Robert Williams  Thanks, Regina.

Good morning and thanks for joining us. With me today is our Chief Financial Officer, Tom Sweet; our President of Infrastructure Solutions Group, David Goulden; and joining us from Europe, is our Treasurer, Tyler Johnson.

We’ve posted our third quarter press release and web deck on our website at investors.delltechnologies.com, and Q3 financial results will be filed on Form 10-Q on Friday, December 9th. I encourage you to review these documents for additional perspective.

I would like to highlight key changes to our financial statements due to the recent merger with EMC and the announced divestitures.

On September 7th, we completed the EMC transaction, combining the two companies. The consolidated results of Dell Technologies fiscal third quarter include 52 days of EMC and VMware’s results.

Going forward, we will report EMC and VMware on the Dell Technologies fiscal year. The stand-alone results of VMware will continue to be publicly reported on a calendar year-end basis through December 31, 2016. Thereafter, VMware will publicly report on the basis of Dell Technologies’ fiscal year, which starts on February 4, 2017.

On October 31st, we closed the Dell Software Group transaction and received approximately $2.4 billion. On November 2nd we closed the Dell Services transaction and received consideration of approximately $3 billion.

And, on September the 12th, we entered into a definitive agreement to divest the Dell EMC Enterprise Content Division or ECD for $1.6 billion. Subject to
regulatory approval, we continue to expect the transaction to close before the end of our current fiscal year.

Accordingly, for Q3, the results of Dell Services, Dell Software Group, and ECD were presented on a discontinued operations basis. As assets and liabilities of these businesses were reclassified into the "held for sale" asset and liability categories on the balance sheet and on the income statement, the financial results of these businesses were reclassified out of the activity from continuing operations, and listed separately in the category for discontinued operations. For more information, please refer to our SEC filings.

In addition, our Q3 non-GAAP operating income excludes $3.5 billion of adjustments. The majority of these are non-cash and relate to purchase accounting and amortization of intangible assets. Please note that due to the Dell go-private transaction as well as the EMC transaction, there will continue to be significant bridging items between our GAAP and non-GAAP results for the next few years although the impact will decline in each subsequent quarter. Please see slide 3 in the web deck for additional detail on the non-cash adjustments and the supplemental slides beginning on Slide 18 as well as our SEC filings for more details on our total non-GAAP adjustments.

And if that isn't enough to keep track of, please note that our historical financials do not include EMC historical results and unless otherwise specified, all growth percentages refer to fiscal year-over-year change, which is compared to Dell prior year results.

During this call, we will generally reference non-GAAP financial measures, including non-GAAP revenue, gross margin, operating expenses, operating income, net income, EBITDA and adjusted EBITDA on a continuing operations basis. A reconciliation of each of these measures to its most directly comparable GAAP measure can be found on Form 10-Q and in the supplemental material of our web deck.

Finally I'd like to remind you that all statements made during this call that relate to future results and events are forward-looking statements based on current expectations. Actual results and events could differ materially from those projected due to a number of risks and uncertainties, which are discussed in the cautionary statement of our web deck. We assume no obligation to update our forward-looking statements.

Now, I'll turn it over to Tom.

Tom Sweet          Thanks, Rob.
First, I'll cover the consolidated financial results for the third quarter, and Tyler will share our cash and liquidity performance. David will then provide details on our Infrastructure Solutions Group or ISG business, before I cover the results of Client Solutions Group or CSG business.

This is our first quarter reporting combined company results.

Our GAAP revenue in the third quarter was $16.2 billion with a GAAP operating loss of $1.5 billion. As Rob mentioned, our GAAP results were significantly impacted by purchase accounting and transaction costs.

Switching to Non-GAAP, revenue in the third quarter was $16.8 billion.

While consolidated year over year compares are not meaningful, top line results were driven by a 3 percent increase in CSG, which outgrew the industry in both consumer and commercial PCs.

Our ISG business was mixed as strength in our emerging solutions, including all-flash arrays, hyper-converged systems, scale-out NAS and software-defined storage was offset by pressure in traditional external storage and softness in certain areas of servers.

Gross margin was $5.3 billion or 31.7 percent of revenue. Gross margin was impacted by an incremental $2.7 billion from the acquired businesses, which have a combined gross margin of over 60 percent, an $80 million vendor settlement and a richer product mix in CSG.

OPEX was $3.3 billion, or 20 percent of revenue, as we continue to execute on our cost initiatives while balancing spend across sales, marketing, and R&D.

Operating income was $2 billion or 11.8 percent of revenue.

Our near-term priorities are straightforward, successfully integrate our sales force and channel partner programs; seize topline synergies through cross-sell opportunities; and focus on our ongoing business and cost activities.

Executing against these priorities supports our de-leveraging effort where we have already reduced our debt by $5.8 billion post-deal close.

Now, let me turn it over to Tyler to go into more detail on our capital structure.

Tyler Johnson

Thanks, Tom.
Cash flow generation and ending cash balances for Q3 were consistent with our expectations and follows strong cash flow performance for Dell and EMC in the prior quarter.

Adjusted EBITDA was $2.2 billion and as a percent of revenue was 13.3 percent. The increase in our adjusted EBITDA was primarily driven by the impact of the EMC acquired businesses. Please see Slide 18 in the web deck for more details on our EBITDA adjustments.

In Q3, we had a use of cash from operations of approximately $270 million, including discontinued ops. This number includes approximately $1.3 billion of transaction and integration costs. Cash flow was also impacted by seasonal swings in working capital following outperformance in Q2. For additional information, please see Slide 19 in the web deck for more details on our non-GAAP adjustments.

Our cash and investments balance ended Q3 at $15 billion after taking into account the necessary debt related inflows and corresponding outflows required to fund the EMC transaction.

As stated on the Q2 earnings call, our Q3 debt balances grew substantially in advance of closing the EMC transaction. We finished the quarter with $56.8 billion in principal debt, including $50.5 billion in core debt. The remainder included approximately $5 billion of debt related to funds our global financial services business and the $1.5 billion VMware bridge facility backed by a legacy intercompany note due to Dell Technologies from VMware.

During the quarter, we made a $500 million optional repayment of our revolver.

Subsequent to the end of the quarter, we received total cash proceeds of $5.4 billion from the previously announced divestitures of Dell's Services and Software businesses. Netting for expected taxes, transaction fees, and payments received outside of the United States, we applied the net proceeds to settle $4.3 billion of debt, which included $2.2 billion to repay the asset sale bridge facility and $2.1 billion to repay a portion of the term loan A-1 facility as required per our debt agreement.

In addition, given our ending cash balances, we made an optional repayment of an incremental $1 billion of revolver. These debt repayments result in a $200 million reduction in annualized interest expense on a run-rate basis.

Last quarter, we announced that our board had authorized a Class V common stock repurchase program for up to $1 billion over 2 years. During the third quarter, we repurchased $165 million of Class V Common shares and as of December 8, we were up to $324 million in total repurchase, which is
approximately 7 million shares at an average price of $48.58. We are taking a
disciplined approach to share repurchases, conservatively sizing the program
to stay aligned with our capital allocation strategy. We will continue to
evaluate repurchase opportunities over the remaining life of the Board
authorization.

Similarly, we will remain balanced in our capital allocation strategy, and
focused on our plan to de-lever the balance sheet through profitable growth
and strong cash flow generation.

Let me turn it over to David.

David Goulden  Thanks, Tyler.

I will cover the results for our Infrastructure Solutions Group, which consists
of the legacy EMC Information Infrastructure business and the legacy Dell
Enterprise Solutions Group, which is now branded externally as Dell EMC.

The IT spending environment is undergoing a big transition as customers
continue to be challenged by the need to optimize infrastructure for traditional
applications and build new infrastructure for cloud-native applications.

With a wide variety of workloads both on and off premise and in private and
public clouds, most customers will operate in a hybrid and multi-cloud world.

We believe the deployment of infrastructure in this multi-cloud environment
will continue to move towards all-flash and converged solutions which bring
servers and storage together.

With this industry dynamic as our backdrop, Dell EMC is well positioned to
help customers in their digital transformation. Our unparalleled solution set
spans a full stack of cloud building blocks that includes our leading server and
storage product families, our pre-engineered converged and hyper-converged
portfolio, and our enterprise and native-hybrid clouds which include
technology from VMware and Pivotal.

Before we get into more detail on these categories, let me provide an overview
of our consolidated ISG results.

For Q3, overall ISG revenue was approximately $6 billion with operating
income of $897 million, or 15 percent of revenue.

Our server and networking revenues of $2.9 billion declined 8 percent. We
saw softness in our hyperscale server business where demand is lumpy and we
maintain a selective deal process. Additionally, we saw some weakness in our
mainstream PowerEdge business due to evolving buying patterns and
backend-loaded demand. We remain focused on our server business model to ensure we have the right offerings at the right cost points to match customer's buying trends.

Our storage revenue of $3.1 billion was up substantially due to impact of the EMC transaction.

Within storage, the legacy EMC business experienced some softness due to, first, activity related to the close of the transaction and integration process; and, second, the transition from standalone hybrid arrays towards converged and all flash, which we are driving with our new offerings and declaration that 2016 is the "Year of All Flash for primary storage."

On a calendar basis, Q3 demand for our all-flash portfolio grew very high-double digits, and at a nearly $2.5 billion run-rate is more than two times the size of our closest competitor. We continue to introduce new all-flash products across our portfolio to extend our lead.

Our new VMAX All-Flash 250F, which starts at $100,000 in a 10U system, extends enterprise-class functionality to a new set of customers.

Our new Unity All-Flash solution, which starts at less than $18,000, delivers substantial gains in storage efficiency, capacity and value with the ability to scale up to 384 terabytes in a 2U footprint.

We also introduced, an all-flash version of Isilon scale-out NAS, which delivers significant storage density and performance for next-gen unstructured data workloads.

And, finally, we announced that XtremIO amassed more than 3,000 customers and $3 billion in cumulative revenue in less than three years.

Turning to our leading converged and hyper-converged portfolio of Blocks, Racks and Appliances. The strong momentum in VxRail continued in Q3 as we have now received orders for more than 3,700 nodes from customers in over 60 countries since launch in February of this year. This is before the introduction of Version 4.0 and integration with PowerEdge servers. The new VxRail appliances with PowerEdge servers increase hardware flexibility and offer more granular scalability with more configurations at a 25 percent lower entry price and offer 2 times more storage in all-flash nodes.

Our XC hyper-converged business also performed very well, growing triple-digits.

In the midrange market, our SC Series gained share. During the quarter, we announced that our SC arrays are now interoperable with legacy EMC's
leading portfolio of storage management, mobility, and data protection solutions.

The updates to our SC Series and VxRail solutions are perfect examples of the integration between Dell and EMC technologies in a short period of time.

Lastly, Calendar Q3 demand for our Enterprise Hybrid Cloud solution grew triple digits to a nearly half-billion dollar run rate. These solutions are something only we can deliver as they span 14 different products across the Dell Technologies portfolio.

In addition to the exciting new products, we have also introduced new flexible OpenScale payment options and expanded our services capabilities with more than 60,000 service professionals and partners in order to provide the best experience for our customers.

Looking ahead, our customers remain our top priority. We are committed to supporting and enhancing all of our major product platforms and serving our customers’ most critical IT needs.

I would like to thank the Dell and EMC teams for their hard work and focus as we bring the two companies together. We have more work to do, but I am personally very excited about the opportunities that lie ahead for Dell EMC.

Let me turn it over to Tom who will walk you through the CSG business unit results.

Tom Sweet

Thanks, David.

Let's move to the client business. The overall market was slightly better than expected for Calendar Q3. According to IDC, worldwide PC unit shipments declined by 4.6 percent, an improvement from their forecast of negative 7.1 percent.

For the calendar quarter, Dell outperformed the worldwide market and grew the fastest among the top three vendors according to IDC. This is the 15th consecutive quarter of year-over-year unit share gains, as we gained 160 basis points of PC unit share.

For Fiscal Q3, CSG had a strong quarter, with revenue of $9.2 billion, up 3 percent. The revenue growth rate was the highest we've seen in eight quarters, driven by continued strength in Consumer, which grew 12 percent. While Commercial was down 1 percent, we've seen a steady improvement over the past 3 quarters with solid share gain.
Operating Income was $634 million, up 65 percent to 6.9 percent of revenue. The improvement was primarily driven by a favorable cost environment, a richer product mix of premium notebooks and workstations and approximately $80 million from CSG’s portion of the aforementioned vendor settlement.

Consistent with last quarter, we saw strong performance across both consumer and commercial high-end notebooks, which include XPS, Alienware, Mobile Workstations, and Latitude. We continue to receive strong reviews and are seeing great momentum with our updated Latitude portfolio. This includes our thinnest and lightest business-class notebooks and our recently launched Latitude 2-in-1 option.

We were also pleased with the performance of the Workstation business. Our focus on this business is driving solid results with the latest IDC data for Workstations showing Dell in a two-way tie for number one worldwide in unit share while we remain number one worldwide in unit share for mobile workstations.

Attached services revenue grew in the quarter, primarily driven by a mix of higher premium products, which tend to have a higher attach rate and services revenue per unit.

We were pleased with CSG’s performance this quarter, but acknowledge there are areas where we can improve velocity, particularly in commercial desktops where we are focusing on marketing, promotion and sales enablement activities, new customer conversions, and emerging form factors. For example, we continue to see strong momentum in our Dell OptiPlex Micro and all-in-one form factors.

We are focused on creating revenue synergies and offering solutions that leverage innovation across the company. We’ve had a long-standing relationship with VMware for VDI solutions and we are excited about the additional cross-sell opportunities. At Dell EMC World, we unveiled our Endpoint Data Security and Management portfolio encompassing solutions from AirWatch, RSA and Mozy.

With our broad and award-winning portfolio of solutions, we are positioned to expand our customer base, continue to gain share, and generate strong cash flow.

Now, shifting to the VMware segment and our Other Businesses, we were pleased with the results of VMware, with revenue of $1.3 billion and operating income of $548 million, or 42.5 percent of revenue, for the 52-day period. We are already seeing synergies from this part of the business through our partnership in selling VxRail and in broader distribution of vSphere.
In addition to VMware, revenue from Other Businesses which includes SecureWorks, RSA, Pivotal, and Boomi was $312 million.

Within this group, SecureWorks publicly reported their Q3 earnings yesterday. SecureWorks revenue was $107 million, up 21 percent.

Pivotal continued its momentum in the third quarter, adding key customers across the automotive, financial services, insurance, retail and telecommunications industries. In addition to its existing relationship with AWS, Pivotal Cloud Foundry recently announced expanded technical and go-to-market partnerships with Google Cloud Platform and Microsoft Azure.

In closing, given industry demand dynamics and the transaction close early in September, we had a solid quarter with good performance in our CSG and VMware segments, and a bit of mixed results in ISG. We need to work our way through the integration and stay focused on our customers in the coming quarters.

Our vision is to become the essential infrastructure company, from the edge of the data center to the cloud, not only for today's applications, but for the cloud-native world we're entering.

Going forward, we must successfully execute against three related strategic initiatives.

First, extend our market leading position in Client Solutions and IT infrastructure for traditional workloads, both on and off-prem.

Second, grow our strong position in IT infrastructure for cloud-native workloads, both on and off-premises.

And third, innovate with winning technology that spans and unites on and off-premises applications and infrastructure.

In addition, we are on track with a broad set of integration activities, but there is more work to be done. We will consolidate our sales force and channel programs starting in FY '18. We will continue to drive against the cost and revenue synergies we've identified, and we will continue to provide great solutions and services to our customers.

Wrapping this up, given the complexity of this integration, there may be some short-term disruption as we integrate our go-to market activities. However, we are focused on minimizing the impact to our customers. We have a talented team, a strategy we believe in, and a portfolio of solutions that can help our customers address IT challenges now and into the future.
Now I'll turn it back to Rob to begin Q&A.

Robert Williams  Thanks, Tom

Let's get to Q&A. We ask that each participant ask one question, with one follow-up if you have one.

Regina, can you introduce the first participant?

Operator  We'll take our first question from the line of Thomas Eagan with JP Morgan. Please go ahead.

Thomas Eagan  Thanks for taking my question. I have two.

The first is, Tom, you talked about the consumer products doing pretty well this quarter in the CSG side. And it was good last quarter and the quarter before that and it seems to be one of the things that's holding up that side of the business.

But on the legacy business desktop, it feels like that's been a drag for the last couple of quarters, and you laid out a couple of things that you're going to do to try to make that better. But I was wondering is it a drag -- is it your sense that it's a drag for Dell because of what you've been doing to sell that product, or is it a drag, in general, on the industry and Dell is actually doing better than other folks on that side?

Tom Sweet  Hey, Tom, thanks for the question. And, look, it's a fair question. And we have highlighted over the last couple of quarters, quite frankly, our displeasure with our performance in the desktop space, particularly on the commercial side.

So look, the desktop form factor as a general category is growing slower than the mobility platforms. And so I was very happy with the growth I saw in our mobility platforms and our notebook form factors, and we had strong growth in our commercial notebooks, particularly the Latitude line, with I think unit growth of over 10 percent.

The OptiPlex form factor has not -- has performed, quite frankly, below, from a desktop perspective has performed below the IDC sort of growth rates that we've talked about over the last couple of quarters.

So a couple of factors there. One, I quite frankly think that we have, one, a pretty strong position in desktops overall, and so we have a relatively large
share position in that. So that does create a little bit of headwinds relative to growth trajectories.

I do think that we've focused our sales organization more on mobility. The latest customers have generally been more interested in that form factor. And as a result, I think we've -- and I think the IDC data would show it -- that we've under-performed the market a little bit on commercial desktop. And that's an important category for us. It has good profit characteristics. And so we have been focused over the last couple of quarters on how do we turn that trajectory around.

So what you heard me talk about was, one is making sure that we had the right appropriate mindshare with the sales organization, second making sure that we had the right form factors and the right price points and were offering those form factors that are emerging and are of interest to customers, which is the micro form factor and the all-in-ones. And we are seeing good growth rates in those.

So I think over the long-run, Tom, we'll be fine here. We do have work to do. I don't want to downplay that. But it's an area that if we go assess our performance in the CSG business, which had a really good quarter, it's a spot and it's an underperformance that we need to go fix. I would tell you that I think IDC says that the commercial desktop's return to growth in 2018, to flat growth I should say in 2018, so we'll have to see how that market evolves over time. So look, it's a fair question. There's work to do. I try to be transparent with you guys in terms of how we're thinking about these things.

From a consumer -- just to touch on that consumer comment real quick, we have been very happy with our consumer performance, particularly around the globe. As you know, we have a separate selling organization, our consumer and small business sales organization, that is primarily focused on that. They've done a nice job of executing in that space. We've seen better characteristics around velocity of the business, a better mix of business. And I think the product offerings, particularly in our upper end of the consumer categories, with the XPS notebooks and Alienware have been very helpful to us.

And so we try to stay disciplined in that space. It's not a high profit pool market, but it's an important market from a scale perspective and also from an introducing the Dell brand to the consumer market and ultimately most consumers are also working in businesses, so we want to make sure we have a brand halo that works for us, so happy with that, more work to do on commercial desktop.

Thomas Eagan: Okay. That's very helpful. And then my follow up is I'm going to ask this question and I know it's going to be hard to answer. And it would be for
either you, Tom or Tyler. You talked a little bit about evaluation and a balanced approach to what you're going to use your free cash flow for. Could you maybe just give us a little bit more color into how you think about what plans are for free cash flow in terms of what you look to pay down to? You made optional payments on the Revolver; you made optional payments on the VMWare stock. And I don't want to pin you down to a price on that, but how do you think about prioritization of where you want to pay down stuff? Is the plan that if the VMWare stock hangs out where it's been hanging to that you'll just take that down a little at a time and at the same time pay down some of your term loans, or is it if the stock goes up to a certain price it's off limits and then you just go to pay down debt?

Tom Sweet

Hey, Tom, it's Tom Sweet. Let me start and then I'll ask Tyler to jump in. So, look, you're essentially asking a capital allocation question in terms of how do we think about where we're going to apply capital and from our perspective we've been pretty clear on this in terms of our primary focus is going to be de-levering the balance sheet. That was our commitment to the market. That was our commitment to the analysts. And I think it's the right commitment from a long-term positioning of the company.

What you have seen us do, quite frankly, is be a bit opportunistic around that DVMT stock and where that's been trading on a relative discount to the VMWare stock. And so if you were to think about it, we're going to keep our eye on that trading range and you may see us from time to time introduce some share buyback, much like we did in Q3. But I don't want anybody to be confused about where the primary user of our capital and free cash flow is going to go, which is to de-lever the balance sheet over the near to intermediate term.

Tyler, I'd ask if you've got any other comments or any other thoughts you'd like to give Tom on that.

Tyler Johnson

I mean, look, I think you pretty much summed it up. I mean we're thinking about how we acted upon the LBO and really nothing has changed in that approach. And, Tom, you nailed it when you talked about we do recognize there's good value there and we do want to take advantage of it. But if you look at -- even if you look at what we did in Q3, relatively modest in the scheme of things and as it relates to buybacks the Class V. We were prudent in paying down the Revolver, $1 billion there, because obviously that provides us -- not only do we de-lever, but it also provides us flexibility if we need to use that to fund short-term working capital needs.

And as it relates to prioritization, we'll follow through as we complete the ECD, the sale of that will be swept to the remainder of the A1 and the A3. And then we'll focus on the next tranche. So I think it is fairly
straightforward. I do think we've been pretty open in how we're doing this and I think we follow through on it.

Thomas Eagan  Great, thank you.

Operator  Your next question will come from the line of Arun Seshadri with Credit Suisse. Please go ahead.

Arun Seshadri  Hello, Rob, Tom and Tyler, good morning. Thanks for taking my questions.

Just a couple from me, first I wanted to get a sense for I think you mentioned that on the mainstream PowerEdge side demand was a little bit backend loaded. I'm just trying to understand how is that looking post the quarter and are you seeing some signs of strength. And if you could also comment on whether there has been any impact from Lenovo's recent efforts in terms of incentivizing their sales force and sort of doing things a little bit differently.

Tom Sweet  Hey, it's Tom, Arun. Let me take that and then maybe David Goulden can offer some insights, since he now owns that business and can give you his own perspective. So look, PowerEdge was a bit backend loaded, but there's no question that there are some dynamics happening within that server space, as customers are evaluating the types of form factors they want to buy and we are seeing shifts to some extent.

I don't want to overstate that, but we are beginning to see much more interest in hyper-converged, where perhaps less of an interest in customers buying piece part versus a highly configured solution that's ready to go. And so our hyper-converged trajectory has taken off pretty remarkably over the last couple of quarters, which we think is not surprising, given what we've talked about strategically around cloud-native applications and data center modernization to support some of the new applications and business models that are being driven.

So it's an area of focus for us. We're going to continue to refine our server business model and we'll make the appropriate adjustments around cost structures, form factors, and price points and feature sets, depending upon where we see the market going. But, you know, I think there's a bit of a headwind out there and you saw IDC come in with Q3 market growth that was below expectations and you've seen some of the other server competitors having a bit of headwinds in certain areas. So I think it's an evolving market.

From my perspective we have not really seen much of an impact from Lenovo. You never want to underestimate a competitor and it's a tough competitive market, but we generally have not seen sort of anything unusual out there.
I don't know, David, if you would add anything on that.

David Goulden  Yeah. Thanks, Tom.

Arun, yeah, let me just add to that. So I think if you just step back and look at servers in general, as we said, it was the hyperscale lumpiness that really was the bigger impact to the overall number than what's happening within PowerEdge, PowerEdge being on the mainstream. As Tom said, there's a shift going on and you can look at the growth areas and cloud, both public and private, is a very big driver of server growth these days, particularly hyper-converged. And as Tom mentioned, within a few weeks of closing the transaction we actually had a new range of VX rail and VX rack converged, hyper-converged systems powered by PowerEdge.

We see software defined everything driving server growth. So software defined storage, software defined networking, so we see some growth opportunities there. And also things like security, where again, with things like analytics and big data driving server in that area. So we do see a shift going on. I think we're actually now better positioned to lead into that shift than we were before we came together. And as Tom said, the overall result is the transition that we're seeing in the marketplace right now. I think everybody is kind of in the same boat to a certain extent. I think we're actually executing quite well, particularly against our traditional competition.

Arun Seshadri  Okay, great. Thank you for that.

And then maybe a follow-up for David. As far as storage itself, you know, the right way to think about this is with all the integration processes and the various changes, you know, maybe you have a couple of quarters of sort of year-over-year similar trends as you saw in this quarter, and then really hopefully a pick-up beyond that. Is that sort of the right way to think about it?

David Goulden  Clearly we did see some impacts in the quarter from coming together. Actually, I think we did a remarkably good job the prior few quarters of actually showing no impact. But always when you close a transaction like this sellers get a little de-focused, customers are asking a few more questions, and we saw that through.

What I would encourage you to do is not to read too much into the IDC data. I think that's the kind of data point people may be looking at for Q3 performance. Just to clarify what happens there is IDC is counting everything per revenue on a calendar quarter basis. Now obviously with us closing the transaction and essentially going private, we significantly changed the way that we convert or don't convert orders into revenue at the end of the calendar quarter.
So our results according to which IDC reports or revenue results were impacted by that additional factor, and then of course the things I mentioned, which was the impacts of the transaction close, integration process, and I think this caused a pause in our customer base.

If you kind of look through that lens just one more level down, basically the trending growth rates of storage in all of our competitors are basically unchanged. And, in fact, the entire change in market growth from Q2 to Q3 in external storage is really attributed to this pause we saw in the EMC customer base. So don't read too much into that. There's a few factors going in.

But I think that the way you characterize it is right. Obviously we're going through a period of integration. We're bringing our sales forces together in Fiscal '18 that will actually accelerate things. Once we've completed that process in the medium-term or the short-term it will cause a little bit of a pause for us.

So we do see that happening. We think we're actually exceptionally well-positioned from a portfolio point of view. But inevitably we've got a few moving parts here.

Arun Seshandri  Okay, great. Thank you very much.

Operator  Your next question comes from the line of Frank Jarman with Goldman Sachs. Please, go ahead.

Frank Jarman  Great. Thanks, Tom and Tyler. I'm going to ask a question, then Scott Wipperman will ask a follow-up, if that's good.

So I wanted to focus, you guys have provided a lot of color with regards to the top line stories, and thank you for that. But I wanted to focus on the synergy story which in my view is probably equally important. You've talked about the $2 billion of merger synergies that you're targeting by mid-March 2018, and then the $1 billion of standalone cost synergies that you've been executing at Dell and EMC.

So can you guys just give us an update on where you stand with regards to the run rate? I know you're still early into the transaction, but obviously we'd like to get an update there.

Tom Sweet  Hey, it's Tom.

So look, the simple story is that we're generally on track there, right. So we've been very focused on that. The leadership is behind it. Actions are happening. And so while I'm not going to parse it for you, I would tell you that we're generally on track with where we thought we would be at this stage.
So I think good progress there even as we're balancing making sure that as we integrate these businesses that the synergy actions that we're driving are not disruptive to the overall value creation story that we're focused on.

Frank Jarman

So as I think about that $1 billion that obviously is sort of more near-term, should we think of that as effectively already reflected in the numbers? How much should we expect with regards to a tailwind in 2017?

Tom Sweet

Well, look, we don't give guidance. So let me start with that. And it's not reflected in the numbers at this stage given that some of these synergies actions are scheduled to happen now between -- have started to happen and will continue to happen between now and the next eight to twelve months.

So it will feather into 2017, but you aren't seeing a fair amount of the actions flow through at this point.

David Goulden

I think the question was actually to do with the $1 billion in synergies in the base line, future synergies.

Tom Sweet

On the ones that are the standalone synergies, I should say, I mean those have been actioned and are flowing through the P&L. It's hard to see it, because you've got so many unusual items flowing through the P&L right now. It's a tough read so to speak, but those are on track. So I apologize, I misunderstood your question.

Frank Jarman

No worries.

Scott Wipperman

Hey, this is Scott Wipperman, guys. Thanks for taking the question as well.

Just as a follow-up to Frank's question, can you maybe just talk, somewhat related, but on the working capital performance and how we should be thinking about that as you proceed with the integration, particularly where are you in terms of getting the EMC business on the Dell supplier and payment terms, and how should we be kind of thinking about that process over the next couple of quarters? Thanks.

Tom Sweet

Look, I think we made good progress there.

Tyler, perhaps you can take this question, since you're the guy I've asked to run this for me.

Tyler Johnson

I can do that. yeah, look, hey, Scott, we're making great progress on that. I mean, it was really a process that we kicked off prior to close in terms of just kind of getting everything positioned, and then we were able to work and implement very quickly.
So some of this is going to gradually come in. You'll see some benefit in Q4, and then some probably over the course of Q1 and Q2, but I would say in terms of everything we were trying to achieve, we're well on target.

Robert Williams
Okay, great. Thanks for the question.

Operator
Your next question comes from the line of Jeff Harlib with Barclays. Please go ahead.

Jeff Harlib
Hi, good morning. First, I was wondering if you would break out the Dell legacy either storage or ISG revenues. And then just on EMC, can you just talk a little more about what you're seeing with a lot of the new products, the new emerging storage solutions, as well as the declines in traditional overall? In the past you talked about some increase in unshipped orders, deferring revenues, how are you looking at orders and backlogs?

Tom Sweet
Hey, Jeff, let me take the first question and then I'll ask David to take how are we seeing from the new storage platforms and products.

So look, we're not going to breakout legacy form factors and platforms on a go forward basis. So I'm going to decline to do that.

I will tell you I do want to make sure everybody understands the nuances in the business model as we go forward, and then David can jump in and take the form factors.

But what we have asked the leadership team to do, particularly David, is given the fact that they're converting from a calendar to a fiscal quarter is that we're running the model from a cash efficiency perspective in many respects. And so David alluded to it around the end of the natural calendar quarter that our guidance to that team was, look, I don't want to burn working capital to drive shipments out on a September 30 date unless a customer needs it that we could otherwise naturally ship the first couple of weeks of October, and therefore be able to fulfill that order in a timely fashion, but in a more efficient and cost-effective fashion.

And so you are going to see us continue to evolve the business model scenarios like that, but that's just more from a cash efficiency perspective, even as we transition from a calendar to a fiscal quarter.

So, David, do you want to jump in and talk a little bit about what you're seeing and some of the storage dynamics that are going on right now?

David Goulden
Yeah, thanks, Tom.
Jeff, absolutely. You asked about the legacy Dell storage as part of your question there. The SC Series actually did very nicely during the quarter. They actually gained share. That's very important because we have two very strong platforms in the mid-tier, Unity from ex-EMC, SC from ex-Dell, and the good news is that we're committed to building out both of them as they're both kind of early in the new product cycle for both platforms. So that was good, we did some cross-integration with some of the EMC technologies for the SC customers.

Relative to the bigger picture, the trends that we talked about for a prior period really are holding strong. In storage the bigger shifts, particularly for the higher end is the move to all-flash systems.

And for the calendar quarter as I mentioned in our prepared remarks, our demand or bookings for the all-flash portfolio on the legacy EMC side were in very high double-digit growth, and we had a nearly $2.5 billion run rate for those all-flash platforms, which is more than two times our closest competitor. And we continue to convert other things to all-flash. So you heard us at Dell EMC World introduce an all-flash version of our Isilon scale-out file system. That will start shipping next year.

So the whole portfolio is shifting to all-flash, and all-flash is growing exceptionally well even though we're two and sometimes three and four times bigger than our competitors. We're actually growing at a pretty similar rate, which is really quite impressive.

And then the other thing that's been important on the ex-EMC side is this move to converged and hyper-converged which continues to go exceptionally well. As I mentioned on the hyper-converged side we can now bring together solutions that are entirely Dell Technologies IP, and that's one of the real benefits that we saw. Both the VxRail is doing exceptionally well, but also the Dell SC Series growing triple digits.

So to answer your question, I think the things that we've been focused upon from a growth point of view continue to do as well and in some cases better than they did before we came together.

Jeff Harlib
Okay, great. And just my follow-up, the client solutions operating margin was extremely strong, and I'm just wondering what drove that and how higher DRAM prices may affect your margin or ability to increase prices, et cetera.

Tom Sweet
Hey, Jeff, look, I thought the CSG business had just an extraordinarily strong quarter. And I thought they did a nice job on pricing discipline. I thought that in terms of execution of the business model, in terms of attach and positioning within the market, they did a nice job. The cost environment clearly was helpful in the sense of some of the cost dynamics within the quarter.
And so my comment to you, Jeff, is that we have generally talked about that operating margin in that business generally being targeted to sort of run in that approximate 5 percent sort of OpInc range. And I think over the long-term that's where you see that business. So I do think it was a little bit of both what our expectations were in terms of profitability, but obviously we're going to take that.

So that favorability was generally driven by component costs, the pricing, the ability not to price that all the way through, and we also had that vendor settlement. So I don't want to gloss over that. We did have that vendor settlement that helped related to some past activity.

As we think about the environment going forward from a cost perspective, there are some dynamics happening, and we are seeing some pressures around certain cost component items. I think the real question is, as we get cost pressure, can we adjust the pricing activities and our cost models to ensure that we uphold the margins.

And so that's our job, that's our activity that we're focused on. And so while we might have some fluctuations, I do think that we'll adjust our pricing appropriately to take into account any of the cost dynamics that we're seeing in the marketplace. And I think that cost environment will, over the next couple of quarters, will be a bit more challenging, I think.

Jeff Harlib  
Thank you.

Operator  
Your next question comes from the line of Wamsi Mohan with Bank of America Merrill Lynch. Please go ahead.

Wamsi Mohan  
Yes, thank you, good morning, and congrats on getting to the first quarter here of combined Dell EMC.

So two questions, one on the client side, how are you viewing market growth outlook into 2017, and can you maybe share some of your view on how the current levels of channel inventory are? There is some talk that 3Q had some up-tick.

And then on the storage side, David, I think you mentioned hyperscale lumpiness. Any color on regionally where you saw that? And do you think we're going to see a couple of quarters of pause here or was it just episodic from a large customer or two?

Thank you.
Tom Sweet: Hey, Wamsi, would you repeat the first part of that question for me, please, on the client?

Wamsi Mohan: Yeah, no problem. I was just wondering how you're viewing the market outlook into 2017 on the client side, and what your view is on the current level of channel inventory? I think there was some concern that 3Q saw an up-tick in channel inventory, so I just wanted to get your thoughts around that.

Tom Sweet: Look, I think IDC would tell you that market next year is supposed to be roughly a minus 2 market. That seems relatively consistent with what we're hearing from our supply base at this point in time. Obviously our focus is always on growing faster than the market, but I think what you're seeing is a gradual improvement in the PC market after hitting the trough, if you will, last year. We're beginning to see a better PC market in the second half of this year than the first half, and I think that trend continues on a marginal basis, if you will, next year.

So our focus, again, is always going to be on outperforming the market and continuing to take share in the commercial space, even as we grow our footprint. From a channel inventory perspective -- ad by the way, the other thing you should think about next year is that we've had lots of conversations and you folks have asked a number of times around how do we think about Win 10 and what's the dynamic out there with some of the new processors that are coming online. We are long-term bullish on Win 10. But I think our expectations on when we might see a refresh cycle are probably a bit more muted and probably more towards the second half of next year than the first half, given everything we're seeing.

There is lots of interest with lots of commercial customers doing pilots and thinking their way through implementation strategies there. But we haven't actually seen, or we've been able to attribute I should say, significant buying pattern changes as a result of Win 10 at this point in time. The industry continues to consolidate and I think IDC would report that the top three vendors had something like 59 percent share as of the end Q3. We expect that consolidation trend to continue, which I think is helpful for us and perhaps some of our larger competitors.

So look, I mean I think the dynamics that are setting up for next year look a lot like the end of this year and it's up to us to just go execute through that marketplace. From a channel inventory perspective, maybe some increase in channel inventory, some sell-in by certain competitors in Q3. Some of that, as you know, would be normal sell-in related to the holiday season. Others of that are perhaps sell-in on certain lower value mobility products.
From our own perspective our channel inventories are right in line with where we've run historically and so we're focused on executing our business model. So that would be my comments on the client.

And then, David, maybe you can talk about the hyperscale.

David Goulden  Yeah, hyperscale, I think you mentioned storage. I'm sure you meant server. The hyperscale business, by definition, because you're selling to a relatively small number of well-known household names, has this lumpy factor. And there was a big boost from that segment last quarter, so it's not surprising to see a fall in that segment this quarter. I think we're going to see that kind of on/off type spending occurring for the foreseeable future.

In terms of geo-focus, I think people know who these hyper-players are. Most of them are in the North American marketplace, but there are some people in that category on Asia and China. So the impact would really follow the geo-mix of those players, which still applies more heavily to North America than the other segments.

Robert Williams  Great, thanks, Wamsi.

Regina, let's take one more question.

Operator  We'll take our final question from the line of Jason Kilgariff with Bank of America. Please go ahead.

Jason Kilgariff  Hey, guys. Thanks for taking the question. Unfortunately the only one left on my list is a tough one and I think actions speak louder than words, but I'll throw it out there anyway.

Michael Dell was interviewed on Bloomberg Television in the quarter and made a comment about Dell being part of further consolidation in the IT industry. And I don't think anyone was surprised by that, per se, but I think his follow-up comment that you guys currently had the financial capacity to make that happen took me a little bit by surprise. So I'd be curious to hear your thoughts on that and maybe how we should think about that, relative to the commitment to debt pay down.

Tom Sweet  Yeah, look, I think what you heard Michael really talk about is the fact that we continue to be mindful of what's happening in the industry right now. And there is a long-term consolidation trend happening. There's no doubt. It's evidenced by what we're talking about today. But from a financial capacity perspective that's a combination of -- I haven't specifically talked to him about that comment, but from my perspective we have an ownership structure that if there was an opportunity out there that made sense to us that there is incremental equity available to us, from a leverage perspective and a debt
perspective, you know, it's not our intent to lever the balance sheet. But if something ever were to come up that there is more leverage available out there in the market it comes at a cost and you'd have to think about your long-term leverage ratings, or credit ratings.

But, again, look, I mean we're focused right now on executing the integration that we have on hand. And that's a multi-year journey, given the size and complexity of that. And we've got to do that in a way that is focused on our customers and ensuring that we deliver the right capabilities and services to our customers. And so I'll leave it at that.

But I should just -- you guys should -- I think what Michael said is pretty consistent with what Michael has said in the past, which is he's going to continue to be interested in what's happening in the market, and as evidenced by what we've done in the last few years.

Jason Kilgariff    Great, thanks.

Robert Williams    Okay, hey thanks. Thanks, Jason.

That's going to wrap the call today. The investor relations team will be available for follow-up today and tomorrow and next week. So please give us a ring if you need some additional follow-up and we will be at the Consumer Electronics Show in January. So I hope to see several of you there.

Thanks.

Operator    This concludes today's conference call. We appreciate your participation. You may disconnect at this time.

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