

Conference Title: Virtual Discussion on the Future of Work with Dell CSG President

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Katy Huberty: Good day everyone. I'm Katy Huberty, IT hardware analyst at Morgan Stanley. As many of you know, over the past couple of quarters we've become increasingly bullish on long-term PC demand driven by increased PC penetration in the home, faster refresh cycles as notebooks grow and mix as well as the investments that will be required as companies return to the office and adjust to more hybrid work models. Well, investors have been skeptical on this call around sustained PC strength. Dell is similarly constructive and I'm looking forward to hosting a discussion on the PC renaissance with Sam Burd, EVP of Dell's clients' solutions group. Sam is responsible for the success of Dell's commercial and consumer client portfolio.

And his team is hard at work developing the next wave of solutions that will enable productivity both in the office and at home. Now, before we begin the discussion let me just mention that 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 and 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 and Dell Technologies' periodic reports filed with the SEC.

Dell Technologies assumes no obligation to update its forward looking statements. I would also just point you to Morgan Stanley research disclosures at morganstanley.com/researchdisclosures. So with that behind us, Sam, thank you so much for spending the time with us today. I'm going to turn the floor over to you for some initial remarks and then I'll moderate Q&A. For those listening in, please submit your questions via the webcast. I'll monitor those and weave your questions in with some of my own. So Sam, over to you.

Sam Burd: Hey. Thank you very much, Katy. Great to be here today. I'm very excited to be able to talk with all of you about Dell's client solutions group or a CSG business as we call it. Basically

our PC business and more at Dell. I do have a few slides that I was going to flip through and some upfront remarks. And if you want copies of the slides just know that they're available on our investor relations site for download. So if I start and just take a look at the PC space and our business today, a couple of takeaways that I have around why I'm excited to be talking to you and thinking about the opportunity that we have. There are really three things that stand out. Number one, which I'll get into in a little bit more depth is, and Katy you touched on some pieces of this but we really believe we have a business that's in a unique position and a differentiated position to capitalize on the opportunity ahead of us in PCs and client technology.

Number two, when we look at the business we see long-term good dynamics around this business. We see a new work from anywhere, learn from anywhere, play from anywhere kind of environment that if you look at industry forecasts, we believe it bodes well for the future and opportunity in this business. And then third area that's interesting and exciting to me is our Dell business and the role we play inside the bigger Dell technology business. We are a significant contributor in revenue and profitability to the business. We're a great place for us to have entry and engagement with new customers, to bring them into the family, for people to see the opportunity they have to transform, change their business with technology from Dell and our different divisions and companies inside Dell. We delivered good revenue and profit growth and we've delivered good cash flow growth to the company. So three kind of quick takeaways around my excitement on this business.

If you then take a look at areas that we're different and how we do things differently with a unique, competitive advantage in the industry, there's four things I'd flag. Number one is a world-class go to market team. We operate in 180 countries. We have the largest sales force in our industry and a complimentary channel that adds that coverage that we have of our customers with our sales force. So that's a great way to grow the business. You think about being able to engage our customers, understand their needs and deliver against it. We have people in our company who are doing that at a unique scale in our industry. We've coupled that with an unmatched services organization, global, more than 34,000 employees, 2,500 service centers, 760 parts

depots. So whether a company is looking to get their technology fixed or they're looking to transform their business, we have a services organization that is broad and it can engage customers and get the job done for them.

That kind of approach builds loyalty and really a great experience with Dell when you couple that with the products that we're delivering. We've got a supply chain organization in our company that is renowned in our industry and across the industry. More than \$70 billion of purchases, 25 manufacturing locations. We have a global operation that's nimble, can ensure we get products to customers when we commit and we achieve the kind of costs and efficiencies that are important to be successful in our business. And you have those three up with a global financing arm, nearly \$12 billion in assets. Adds flexibility to our ability to service customers, let them engage us by technology in the way that they want. So some really good, different things we do in our business. And then Katy, we put that together with, if you think about just my PC business but all of Dell Technologies, when companies are transforming they want to talk about the total solution for their business.

And we're also very unique in being able to bring to bear a great set of assets, a leadership position in PC and servers and storage and software. So we can really solve companies' needs and we can deliver best in class solutions in different spaces that get them what they're looking for. So really good competitive advantages. What does the market dynamic look like then? And what do we see as we go forward? If you take a look at IDC and IDC's view of the industry, we see a really good growth trend. If you like look at 2016 to 2019, there were 262 million PCs sold on average. Last year we were over 300 million. This year IDC's projecting more than 350 million PCs. If you look at the next five years, IDC projecting an average of 340 million PC's.

So seeing growth in our industry in the PC space. And those units come with revenue. It was \$190 billion TAM in the PC space. It was \$133 billion last year. We see that growing and projections are from IDC that it gets to \$260 billion in the future. So there's growth and revenue and it's not just the PC that we're focused on but you think about how systems and technology are being used today. It's about delivering an experience to customers that allow them to get

their job done, get what they want to get done, done. That involves peripherals. It involves software. It involves services. And if you look at all those spaces together, they more than double the TAM available to us from when you're thinking about just a system TAM. And we look at that as good. We believe the future is bright.

And some of the reasons you see those forecasts for growth are because the world's going to look different in the future. Our research shows that more than half of employees would like to work from home more than three days a week. And if you look at the experience they have with technology, 42% of people say they would quit or leave a job if they had inferior technology. So people are going to be remote. Technology is going to be important like it has been in this past year and people want great technology to get their job done. We still haven't reached APC per person. You think it's an individual device. That's how you're productive. That's how you learn. That's how you game and enjoy yourself when you're not working and learning. And we are not yet at that level. We still have tens of millions of students around the world who are not using a PC device when they're at school.

So think about us in the greatest data era, an era where intelligence and capability are really important to education and people are growing up without a PC. So we could see continued opportunity to bridge that digital divide and get the leaders and the adults of tomorrow enabled with technology. We see more notebooks being sold. Notebooks on average we see have about a year and a half faster refresh cycle. So all of those things combining to say the dynamics around the industry point to opportunity in the future that we'll want to go and grab. If you look at our business in that space, we've performed well on a revenue basis. We're in our 37th year of being a founder led technology company. We started with PCs. We're now so much more and we've added to that portfolio but we've had a passion in this.

Michael Dell has had a passion for this space from the day he started it, being focused on customers and the need, understanding that innate need and value of technology and helping enhance human and personal productivity. And it's still true today just like it was 37 years ago. We've seen 7% revenue CAGR over the last five years. The industry has been consolidating.

The top three players have gained 20 points of share over the last decade. And we're more index to commercial in our business. We're about 70% of our revenue coming from the commercial space. You look at our performance there, we've gained 560 basis points a share in the last five years and we were the only top three vendor to gain share in the commercial space last year. So good dynamics around our revenue growth and a track record of delivering there.

You can also match that up with profitability. If you look at profitability, we've delivered really nice margin expansion over the last five years. We have had differentiated performance versus our top two competitors. And looking at the last two years, we've had favorable tailwinds in the industry, whether it's component costs declines or supply constraints that have helped ASPs. But we still see, when you look at our performance versus competitors, we still see some really key trends that help us have a differentiated structural approach that leads to better results. We tend to sell more direct and engage our customers directly. It lets us talk to them, really understand their solution and deliver that total solution to our customer. So think about more loyalty, higher ASPs from that kind of approach with a direct mix that is 2X the industry average. We're focused more on commercial, which I talked about earlier, and commercial tends to have higher ASPs.

It tends to buy more of a total solution. Commercial customers think about the ROI of a technology investment and that ROI has been really good so they invest in that space. In the consumer space that we do play in we go after the higher end customers with our XPS product line, considered best in the industry for a number of years or our Alienware gaming systems. We're a leader in that space. So people are investing systems that are really meaningful and important to people and a space in the high-end and online where we saw the world shift in the last year. So you look at our last year and we grew 64% on an order basis in our online business. And we're able to take all those areas and then sell the full set of services, peripherals, software to those customers, which help us have happier customers.

And it helps us on the revenue growth and profitability. So Katy, that was a kind of quick overview of our competitive advantage, what we see around some of the industry trends coming up that you hit on some of those trends and then how we do things differently and how we have

performed. And I see those trends look positive. We're absolutely leaning into some of the areas of growth that we see and that you've highlighted in this space and that we see coming up right in front of us. And then we're proud of, I look at the performance that we've had in our business, we're proud of a heritage of strong operating performance and of doing things in a differentiated way that we believe produces better results.

Katy Huberty: Great. Thank you, Sam. That's a perfect foundation for the discussion. As I said earlier, please submit your questions via the webcast. I'm just going to read those in with my questions. Some of you may see that Rob Williams is also on. The company does go into quiet period later this week. So he'll jump in if the questions become too forward looking. So I want to start, Sam, with following up on some of your comments around demand drivers that I also outlined in the beginning because this is really the core debate in the market. Is the old 260 million shipments a year where the market returns to or is this new 340, 350 million shipment level a new normal and a higher structural level of demand?

And I guess the follow-up would be, you mentioned some of the drivers, increased home penetration, so instead of one PCs per home, multiple PCs in the home. You talked about the office refresh that will be required as people return to the office, the adoption of notebooks and the faster replacement cycle that drives. When you think about those factors, are there one or two that are particularly contributing to this higher level of unit demand and contributing to your more constructive outlook around the size of the market going forward?

Sam Burd: Yeah, well Katy I think a big overall factor is people and companies are looking at PCs differently today. They've really in the past year showed they were critical to keeping the world connected. So that's a good reason why we saw a whole lot of growth. And if we look at the future, we see the way companies are going to operate is not just go back in time a year ago and kind of hit the play button and then we'll kind of edit this part out and we're just on the same course. We think about and we call it this kind of future of work model and being in a hybrid operating model. So think about how you take the good things we've learned in the past year, put it with stuff we did before, being face-to-face with people and being able to collaborate.

And then it goes, technology is going to be really important in that environment. I'm going to be from working from a home office or a remote office somewhere multiple days of the week. I'll be collaborating other days. I need an ecosystem around me. Maybe I'll carry my device between those locations, maybe I won't. But like that technology, when you think about how we got stuff done it matters and then put all that together and I love the classic problem we're talking about, exactly how big the market is because I remember back we had this debate like 10 years ago. People said, hey, the PC market is going to be dead. We just celebrated fastest growth in a decade. We're looking at a year that could be among the best year that the PC has ever seen.

And if I go back to prior high watermarks, there's about half a billion more people in the world. Technology is more important than ever. I talked about getting it in the hands of students. I see that on the consumer space. I live it in my house and my kids, it's like a one-to-one kind of relationship to go have a PC and be connected with their friends. If they're having to share devices it doesn't work and that's a wonderful problem to have but it's a great opportunity for us to put those devices in people's hands. And then we've seen the commercial space, commercial demand. If you look at core commercial and companies, I think there's opportunity that you hit on as people go back to the office. It was a little harder for companies that hadn't fully modernized over the past year to keep customers up to date or keep their employees up to date on technology.

They were more like, go grab something, send them home with a PC, have them at least be able to be partially productive. As people are back in the office, it's easier to go touch that technology. The companies are going like, hey, I realize having a better experience equals people are more productive in their jobs, they're happier which means they stay with me and I've got to get people up to date. So I think we'll see demand around, helped me modernize my process of getting PCs in my employee's hands and then let me get this refresh that I kind of paused on over the past year back on track so people have systems that work great on Zoom, Teams, whatever kind of environment you're sitting in today. So I think it's not exactly one thing, Katy, but it's that

combination of things and the PCB in a different space that to us says some of these projections you see by IDC and others are very real and there's opportunity ahead of us.

Katy Huberty: Yeah. I would just follow on it and say that we've heard from many CEOs that they're thinking about investing to upgrade their PC. So spend more per device in order to drive employee productivity but also employee satisfaction, to your point. And another data point I would point to investors is we recently ran the math on the number of PCs per household, even in a market like the US that's quite developed and it's still in the just above one PC per house range. And so when you think about one person working from home at least a day a week and at least one kid needing to turn in their homework and be ready for remote school, that number still has quite a ways to expand. I guess you said this at the end of your last answer, Sam, referencing the IDC data. There's a question on the webcast from a client asking specifically whether Dell underwrites the IDC forecast, not just for 2021, but do you agree with the trend that it will then decline off the 2021 peak next year and then sort of slowly grow off that base? Does that trend make sense for you or is there not enough visibility yet to know?

Sam Burd: Yeah. The one thing I've learned about forecasts, Katy, is like the moment you make a forecast, you're absolutely going to be wrong. So if you ever get it exactly right, you should celebrate. I think it's the best thing that I can see out there in terms of looking into the future. I think all these dynamics we talked about will come together in kind of different ways and we'll see how it ultimately plays out. I think that the big trend that we would see is going from what you mentioned of 260-ish million unit market to a 340-ish million unit market over the next five years. So we think that opportunity is there. And when you play out, like you mentioned the PC per household. When you look at refresh cycles changing, it's not an insignificant thing to see a shift to notebooks and have refresh cycles on notebooks be about a year and a half shorter than a desktop.

And we've seen that play out in other industries. When they stretch out the growth goes down, when they pull in and you give people a reason to refresh, the growth rates go up. So you put all those pieces together and I think that forecast is as good as we can see in the future. I am sure it

will absolutely be wrong but it takes into account those kind of drivers that we see out there. And like you said, the exciting thing to me has also been seeing the interest from companies at the CIO level, at the CEO level. I've seen also, with customers I work with, I've seen the partnership between IT and other leaders in the business stronger than ever before because companies have started to realize exactly what you said of like, if I get people a great system, it starts getting people on a level playing field on a Zoom or a Teams call.

I can get the most out of them. I need performance from these systems so people can go do their job. We did some surveys where it's like PC is more valued than volleyball courts and foosball tables and everything else and it became even more so during this pandemic. Employees generally want to contribute to a company. If you give them a great tool and think about the cost of a PC over three years of salary you're going to pay to someone, it is very small. Even our most expensive PCs like workstations, we find have fast refresh cycles because you're giving them to the designers and engineers, like your most creative people in the company. You think most expensive asset that would take the longest to replace. Well, it actually has the fastest ROI because if you can make people more productive, you get more out of them. It's worth that small investment for the kind of return that you get. So I think you put all that together. We don't have any better forecast but I think it's reasonable given what we see with those different drivers.

Katy Huberty: And when I have this conversation with investors, one of the follow on questions is about the handoff from the consumer to the commercial market, with the consumer having been very strong over the last year. People were stuck in their houses. They were having to spend more time on their PC. In some cases through government stimulus, they had excess money to spend plus they were saving on travel and eating out. And so will the consumer demand fall off before the commercial demand picks up? And I guess my question there is, should we assume that consumer demand is going to fade or is there an argument that it may remain elevated for longer?

Sam Burd: I think we'll certainly see consumer demand will have more things to compete with as things open back up. So you think about a vacation or a trip postponed, there'll be other things

competing with discretionary spending. I look at our business and I do see good opportunity in the space that we're in, especially on the PC side. So I think I touched on we're about 70% commercial, 30% in consumer. We're more indexed to the premium spaces in consumer. I see when I look at whether gaming space or high-end PC that someone put in place, we still see opportunity both to grow in that space and then to have those systems be replaced by customers who have a really good experience with us. So I think more competition coming for PCs. They were five, six different categories that people spent on at home.

Like it still had to compete with improving my house. Suddenly people were painting everything, changing their house because they were around that house. So it still had competition in this past year. Those dynamics will change in the future. And then we're more oriented towards commercial where I see some of the trends are positive that you highlighted. We saw education spending good in commercial. We saw corporate a little slower and we think that changes as people get in the office. We think the higher end consumer space continues to be resilient. We've seen that grow over the last five years and that's been a positive trend and a good opportunity for us.

Katy Huberty: I'm glad you brought up the education market because that was a clear area of strength within commercial last year. But we're still hearing about governments around the world that are funding, equipping students with PCs. And I see data points like in China, only 12% of students have access to a PC at home because that's a market that skipped the PC and went straight to smart phones. It feels like there may be longer runway in the education market. Is that a fair characterization or how long do you think it takes for the world to get the right number of PCs in the hands of students?

Sam Burd: Yeah, we still do see space in the education around the world, Katy. So that's right. I look at it and there's tens of millions of students around the world. Like you look even in the US there's about 10 million students. There's about more than 10 million students in Europe. So you look around the world and it starts adding up to a very large number, whether it's in very developed countries or more developing countries, those statistics hold true. And you think about

the world that people are jumping into, post-education is going to be technology enabled. So having someone start, if a country looks and goes, I want to have a successful, talented workforce, they're going to arm them with a PC. So we see more runway in that space. We also see students are some of our greatest testers of PCs because they are among the hardest users of PCs.

So I think there's space of getting a PC in every student's hands and then there's also a repurchase cycle where those systems get broken. They need to be replaced for the next generation of students and students then start buying PCs for home, a gaming PC to go with their system at home. I saw people doing video conferencing, had pictures of some of our customers who were sitting with their school PC on their desk and then doing homework at the same time on another device. So there's a good capability of as soon as you're around technology, it breeds more ways technology can help you be productive. So more space in education for sure. I think it's a critical component of how people are going to learn going forward. And it equals, not only just building up to every student getting a PC but those systems will need to be replaced in the future.

Katy Huberty: That's great. So we talked about consumer and education. The last market is corporate. What do you think the office PC investment cycle looks like given a hybrid environment? You mentioned that 50% of consumers want to work from home a few days a week. So is this going to be a desktop refresh? Is it going to be a notebook investment cycle? Is it going to be a combination of the two? And if so, does it actually look more robust than past corporate refresh cycles that we've seen that have been driven more by operating system upgrades than anything else?

Sam Burd: I think, Katy, it's a combination probably of both from what we see. You looked at last year and you could draw a desktop trend line that seemed like desktops were going to disappear. We have certainly seen a strong shift to notebooks. I think people who got a notebook, that's not going to change. People are going to see the flexibility there. IT will remember and companies will remember what happened in the past year and go, I want my workforce arm to be able to be

flexible and nimble and really capable. But then when you put that together with working in different environments, whether that's a system that you move between environments, one system in one environment, one system in other environments, we see that kind of workspace playing out. Collaboration spaces with technology there for employees set up by customers.

We also see the ecosystem around devices has become even more important in the past year. We look at internal studies that show big increases in productivity if you arm people with a laptop, with simple stuff like a big screen, a keyboard and mouse, so they can get more data around them, be able to process that data. It's stuff that's worked forever on trading floors around the world. People want that in a world where data's coming at you, you're on a conference call trying to look at a presentation that someone put together and look up another data point online. Ability to do that all at one time equals someone can be a lot more effective and efficient. So we see this kind of a dual hybrid world with people working in different places equals the more systems per person for IT in an environment and then that ecosystem around how people operate.

I think it was always important but it became clearer when we had the COVID pandemic and people had to work at home that people with those environments were a lot more productive and suddenly IT said, Hey, I've got to go do this to get my company enabled so we can work smarter, work better, and be ahead in our industry. So I think all those trends equal a good opportunity in the commercial space. I'm also seeing commercial customers really rethinking how they put technology in place. And they've been happy for a while on the old approach we have of largely sneaker based IT. People coming around, you want a new system, we need to re-image that system. If you need help, there's someone to provide help for you on a call or the help desk somewhere and going, how do you get that when we had so many people working from home?

How do you get that modernized and more simple and take advantage of the, think about the processing power we have, the software capability of today, telemetry and AI machine learning. We can start to do things radically differently and we are on how people experience technology in a corporate environment. So investing in modernizing how people deploy, manage, update PCs has suddenly gotten higher on the list of many companies. So they just have the flexibility that

they want in the future and they start being a lot more efficient and quicker with how they're getting technology in employee's hands and the employee is happier. It lowers costs once you get over the investment you make upfront and your employees are happier. So that's a really good, good thing to go do.

Katy Huberty: So if we agree that PC shipments are going to land longer term somewhere in that 340 million range, how should investors think about Dell's market share? You've taken about 70 basis points of unit and revenue share consistently since 2013. You started out in your slide deck walking through some of the advantages around sales and supply chain and financing and services. Should investors expect that you can continue to take share even with the top three vendors accounting for about 60% of revenue dollars today, which is up over the last decade from 40% already?

Sam Burd: Yeah. We're certainly coming at it with the view of the investments we're making in the industry are so that we can deliver on what customers are looking for and win and gain share. We've done that. We've done that for our 37 year history. We have been customer obsessed from the beginning, focused on operating really effectively, getting great technology in our customer's hands. And we're going to keep doing that. We've cared about the PC from day one. We believe it's very important in the future. We continue investing in the products that we're putting out there to have them be best in class. We're investing in the experience around the product.

So you think about what we can do with our service arms, with work that we do with VMware, with different partners to bring software and intelligence to bear on that life cycle. Those are things that we are uniquely capable of doing and we think they matter to customers. And if you invest in the space, deliver great products, make a difference on stuff that matters to them, that for us equals a recipe of gaining share. So that's certainly the goal we have in our business. It's a competitive business. I'm sure our competitors are trying to do the same thing. We have a heritage of making that work and our intention is to continue to do that.

Katy Huberty: There's a question here on the webcast about incorporating security and the end points but it touches on a bigger conversation that you mentioned earlier that there's two times the spend on peripherals, software and support relative to the PC hardware. Just talk about where some of the pockets of opportunity are to grow your wallet share through driving more into peripherals and software and the services around the client devices.

Sam Burd: Katy, you hit on there. It's an opportunity that more than doubles the addressable market around the PC space. So we see that broader solution being important, security that you touched on in your question here has become, if it's possible to become an even hotter topic, it's a hotter topic in the past year. You think about a CIO'S attack surface is now expanded from an office environment to everyone's home environment and systems all over the world. We build intrinsic security into our devices. So you think about things like off-post bios verification. There's some things that we see customers want us to lead in and we provide leadership capabilities so they can have a secure environment.

On our PC devices we partnered with Carbon Black that's part of VMware and have a great AI machine learning capability that people can buy and have pre-installed on our systems. We do that across the software stack for other areas our customers are looking at. We have a leadership position in displays, which 10 years ago people thought the desktop was going away and then the desktop was going away and the display was going away. Well, visualizing your data is really, really important and we've seen a huge amount of creativity in displays performance, front of screen, how you get that information presented to you really matters. And people want that whether they're using a desktop, a laptop or any other device, that bigger screen is really valuable. Think about the peripherals that go around a system from simple IO devices to how people go operate and collaborate today with cameras, with headsets, with microphones.

So our goal is to really understand what our customers are looking for, understand the problem they're trying to solve. The advantage of having such a large sales force is we can really help people figure out where they are today, where they want to get to, and then we can bring that full opportunity to bear with customers. And it's good, fair margin business. We can package that all

up for people. We can get them what they want. They're happier when they get that full solution rather than having to piece it together themselves. And then we can expand the size of business that we have with them. And the other thing they look at is like bigger business, more engagement with us is really good cause then they have a partner that they can help use to plot their strategy.

And you've touched on how it's like the companies that are transforming and figuring out how to be digital are the most successful in their industry, whether it's an upstart, transforming an industry or an established company that's enlightened and thinking about how they go get ahead and what better partner to have when you think about the capability we have across different spaces than Dell. So our customers see that as a real asset of, I get my problem solved, I get a deeper relationship, I get a real strategic partner who can help me plot a course that I need to be successful in my business.

And as I touched on, they have world-class things in each area. So it's not a company with one really good thing trying to sell you four other things that are not so good. It's like world-class offerings across each of those spaces. So I know I'm getting something that's really good and I'm getting great advice because it's not a one trick thing. It's a really broad technology company and they're going to point me in the right way for my business. So that's how I see those different pieces really coming together.

Katy Huberty: And that attach opportunity comes at higher margins. You showed a slide that margins have expanded to 6% plus. Is that a sustainable level of profitability? And there was a question that came on through the webcast. How do you think about incremental margins in your business? If we're now at a higher level of shipments and revenues, should investors be thinking about a higher level of profitability?

Sam Burd: The businesses we talked about come at a higher level of margin, especially if you think about services and peripheral. So that's been a good opportunity. It's been something we did from the beginning in our business and something that really makes us different. I talked about

selling direct with a complimentary channel and as we sell direct we're really good. Our team's very good at putting those other pieces as part of the sale. The thing I flagged and I think I talked about, Katy, is you have to look at the last two years also with the eye too. We had very favorable component cost declines. We had an environment where we're now going on three years of different shortages in different spaces in the industry. So that's helped on the ASP side. So I don't know exactly how all those pieces settle out but I think that is important. We've had a good approach of adding to our operating profit but we've also been helped in the past two years as have other people in the industry with some of those other external dynamics.

Katy Huberty: And you bring up an important question around this supply chain dynamic where there is tightness and there has been tightness for a couple of quarters. The industry has generally, at least today, been able to pass those higher costs through. Just give us a high level view as investors are thinking through the supply chain environment, how is Dell equipped to manage through that maybe differently than some of your competitors or the rest of the industry?

Sam Burd: We've seen, Katy, shortages that was almost three years ago, started on the CPU side as an industry. We've seen that in panels. We've seen that more recently in ICs and it's both the demand for technology that's out there and PCs. Plus if you think about the whole world, there's a lot higher technology content in many of the other products that people buy. Now all that said, I look at our capability and our supply chain. We talked about the level of spend that we have, the expertise we've had in supply chain from really day one of the company being started.

And we feel we have with that buying power and the consistency of our management, whether it's Michael, Jeff Clarke, our CEO, our leadership team that has really been in this space for a long time and worked with some of these partners from when they started their businesses. We've been a good partner. We've grown in the industry and we have the kind of relationships that we need to deliver and get products out there when we need to get products to our customer. So we're not immune to any challenges that happen in the world space but we have a lot of capability in our supply chain that we can bring to bear to ensure we're able to deliver as we need to.

Katy Huberty: That's great. And that brings us to the end of the 45 minutes. So I'm going to wrap there.

I really want to thank you, Sam, for spending the time today. Lots of helpful information. If

anybody has any follow-up questions, don't hesitate to reach out to myself or the Dell IR team.

And I want to ask each of you to please be well. Look forward to seeing you in person hopefully

in the not too distant future. Have a good day everyone.

Sam Burd: Thank you.