

TRANSCRIPT

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PRESENTATION

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Wamsi Mohan Bank of America – Analyst

Let's go ahead and get started. Good morning, everyone. Welcome to day one of Bank of America's Global Tech Conference. I'm Wamsi Mohan, I cover IT, hardware and supply chain here for the bank. Appreciate all of you being here today. Especially delighted to welcome Dell again to our conference. This year we have Arthur Lewis, who is President of Infrastructure Solutions Group, ISG, which covers all of servers, storage, networking services. So, amazing portfolio, which has been doing incredibly well. So we're super excited to have Arthur over here, especially at a time when there's so much talk around and excitement around AI, and Dell has definitely been in the lead over here with some of its products, recent announcements at Dell Tech World. So, super excited to have you all here, Arthur.

Arthur Lewis Dell Technologies Inc – President, Infrastructure Solutions Group

Thank you, Wamsi. Great to be here. Good to see everybody. Good morning.

Wamsi Mohan Bank of America – Analyst

Well, fantastic. Well, I know we've got, like, just only 30 minutes over here and there's so much to cover, but maybe to kick it off, Arthur, could you just talk about sort of some of the things that, as you just closed out last quarter, what you saw? Some of the puts and takes from the quarter first and then we can get into other topics.

Arthur Lewis Dell Technologies Inc – President, Infrastructure Solutions Group

Yeah. So let me break down the quarter for you, Wamsi. So, from an overall ISG perspective, \$10.3 billion in revenue, which was 12% growth year-over-year. That represented our fifth consecutive quarter of double-digit revenue growth, which is pretty exciting. Operating margins came in at about \$1 billion, growing 36% or 3 times faster than revenue, and that's four consecutive quarters of double-digit growth rate. So, great top line and bottom line growth for Q1.

If I break it down into sort of the three main components there, clearly a blockbuster AI quarter. Three things I would call out for you guys here is, one, record orders bookings of \$12.1 billion. And to put that number in perspective, that's greater than everything that we shipped last year, just in our first fiscal quarter. Number two, we have a backlog of \$14.4 billion, which is another record for us. But importantly, the third point is that we take a look at the next five quarter pipeline as being indicative of demand. And even though we took in \$12 billion of orders, our next five quarter pipeline grew sequentially and continues to be multiples of our backlog even at \$14.4 billion. So, again, very indicative of the demand that's out there around what is a very revolutionary technology.

The server business also continued to grow six consecutive quarters on a demand basis, five consecutive quarters on a P&L basis. The overall server networking business all-in grew 16%. As we said on the call, Wamsi, there was a little bit of slowdown that coincided with April 2. I think something happened on that day. And so we saw kind of a slowdown from week 10 to 12. So we're monitoring that very closely. And the storage portfolio was great, right. It grew 6%. We expanded profitability. It was the third consecutive quarter. This pushed the third consecutive quarter of growth. This push that we've had towards Dell IP is really working out. And you can see sort of the proof points with PowerStore in particular growing five consecutive quarters double-digits and our growth rate in Q1 was the highest growth that we've seen in PowerStore in the last 12 quarters.

And importantly, something that I pay a lot of attention to is that PowerStore drove 15% buyer growth. 45% of those buyers were new to PowerStore, which is great for share of wallet expansion with existing customers, but 18% of those buyers were new to Dell. So it's also a great acquiring engine. And then we had PowerProtect Data Domain. The PowerProtect portfolio growing double-digits as well. So, this push into Dell IP storage is really doing well for us. And we had the headwind with VxRail. So, the Dell IP portion actually grew faster than P&L average, which is something that we like to see, especially when the market is growing in the 3% to 4% range.

Wamsi Mohan Bank of America – Analyst

No, that's amazing. Thank you for that recap. Clearly a very strong print over here. As you think about just the server revenues that you just accomplished, your backlog and pipeline you just noted extremely strong, guiding to very strong revenues here in the near term. Help us think through sort of the revenue trajectory as we go forward around AI and also the incrementals of, from a profitability standpoint that investors should think about as you are getting this revenue stream?

Arthur Lewis Dell Technologies Inc – President, Infrastructure Solutions Group

Yeah, let me touch on your first point first – or your last point first and your first point second. From a profitability perspective, we kind of take a look at the three independent businesses, right, whether it's the AI business, the server business – traditional server business, the storage business, and each of these business sequentially we see expansion of gross profit, of operating margin dollars and rate. It kind of comes down to a mix at the end of the day, right? When you have a higher mix of the AI portfolio, you might see a lower rate. But again, I'd kind of emphasize, Q1 we saw operating margins growing 36%. And if you take a look at the guide for Q2, you have revenue sequentially growing \$5 billion, but operating margin growing \$500 million, right. So, there is clearly margin accretion when it comes to the AI portfolio, but we're also expanding margins in traditional server and storage.

On the volume piece, look, we guided at the beginning of the year \$15 billion plus on AI. With \$2 billion of shipments and \$14 billion of backlog, I think it's safe to say that we're on the plus side of the \$15 billion. And a lot of people say, well, hey, why don't you just call a new number? And, the reality is it's really hard to do, because these are very technical engagements that we have with customers, right, because a lot of this revenue is being generated by these large Tier 2 CSPs. And so I think a little bit of color on how the relationship works going to help you guys understand sort of the spikiness in the business.

When we engage with these customers, they're spending a lot of money and they have very specific outcomes that they're looking for. And so, when we engage with them, we will do anywhere from three to five designs for them, and these designs will be very different from each other, right. And then the customer will have to – and we go back and forth for quite a while to hone in on the designs, on each of these designs. The customer will then wait until the very last minute to make a decision to say, hey, I'm ready to make a decision where I'm spending billions of dollars of CapEx that I need to know that I'm making exactly the right decision on exactly the right technology. And that's been a key differentiator for us, in addition to the ecosystem, in addition to our services, in addition to our captive finance with Dell Financial Services. It's this technology back and forth that it makes it hard to predict when is the order going to land, and therefore when – what's the delivery schedule going to look like, and then when is it going to materialize into the P&L.

But I think as we go through our second fiscal quarter, we'll learn a lot more about the deals that we're working on and have a better look at what the second half looks like from an AI perspective. But again, clearly we're on the plus side. We recognize it. We also understand the frustration around, hey, if you know a number, call it. And we say, look, we have a number, but it's really going to depend on customer choice and technology decisions that they're making. When we put a number out there, we want to make sure that we're going to hit it, right. So, that's why we kind of stick to the \$15 billion plus for now.

Wamsi Mohan Bank of America – Analyst

Yeah. And I know, it was called out on the call that the plus was a capital P-L-U-S. So, all right.

Arthur Lewis Dell Technologies Inc – President, Infrastructure Solutions Group

Underscore, bolded, italicized, yeah.

Wamsi Mohan Bank of America – Analyst

Yes. So, all right. Well, maybe just to think through product transition, because you noted one point, which is you're doing so many different designs and there – it's kind of quite complicated. You've got to get all these components right, supply chain right. And you guys have been terrific at managing supply chain. Maybe if you could just spend 30 seconds talking about how you'll handle product transitions in some way, right? Like, you just – I think the industry has actually struggled a lot going from Hopper to Blackwell. You guys were super early in delivering that as you're looking from now, maybe GB200 to GB300. How do you think about the cadence of this? It feels like maybe this transition should be easier, but would love to get your high level thoughts on that?

Arthur Lewis Dell Technologies Inc – President, Infrastructure Solutions Group

Well, look, I don't really want to jinx myself, but when you're engaged at a very technical level with customers and you got an indication of what it is they're going to buy, you have an indication of what you need to buy. When you're kind of speculating as to what might happen, you might get yourself, kind of like in a sideways, sort of

Wamsi Mohan Bank of America – Analyst

Sure.

Arthur Lewis Dell Technologies Inc – President, Infrastructure Solutions Group

But this is again, the pace of technology here is like, I've been in the industry for a little bit over 30 years. I've never seen anything like this, Wamsi. I mean, you got super chips coming out now like every six months, right? And you got the software that goes along with it, the networking advancements, you've gone from 200 to 400 to 800 to 1.6, soon to 3.2, I mean, the amount of innovation here is just staggering. And then, we talked about NVL72, it's got 1.2 million parts. I kind of was joking with Paul envisioning like, hey, why don't we just lay out all the parts on the floor, and like, who wants to judge the – who wants to come in, partake in putting this puzzle together, right? I mean, these are not easy things to engineer. People who think that there's a reference design out there that you can just go copy and get a bunch of people and kind of put it together, that's a fallacy, like, putting these systems together is extremely complicated, deploying them, connecting them, getting them up and running, turning them over into production, it's very complicated. And we've differentiate ourselves. We were the first to deploy Hopper. We deployed 100,000 GPUs in six weeks last year. I haven't heard of anybody being able to do that. We deployed the first NVL72 in November. A lot of our competitors are still having trouble deploying NVL72. And we're now in a position where we turn over systems to customer and production within 24 hours. And so we just keep getting better and better as we hone our skills. And customers need it because the pace of technology – I mean, typically you're on like a sort of a tick tock, like a major thing every two years, a mid-life kicker in between, you got major transitions happening now every six months, right? You're going from, last year we were at 62 GPUs per rack and now we're at 256, heading to 576, right. It's just, like, within 12 months apart, right? It's...

Wamsi Mohan Bank of America – Analyst

Yeah. The pace of product introduction. I tuned in into DTW.

Arthur Lewis Dell Technologies Inc – President, Infrastructure Solutions Group

Yes. You remember, Jeff, he has a new acronym, UFP.

Wamsi Mohan Bank of America – Analyst

Yes.

Arthur Lewis Dell Technologies Inc – President, Infrastructure Solutions Group

Yes. That's what this is.

Wamsi Mohan Bank of America – Analyst

I remember it. Yes, yes. Yes. It's quite amazing. Maybe a little bit on Dell's differentiation here in handling the supply chain. We heard from one of your peers and they had a material guide down to their numbers because of issues associated with tariffs. How do you guys navigate? I know you absorbed some of the impact. I know you called out on the call and said, like, we're not making any price changes at the moment. How are you able to do that? Like, what is the secret sauce here that you are able to deliver such solid results and managing the supply chain?

Arthur Lewis Dell Technologies Inc – President, Infrastructure Solutions Group

Look, I mean, kind of like a four-part unsatisfactory sort of answer, right? Number one, I mean, Dell has been managing geopolitical issues for the last 40 years, right. And there have been any number of issues, that we've shown a certain agility and adaptability around. Specifically on tariffs, we've been working the situations since Trump, he won in 2016. We've become really good at it. We've become really agile about it. And everything that we know about tariffs is embedded in our guide. I know it surprises a lot of people that everything that we know about tariffs is embedded in our guide and we talk about Q2 being deflationary, but that's just kind of like what we do.

Wamsi Mohan Bank of America – Analyst

Yeah, no, it's actually really impressive, especially when you consider how other companies are operating. And I know ever since Michael started the company, like supply chain and like negative cash conversion cycle and these have been the hallmarks for you guys. So pretty amazing, yeah.

Well, maybe back to AI servers a little bit, right, like, so you guys, you just noted Arthur that you had \$5 billion incremental on revenues. You've got about \$0.5 billion incremental sequentially on gross profit dollars, \$0.5 billion sequentially on operating profit dollars. So, maybe just help us think through how that flow through is as high as it is on the one hand and what other components are contributing towards that sequential increase outside of AI servers?

Arthur Lewis Dell Technologies Inc – President, Infrastructure Solutions Group

Well, I'm going to include AI servers just to kind of tell you the full story, but I think there's four components to think about, right? One is, storage is incredibly important in the P&L, and we continue to push more Dell IP. And that's incredibly important, because we talk about the fact that we want to push more Dell IP because obviously we make more money on it. But I think the why is incredibly important here. And the reason is there's been a significant trend over the last couple of years back to disaggregated infrastructure. And you started thinking about, well, why is the world moving back to disaggregated infrastructure? And the reason basically comes down to the fact that more and more customers are moving into what we referred to as a multi-hypervisor environment. And so why are customers doing that? They're doing that, number one, because they want to prevent vendor lock-in, right. And so they want to have flexibility in terms of their cloud operating system that they use. More practically though, they're also looking at the new workloads that are coming online, some of it due to AI that are more container and bare metal based, right. So, they need to be thinking about that.

But also there's been an industry shift over the last two years away from perpetual licensing and to subscription-based pricing. And that subscription-based pricing is based on CPU cores, right? So in a traditional HCI, your cluster might run at 30% to 40% CPU utilization, right? That's completely ineffective in a situation where you're paying per core, right. So you need the ability to scale, compute and storage independently, so more and more customers are now pushing back towards disaggregated as the way to go. It gives them more flexibility and it's a lot more efficient from a cost perspective. And you see that in PowerStore, we just talked about the numbers there and you see that in the Private Cloud and Dell Automation platform announcements that we had at Dell Technologies World.

So, we leverage this technology trend. We have the data trend for the unstructured portfolio, the security trend for the cyber resilience portfolio. We talked about the fact that PowerProtect grew triple-digits. So, we like that storage trajectory and we expand margins as a result. So, big contributor there. Number one is storage.

On this traditional server portfolio, we continue to maintain very strong price discipline, even with the mix where we have, which is probably more indexed to the enterprise than the market itself, but we have industry-leading margins there. And in our guide you see that we have margins expanding there. We even have margins expanding as we go out throughout the year in AI, and we couple those three business objectives with very strong cost controls from an OpEx perspective, and that's how you get to your \$500 million of incremental op inc.

Wamsi Mohan Bank of America – Analyst

Okay. That's helpful. Would you call out anything that was one-time in nature at all in the quarter?

Arthur Lewis Dell Technologies Inc – President, Infrastructure Solutions Group

No.

Wamsi Mohan Bank of America – Analyst

Okay, that's great. So, as you look at sort of the pipeline of opportunity here for AI and think about the customers, different customers where that opportunity resides, how would you characterize this between maybe Tier 2 CSPs, enterprise and sovereign and line of sight into that?

Arthur Lewis Dell Technologies Inc – President, Infrastructure Solutions Group

Yeah. So, from a market segment perspective, we basically look at it three separate customer segments, and maybe a little bit more when we get to enterprise, but I'll get there in a second, right. The one that we talk a lot about is sort of the Tier 2 CSPs, right. And they're the dominant portion of the portfolio right now. And there's kind of two flavors of the CSPs, right. You've got a couple of companies out there that are looking to change the world and they're driving to Artificial General Intelligence or Artificial Super Intelligence, right? And you got the rest of the neoclouds that are really out there vying for the GPU-as-a-Service business. And that is the lion's share of the revenue and it's the lion's share of the pipeline, right, because there's an unabated race to a pot of gold at the end of the rainbow that these guys are chasing.

The second customer set is sovereign. We've talked a lot about sovereign. We talked now that, hey, this is an area that's starting to ripen, so you're starting to see sovereigns materialize in the pipeline. A lot of people talk about the announcements in the Middle East, and yeah, those are interesting.

Wamsi Mohan Bank of America – Analyst

When are you booking a flight there?

Arthur Lewis Dell Technologies Inc – President, Infrastructure Solutions Group

I was there earlier this year.

Wamsi Mohan Bank of America – Analyst

Okay.

Arthur Lewis Dell Technologies Inc – President, Infrastructure Solutions Group

A lot of people talking about the Middle East, but there's sovereign opportunities all over the world, in the United States, UK, France, Germany, in Northern Europe, in Asia, Japan, Malaysia, Singapore, Korea. There are sovereign opportunities all over the place. And last Thursday we announced one with the Department of Energy in building out their new flagship, NERSC-10, which was an incredible win, because traditionally we haven't paid a lot of attention to the HPC space. But now, very interestingly, HPC is moving towards AI, as you get modelling simulation to go along with the traditional machine learning, deep learning and generative nature of Artificial Intelligence, which just plays naturally to our strength. And so that was a pretty nice win there. Jensen was there with the Department of Energy Secretary, Chris Wright. So that was incredibly proud moment for us in winning that business. And so you'll see more of those opportunities ripen, get into the pipeline and start to book orders.

And then, there's the enterprise where we talked about the fact that we now have 3,000 customers. And what I really like about the enterprise is it continues to grow, but the maturity level is still very nascent compared to the other two segments, right? And the other, the CSP, the ball game is underway, right and it's early innings. The sovereign is probably the top of the first inning. But in the enterprise, the game hasn't even started, right. Players are still warming up on the pitch. You were pulling into the parking lot and we're getting ready for the game. But what I really like about the enterprise and what's really exciting is that, we are now helping customers define their future data strategy. This is not something that we have traditionally done as an infrastructure provider. Companies really don't understand Artificial Intelligence, how to deploy it, how to use it, let alone how it's going to impact their data center going forward.

So we sit down with customers at a very early stage and we talk about very strategic things like what use case and ROI are you going after? How do you think about model selection? Jesus, I got this Llama thing, I got this Cohere, thing, I got this Mistral thing, I got this Gemini thing. How do I match up model against use cases?

Then they get to the really hard question around, okay, I understand my use case or a couple of use cases, I understand my model strategy, but now my data is tied to like hundreds of applications against thousands of databases. These databases are very siloed. They don't talk to each other. The data is not clean. It's not been prepped. It's not tagged. There's no easy way for me to ingest it into the AI. How do I do all of this, Dell, because if data is the fuel that feeds AI, right, and you're building a 400 horsepower engine, but you're going to feed it with non-premium grade fuel, right? You're not going to get the optimization and the value out of the engine itself. So we are now at a very strategic position with a lot of these customers where we're helping them not just define their current architecture, but the architecture of their infrastructure for their future data center. And that's a position that we haven't been in. And I love the fact that we're leading with innovation here. We're not fast following anybody, right? If you take a look at our compute portfolio, our storage portfolio, from Private Cloud to the AI Data platform to the Cyber Resilience, I mean, we're innovating like it's nobody's business. DTW last week was an incredibly proud moment. I had the privilege of speaking to the innovation that the team is driving, 40 major product announcements across everything. And the biggest question you didn't talk about this, you didn't about that? I mean, I got 15 minutes do you want me to talk about, like, but that's how much innovation we're driving.

And so, like we're in the driver's seat. We're right front row. And it's one of the biggest technology transitions of humankind and it's just incredibly exciting.

Wamsi Mohan Bank of America – Analyst

Arthur, just on, I think when you started talking about enterprise, you mentioned ROI and its importance. So, can you give maybe just some examples that can help us think through, where these efforts are being deployed at enterprises and what kind of ROI targets, like, and timeframe on those and any perspective that you could share on that?

Arthur Lewis Dell Technologies Inc – President, Infrastructure Solutions Group

Yeah. So, let's go through a couple. So, content is always an interesting one, because artificial – generative AI in particular is very good at document summarization, right. So, if you like us have like thousands of people that are generating tens of thousands of pieces of content, there's a very clear ROI to say, hey, you can build a content generation engine and really help streamline and accelerate and drive consistency and perfection in your content creation. So that's been a pretty easy to understand use case for a lot of customers.

Coding assistant has been another really good use case. I mean, we're using that internally, and we've targeted I think conservatively 30% productivity gains using coding assistance. And then I got a choice to make. I can go deliver 30% more stuff or deliver the same stuff with 30% less OpEx. Now it's a choice. Do I want to be more of an innovator or, like, how do I kind of think about the business? But again, that's a conservative number.

Customer service has been a great one, because at Dell we've been driving what we call the next best action, which we use generative AI to help the call center reps understand what the problem is that the customer has, to get to an action that's going to get the situation resolved significantly faster than sort of in the old world. And then obviously your sales chat assistant would be sort of the top four use cases.

And then there are other use cases around supply chain finance, things like digital twin. So, any number of use cases, but the content creation code assistant, sales chat and customer service I think are the top four that customers are playing around with right now.

Wamsi Mohan Bank of America – Analyst

Okay. That's super helpful. One of the things that since you have, like, such a large portfolio, can you share some color around just storage attach in AI? I know you've spoken about Project Lightning. Like, where do you see deployments of that on a go-forward basis? And how should people generally think about the attach of storage and other services when it comes to the ramp of AI servers?

Arthur Lewis Dell Technologies Inc – President, Infrastructure Solutions Group

Yeah. So we already see the attach of network and storage to the compute, right, because the AI, yeah, I would think of it as a system more than anything else, right. So, last year Artificial Intelligence was the place where you had these one-shot inferencing models. And with these one-shot inferencing models, the model could sit on the HBM. And so customers were really focused more on the server node itself. But as you move now to Tree-of-Thought logic and some of these long thinking reasoning models right, the model still sits on the HBM, but it's not going to have all the information to respond to all the queries, right?

So, it needs to go to fetch information from the network attached storage, right. So, now you need, like, very quick connection, you need fast scalable storage that's got a very quick connection to the compute to be able to generate the tokens to solve the problems for AI, right? And so, as enterprises move and adopt more of these reasoning and long thinking models, it's not just a compute game anymore, it's a compute plus the network, plus the storage, right?

And our value proposition I think is very strong here, because in this system, we are unique in that we are the only entity in the world that can actually engineer, optimize and fine tune the compute, the network and the storage under one roof. Essentially we become the integrator of the system versus the customer saying, well, I'm going to buy the compute from vendor A and a network from vendor B, the storage from vendor C. Now I got to put this puzzle together and make it work, right?

And we've not only put the infrastructure together, but we're building on very salient components. We talked about the parallel file system, right, which will be the fastest parallel file system in the world. And we believe it will be twice as fast as our nearest competitor, allowing for a 64% greater data access, which is really what you want in a parallel file system. So, for customers that have the very high-performing file in that Tier 0 space, Lightning is going to be perfect for them.

We also talked about the partnership with NVIDIA and Dynamo in creating this key value caching layer, so that when you kind of have to go back and fetch from your network attached storage, you can do so at very accelerated speeds, because these long thinking models and this was kind of like the deep sea conversation we're having before, like it was really more about the reasoning model, because the compute needed to respond to a reasoning model is about 100 times more than in this one-shot inferencing models. In fact, Jensen said in earnings last week, it's a 1000 times more. I haven't seen that math, but I know it's at least 100 times more. But if he's saying 1000, maybe we'll go with his number, 1000 times more.

And then you have the underlying PowerScale, PowerStore, right. So it's the breadth of the portfolio that's coming together, whether it's Private Cloud, whether it's the unstructured portion of the portfolio or the cyber resilience portion of the portfolio, we've kind of got you covered from an enterprise perspective.

Wamsi Mohan Bank of America – Analyst

Can you talk about, like, for let's say if you sold servers for \$100, like, how much of what percent or how many dollars of attach could you get on any additional parts of the portfolio? And how should we think about the margin structure of that as well?

Arthur Lewis Dell Technologies Inc – President, Infrastructure Solutions Group

Yeah, I don't know that I have a good – kind of like it's too early to say a, like, for every dollar of server revenue, you should get X, because not every dollar of server revenue is the same. Like, see, I'll give you an example. I'm an enterprise customer. I might have a use case that requires an eight-way server node, right, because that's the performance I need, well, that's going to cost one thing. But it might be that I need a PCIe form factor that I'm going to scale up over time, right. That's going to cost something else.

Both are going to require the same storage, but there are different costed compute nodes, right. So the ratios will be off, right. So, I'm still trying to figure out if there's a good attach metric. But we're still trying to kind of figure out what we want to do is attach stores and network to every opportunity, right. That's the attach metric I'm looking for, right? And then we can get into an attaching sort of the right amount of storage to it.

But like I said, we see it today, right? Like, where we are selling the compute, we have a really good opportunity to sell the storage and we're doing that. And the margin profile should be like within the profile of what we're talking about when we sell Dell IP storage, right?

Wamsi Mohan Bank of America – Analyst

No, that's great. And those are very good margins, for those who don't know. But when you think about, you know, as you have more and more of these all such contracts and attach and services especially, some of that portion will get deferred over time. So, one of the interesting things that's happening I think is you have this dynamic on your deferred where obviously you're adding to the deferred with all the AI servers, but there's also an element of deferred that's coming off your balance sheet. So that's not fully apparent to investors what's going on. So, maybe if you could help us think through when does the materiality of that start to kick in from your perspective?

Arthur Lewis Dell Technologies Inc – President, Infrastructure Solutions Group

I'm going to defer to Paul on the materiality of it. But, like, this is a very nascent business, right? We shipped little bit close to \$10 billion last year. We know we're going to ship over \$15 billion this year. When we book these deals, there's a percent of the services that we do, that we follow Generally Accepted Accounting Principles, and we defer a portion of that consistent with the term of the contract. That stuff moves off to the balance sheet, and then over time comes back to us, but it's still very nascent. So, I don't think we've reached all the level of materiality I would say yet, just given the newness of the business. But, again, like, at minimum, we're going to do \$20 billion, \$25 billion sort of in the first two years, right? That's an incredibly fast ramping business. So, I can't imagine we're not going to get to materiality quicker than norm.

Wamsi Mohan Bank of America – Analyst

Okay. All right. That's really helpful. Maybe just I know we've got very little time left and we still have so many pieces of the business that we haven't even touched on, but maybe just to very quickly touch on industry standard servers and sort of the cycle replacement, cycle dynamic that's going on over there?

Arthur Lewis Dell Technologies Inc – President, Infrastructure Solutions Group

Yeah. Like I said, we've had, like, six consecutive quarters of demand growth, five consecutive quarters of P&L growth. And a lot of that has been driven by this consolidation. There's a clearly a refresh that's going on, but then there's a huge opportunity to consolidate and refresh. And that's kind of like what we see for the year. We did see in right around April 2 demand slowed for two or three weeks. But again, like the world got turned upside down, where we thought one thing on tariffs and then the next day it was like, wow, that's something completely different. And so, I think a lot of companies were like, hey, what does this mean from a macro perspective? What does this mean to my business? How should I be thinking about spend? So we definitely kind of saw a slowdown. And then internally we brought down our internal model forecast by about a point. So, we were thinking the market was going to grow 5% to 7%. We thought now it's like more in the 4% to 5% to be a little more conservative, but it's still a growing market. And that's sort of factored into our guide. And what's really cool is that, we have a pretty big installed base, and 75% of that installed base is sitting on 14 generation and older servers and we just launched our 17th generation server. So, I mean, depending on the workload, you can consolidate, say, one server to four to seven servers, kind of depending on the workload. So, that's a pretty significant consolidation for enterprises that are looking to optimize for space and power.

Wamsi Mohan Bank of America – Analyst

No, that's awesome. I know we're out of time. So, maybe Arthur, just to close out, what do you think investors should most be focused on about Dell and any parting thoughts from you?

Arthur Lewis Dell Technologies Inc – President, Infrastructure Solutions Group

Yeah, I think the most important – like, what excites me about what I do, and I love technology, and I love Artificial Intelligence. I think this is a technology that's going to revolutionize the world for the better. I think this is something that's going to drive human progress in so many ways that we can envision. And we have a front row seat to helping customers navigate this very challenging transition. We're helping the largest of the CSPs, we're helping sovereigns, we're helping the enterprise. We're taking all of the learnings across all the different customer segments and sharing those learnings. Everything that we do in the largest of the CSPs, we take that and we help customers of all sizes and shapes, kind of like really understand the technology. And being there and being that trusted advisor for the enterprise through this technology transition and leading the way, not being a fast follower, I think is something that we don't get enough credit for.

Wamsi Mohan Bank of America – Analyst

Awesome. Well, thank you so much, Arthur. That was really insightful. Really appreciate your time. Thank you. Thanks, guys.