the datacenter.

Rod Hall: Okay.

Jeff Boudreau: You know, and if you think about post-Covid, you know, we see the data. We think there's an opportunity here where, you know, data creation is going to accelerate even faster and faster. With that said, we think the size of the market could be underrepresented or underappreciated, if you will, especially if you think about the work-from-home scenarios that we were talking about before with all of the additional data now being created.

So, you know, another thing that I think about a lot is the potential economic downturn that we're seeing. People talking about the shape of the curve, how long, how deep. We expect this to put some pressure on some of our competitors that might not be as diversified or as profitable as we may be. So that could help drive some consolidation in the market as well. So bottom line is

with our size, scale, and just diversification, we think we're going to benefit, and we're really excited about the opportunities to move forward.

Rod Hall: Yeah. We started to ask ourselves whether these kind of Zoom calls are going to be recorded in the future worryingly and searched, and all of that kind of stuff, but you can imagine that might happen.

Jeff Boudreau: It's going to happen. It's already happening. [laughs]

Rod Hall: So one of the things – expanding on that question just a little bit, I wonder if you could talk – one of the problems we've got with modeling the storage market is determining how much of it is replacement demand, and how much of it is competitive win, sort of driven demand. And when you launch a new product like this, there's not necessarily a ton of replacement opportunity out there. So could you just talk about those a little bit, in your own mind, how do you think about your business? Is it – how much is replacement? How much is new competitive wins?

Jeff Boudreau: Well, so I kind of look at it as – so, as we talked about before, we have about 30 percent of the market, so then I can – you know, easy math is 70 percent of the market I don't have, right. And so I want to make sure that we go after that space for that incremental opportunity. But I do look at it as we have our existing base, which is very, you know, loyal customers we're trusted by, and we want to make sure we serve those. So that's a huge opportunity for us to go refresh the base.

We have the largest install base in the world. Like I said, we have a great relationship with those customers, and we want to make sure we support them for the long haul for investment protection.

In those same customer environments, there's new workloads. If it's, you know, the traditional application or the cloud-based application, new, emerging cloud native applications that they're running. So there's new workloads coming in that really is creating incremental opportunities even within that current base. So it's not just a refresh of the existing storage array. There's new use cases and new workloads that are coming on.

But then, going back to your point is there's 70 percent of the market we don't serve today, and that's an area that's ripe for us to go after, and really gets an incremental extension as we go after it, and really realizing this large market and growth market.

Rod Hall: Great. Okay. So Jeff Clark has talked about portfolio simplification over the last couple of years. Could you provide a little bit of an update given this announcement on where on you're at with simplification, and how far through that process you think you are?

Jeff Boudreau: Sure. You just defined or just hit me on the last two years of my life, so thank you. No, so Jeff shared this a couple of years ago, so it's not new news. We heard from – directly from our customers and our partners and our sellers, right. They were loud and clear that in our portfolio was too complex, and we had a lot

of overlapping offerings, especially as these different acquisitions that we are bringing together. And we really needed to take a long-term view in actions to address that.

And what that did was we really focused on a simplification effort around the portfolio. And for me, what that means is simplification equals more focus. That more focus led for more innovation, and so now I have more engineers working on the newer platforms and newer innovations, really leading to better outcomes for our customers. So I have more, you know, software and hardware engineers focused on fewer offerings that are going to be very targeted for specific markets and use cases. And we're going to deliver – overdeliver in regards to what we're going to do for innovations on those platforms.

We've made a ton of progress. I think in – I apologize here – in 2018, we announced PowerEdge, the update to the PowerEdge server. We announced PowerMax for our high-end storage, and we announced PowerVault. So having one main offering in the high-end and entry space. Last year, so 2019, we announced PowerSwitch in the networking space. We announced PowerProtect in the data protection space. And we announced PowerOne for converging infrastructure.

And now, today, we launch our lead midrange offer, PowerStore, which is going right at the heart of the largest and the fastest-growing segment of the external storage market. So we've made a lot of progress. We're excited about that progress that we've made. I think if you step back, we've gained almost 215 – a little over 200, you know, bits of external storage share over the last two years. Something we're real proud. And we're going to continue to expand that leadership.

I guess the big takeaway from me is when I talk to our sales teams, I've never seen them more bullish about our portfolio. The whole Power portfolio across ISG in recent memories, and that was before today's launch. So it just keeps getting better and better. And again, we have more technology coming down the pipe as well.

Rod Hall: Great. Okay. Thanks, Jeff.

So we don't want to leave Travis out of this, so I wanted to maybe ask a more PowerStore specific question here. So maybe, Travis, could you tell us a little bit? We've had some early indications of where PowerStore might be going from a directional point of view, but can you just talk to us about what it is and why it's important now?

Travis Vigil: Yeah. Sure, Rod. So PowerStore is a brand-new modern storage platform that we really designed for the data era that Jeff was just talking about. And it's part of our top-to-bottom approach that we have with our leading portfolios to drive an unwavering focus on innovation, simplicity, performance, reliability, and quality. And it really does represent the culmination of work over the last couple of years of my life, as well as Jeff's life, to drive that midrange simplification that he just talked about.

And it's actually the first new product that we've introduced as a combined company that was built from the ground up using best-in-class technology and experience from across our infrastructure business. There's some pretty interesting stats about its development that I'd like to share with you. It's actually the result of the hard work and dedication of more than 1,000 engineers across Dell Technologies, including VMware. And 85 percent of those engineers were actually software engineers.

And if you look at the sum total of time invested to bring this innovative new product to market, we've put in over 4.4 million person hours into bringing it to market. And I think it's also important to note that we got over the finish line during Covid with many of our engineers working remotely, which is extremely impressive because they didn't miss a beat.

So I guess to put it simply, I think PowerStore is probably the biggest, most important and strategic launch within our infrastructure business since the combination of Dell and EMC.

Rod Hall: Great. Okay. Maybe, Travis, you could dial – dive into it a little bit more in detail, talk to us a little bit about the technology, maybe the key differentiators. Like what differentiates this products, others it's competing with, and maybe prior products that Dell and EMC have done.

Travis Vigil: Yeah. So when I think about PowerStore's key features and differentiators, I like to tie them back to the pressing needs in the IT industry that Jeff was just talking about, and in particular, the fact that customers are demanding cloud-like simplicity for all of their on-prem solutions. And if you look at PowerStore at its core, what it does is it allows IT professionals to handle two simultaneous but sometimes conflicting pressures. And that's – PowerStore allows IT administrators to manage this avalanche of data, this avalanche of diverse data that's being generated, while at the same time, it provides the operational simplicity needed to increase IT agility and reduce total cost of ownership.

And so to speak specifically about the differentiation, I like to think about it in three ways. First, PowerStore is a data-centric architecture that was built for the modern datacenter. And if you look at that architecture, what it is, is a new net container-based operating system that optimizes system performance, scalability and storage efficiency to support any workload without compromise.

So what that means specifically is that PowerStore tapped some pretty impressive specifications, like seven times the number of IOPS, and three times lower latency, versus our prior leading midrange solution. It also scales up and scales out, which provides the ultimate in flexibility, and also guarantees 4:1 data reduction.

The second area of key differentiation is related to how PowerStore provides intelligent automation, and Jeff talked a little bit about this. But in particular, we built machine learning directly into the product, directly into the platform, and that enables the system itself to eliminate dozens of time-consuming tasks and decision points for IT administrators, which in some of the testing that we've

done can reduce administrative costs by up to 99 percent, versus traditional environments.

PowerStore's also a programmable architecture, which means that it enables seamless integration with VMware and a broad ecosystem of leading dev-ops and open management frameworks like CSIs, Kubernetes, Ansible, and vRealize Orchestration. And that really allows IT administrators to automate workflows, and they can automate those workflows across a broad range of deployment scenarios.

And Jeff talked a little bit about this in his section as well, but I wanted to hit on it because it's very important. We provide help analytics with CloudIQ, which really offers state-of-the-art predictive analytics, anomaly detection, and proactive monitoring.

Now, the third area of differentiation when it comes to PowerStore, it comes in its adaptability. I talked a little bit about PowerStore's flexible architecture. And what that really enables, from my perspective, is three key things. First is the ability to natively host user applications directly on the storage array with our industry only AppsON capability. The second is this type integration into the larger VMware ecosystem that Jeff talked a little bit about, and I want to expand upon. And third is the ability to have flexible deployment models, which are becoming increasingly important to IHD buyers.

So, first, AppsON. AppsON provides a built-in VMware hypervisor, and that allows PowerStore to provide multiple IT services at the same time, so you can simultaneously provide scalable storage capacity for applications that are running on external hosts across the datacenter or across the enterprise. And at the same time, you can host data-intensive applications directly on the storage array. We believe that this is a game-changing feature.

And since VMware is the underlying foundation of that AppsON capability, administrators can move workloads seamlessly between these services, which means that PowerStore quest or management, combined with VMware tools, including vMotion and Storage vMotion enable easy workload mobility in and out of PowerStore to other VMware targets.

And last, but certainly not least, we provide multiple deployment models to modernize the core, the edge, and the cloud. And in particular, we have a new anytime upgrades offering, which is a component of our future proof program, and it's a prepaid data-in-place upgrade offering for PowerStore. And it's a service that allows PowerStore infrastructure to be modernized without forklift upgrades, downtime, or application impact, ensure that our customers can always have access to the latest technology at a predictable cost.

So the bottom line is that while we have a significant Number 1 position in the midrange segment, which was 28 percent share in 2019, we believe that the release of PowerStore is going to allow us to extend this lead.

Rod Hall:

Great. Okay. One thing I want to dig in on that, Travis, is the app – the built-in hypervisor and app running capability. Can you say a word or two about what

kinds of apps you would expect people to run there? Is that like a data query gets pushed off to the storage array, and then it comes back with an answer, or what sorts of things run in that app support capability, do you think?

Travis Vigil: Yeah, it's a great question, Rod. So when we think about the AppsON capability, we've really looked at – you know, as Jeff mentioned, we have the broadest install base of midrange storage in the market. And we're also Number 1 in hyperconverged. And as we looked across our customers, what we found was that hyperconverged is often deployed right along size – three-tiered architectures, which include external storage because they're highly complimentary because of the different workloads that they're optimized to support.

So if you think about HCI, it's really optimized for general purpose or compute intensive workloads and provides full-stack automation and lifecycle management. But if you look at external storage, like PowerStore, it's optimized for the storage or data-intensive workloads, which either means that it's a workload that it's extremely latency sensitive, or a workload that provides a lot of capacity, but relatively little compute.

So some of the more modern AI workloads are a good candidate for this, and some of the – you know, some databases would also be a good candidate for this.

Rod Hall: Okay. That's a good – that kind of leads into or really answers my next question, which is how does this integrate with VxRail, VxRack, because we had perceived maybe VxRail and VxRack to be selling into midrange storage opportunities, and now, you know, you've got this product and that. And it sounds like you feel they fit synergistically together. Do you think that you'll see some of the existing VxRail, VxRack business you've been doing shift back toward PowerStore now that it's available?

Travis Vigil: Look, I think it's an expanding pie. I mean, what we found is that even if you look in a single customer, they deploy HCI right alongside three-tier architectures. And so, you know, this product was really optimized for those workloads that we were talking about. And we – with the increased VMware integration, it's actually easier, and you can use VMware as the control plane to work both across PowerStore and VxRail, so we see them as being highly complementary from that perspective.

Rod Hall: Okay. And then could you fit it into the bigger product portfolio for us a little bit, beyond the VxRail products, but the rest of the storage portfolio? How does it – can you just kind of describe how this fits into the rest of the portfolio?

Travis Vigil: Yeah, absolutely. So it's pretty simple. From a primary storage perspective, PowerStore is our lead, all-flash, midrange solution going forward. And that means that PowerStore is targeting some of the fastest-growing subsegments in the external storage market. In particular, it targets the midrange, which is the largest subsegment of external storage representing over 50 percent of the market. And it's also forecast to be the fastest-growing part of the external storage market going forward.

Additionally, PowerStore is unabashedly All-Flash with NVMe support and support for next-generation media, specifically storage class memory, SEM, not just used as a cache, but used as persistent storage. So, you know, we're targeting those subsegments. And since it is All-Flash, as Jeff mentioned earlier, it plays in that segment, which is one of the fastest-growing deployment choices within midrange and within the external storage overall.

But I think it's also important to note that while PowerStore represents the consolidation of Dells EMC midrange storage arrays, this is going to be a multiyear transition with numerous onramps, allowing customers to migrate non-disruptively and at their own pace. We're not announcing any midrange EOL at this time, and we expect that PowerStore will coexist with current DELL EMC offerings in the portfolio for some time. We're dedicated to supporting those customers and educating those customers on the benefits of migration to PowerStore.

And I think there's one final point I'd like to make, which is that PowerStore is going to ramp in the market focused on All-Flash, but Unity XT will be – will continue to be our lead hybrid primary storage midrange solution because hybrid deployments remain a large and important part of the market.

So, you know, the way I look at it, we're in the unique position to provide customers, you know, the right recommendation, the right tool for the job because we do have all of these things in the portfolio. We are simplifying the portfolio with PowerStore.

And I think competitively speaking, to an earlier question, we feel really good. With this announcement, we are releasing some pretty compelling third-party testing that shows us achieving superior performance results, versus a leading competitor. And that's not to mention any of those key architectural differentiators that I spoke about in the previous question.

Rod Hall: Okay. On the All-Flash point you're making there, does that mean – what's your intention in terms of distribution? Would you go out to XtremIO customers and see whether this is something they might be interested in using instead, or you know, how do you intend to go to market with this as an All-Flash solution?

Travis Vigil: Yeah. I mean, it's really – you know, it's really more about targeting the – you know, obviously our install base is a big asset for us, and we want – and we built in migration capabilities that make it very easy for customers to move to PowerStore. We have invested significant engineering resources to provide new, native tools that automate entire migrations directly from the PowerStore manager in as few as seven clicks.

And we also have many other migration options in the portfolio. We have host-based tools, such as VMware's vMotion. We have guided migration options from Dell Technologies Global Services. So, basically, whatever midrange platform customers are running today, we can make sure they get to PowerStore quickly and smoothly, keeping their data fully secure along the way.

And so that – you know, I think that is one of our strengths, and that will be one of our go-to-market motions, but ultimately, it's about the workload, as we talked about earlier. There are certain workloads that benefit from a three-tiered architecture. There's certain workloads that benefit from a hyperconverged architecture. And we will be – make sure to position the right tool for the right job.

Rod Hall: Okay. I want to broaden it back out a little bit again as we kind of get close to the end of the call here, a little bit closer anyway, and just ask, you know, it's hard to talk in the day and age we're living in here without talking a little bit about the downturn, and you know, what businesses are facing, the challenges they're facing as they go through this. And I wonder if you guys – maybe Jeff, this would be something you could answer, but how are you approaching your customers now? How do you help them get through this situation that they're in and continue to transform as they go through it?

Jeff Boudreau: Sure. So we're doing a lot of things. We're innovating across, you know – if Travis was highlighting technology pieces, there's programmatic things we're doing, and there's also financing capabilities. So we're doing a whole bunch of things across all technologies to really help our customers as they – I guess as they accelerate the general transformation with everything going on around us, we want to make sure that we are supporting them. If it's through our client side and the supply base that we have and procurement and buying power and how we enable them, to technology changes.

We have an amazing – what I call a future-proof program that allows our customers to optimize the lifecycle of their infrastructure with a lot of confidence. And really what it takes is the technology stuff that Travis was just talking about around anytime upgrades, and really turns that into a program around having the most flexible control or upgrade program.

And one of the biggest pain points our customers had ever talked about was moving data, right, and it was around being able to migrate data, always being online, being seamless, being transparent. We've done that with native tools in the arrays, so customers can migrate from PowerStore in just a few clicks, as Travis just mentioned.

On the sale side, you know, we're working with our financing, our Dell Financial Services, or DFS, if you will, to introduce a payment flexibility program, to include zero interest rates for Dell Technologies service, storage, networks, solutions, customers. So they have access to the technology, and there's no upfront payments required.

So in some cases, we'll defer some of the customer payments for the first 180 days on all datacenter infrastructure and services, right, to really help them manage some of their cashflow and constraints that we have going on in today's world. So a lot of things that we're putting in place around the technology side, the programmatic side, or the financial services side, if you will, to really help and support our customers through these changes.

We've also had changes recently added one – a one-year term flexible consumption offerings as part of the Dell Technologies on-demand program. We're allowing customers to scale their Dell Technologies converged, hyperconverged, or hybrid cloud storage or data protection solutions on a pay-as-you-go or pay-as-you-use type program. So, again, a lot of new innovations coming up to really help support our customers during this time.

Rod Hall: And what about just to kind of finish that one off. Have you seen any changes in technology behavior that you think might persist after we get through the downturn, especially with regards to storage? Do you think that people will change the way they are consuming technology shorter term, or do you think it's these longer-term trends playing out?

Jeff Boudreau: I think that, you know, people are using the term a "new normal." I do think there's a new normal. We're learning a lot right now in regards to how people are consuming, deploying, and leveraging technology. As I said before, we see a major spike in demand for all technology, you know, as we were talking about the cloud earlier, from PCs, to displays, to storage arrays and datacenter infrastructure, we're seeing that across the board. So I think there's a new normal here as we go forward.

I think work from home, it might change a little bit, but you know, in regards to how work from home, ed from home, entertain from home, there's a lot of opportunities here as we go forward, and I think leveraging that technology is going to be very important for us as we go forward, but there's a new normal that's going to be established as we go forward.

Rod Hall: Okay. And then I guess the last question for me, and of course it's a tough question to ask when you're rolling out such a big product that's taken so much work, but what other things are in store? I mean, you guys have a lot further portfolio simplification that could be done. What else is on the roadmap? What's next? Maybe what are your priorities in terms of what to do next?

Jeff Boudreau: So I do appreciate the question. It's a great question. We have a lot of – as I said before, we're really focused on serving our customers, especially today, making sure that we deliver, you know, in the current challenges they have, making sure that we support them as they go through their transformations.

You should expect to see us share some more insights just in the near future on some upcoming innovations, again, as I mentioned earlier, so there is more to come. I can't really offer too much specifics on that right because of the product roadmap and where we are, but we're really excited about what we're building and how we're going to help enabling our customers as we go forward.

I will note we have Dell Technology World coming up in October, so that was supposed to be actually – I was supposed to be there right now, and with everything going on, we shifted that to October. So look forward and stay tuned to that.

Rod Hall: All right. And before we close up, I'm going to hand it over to you, Jeff, to say couple closing comments. But just remind everybody too, we're not doing Q&A

today because Dell is in their quiet period. So they wanted to get out and talk about this technology, but no Q&A. But I'm sure after earnings, you know, the team would be happy to talk to people.

So, Jeff, I want to hand it over to you and see if you've got any last comments for us as we close the call out here.

Jeff Boudreau: Sure. And as you noted, we're in the quiet period, and we will have results on May 28th, so I'm happy to go into more details post that on May 28th.

But I guess the salient points are, fourth quarter is stronger than ever. It's all powered up from servers to storage, to data protection, networking, CI, HCI. PowerStore is just the latest innovation in the power portfolio. Our product teams are excited. Our sales teams are excited. Our customers are excited. And we think we're really well positioned to take share.

We are extremely focused on helping our customers, especially during this trying time of Covid-19, and we'll help them today in post-Covid, make sure we stay close to them. And again, our quarterly results will be – and outlooks will be on May 28th, so please stay tuned.

Rod Hall: Great.

Jeff Boudreau: And I'd like to thank you for the opportunity today, Rod.

Rod Hall: All right. No problem. Thanks, everybody, for joining us on the first-ever Zoom fireside chat.

Travis Vigil: Thanks for having us.

Rod Hall: All right.

Jeff Boudreau: Thank you very much. Have a great day.

Host: Thank you, ladies and gentlemen. This does conclude today's conference call. You may disconnect your phonelines at this time and have a wonderful day. Thank you for your participation.