



## Dell Technologies | Bank of America “View from the Top” CEO Series

January 11, 2022

**WAMSI MOHAN:** Good afternoon, everyone, and thank you for joining our call today. Before we start, I need to read two obligatory disclosures - one from our side at BofA. Conflict disclosure as relating to the individual companies and securities discussed in the call today can be found on the call of invitation. The second, on behalf of Dell, I need to read a statement concerning forward-looking statements.

Dell Technologies' statements that relate to future results and events or forward-looking statements and based on Dell Technologies' current expectations, actual results, and events in future periods may differ materially from those expressed or implied by these forward-looking statements because of a number of risks, uncertainties, and other factors, including those discussed in Dell Technologies periodic reports filed with the SEC. Dell Technologies assumes no obligation to update its forward-looking statements. So with that out of the way, and hopefully I did as well as IR does this on calls, let's begin.

I'm Wamsi Mohan, the Senior Tech Analyst at Bank of America. And today for our installment of view from the top CEO call series, we're honored to welcome back Michael Dell who really needs no introduction. As you all probably know, Michael started Dell with \$1,000 back in 1984 at the age of 19 when he was still in high school. Today, Dell Technologies has an enterprise value of \$79 billion. In 1992, Michael became the youngest CEO to ever earn a ranking from Fortune 500. Michael is known and admired for his business vision, bold moves, which included taking Dell private back in 2013 and later, orchestrating one of the largest technology deals with the combination with EMC and VMware in 2016, and more recently, in November of last year, completing the spin-off of VMware. And apart from all the business success, Michael has done a tremendous job in philanthropy. In '99, he and his wife Susan established the Michael and Susan Dell Foundation, which provides philanthropic support to children and families around the world. And lastly, I would urge everyone on this call to read Michael's new book, *Play Nice But Win*. Having followed this company for a fairly long time as an analyst, I think it's actually absolutely captivating to hear Michael's side of events. So Michael, it's a privilege to have you on the call with us today. Welcome.

**MICHAEL DELL:** Thank you so much Wamsi. Great to be with you.

**WAMSI MOHAN:** Thank you, Michael. Pleasure is, as always, ours. So to kick it off, you've gone through so much change with the company. Dell is a little bit of a leaner company today. And when we put it in recent terms, ex-VMware, ex-Pivotal, ex-RSA, ex-Boomi, how has the vision for your company changed versus when it was more of a federation of multiple businesses?

**MICHAEL DELL:** Yeah, so we feel really good about our business. And we feel that we're uniquely positioned with the explosion of data that's occurring in the world and kind of this new age of multi-cloud that is emerging and the acceleration of digital enablement that's occurring across the world. And the shifting customer needs are bringing the markets our way. And our goal is to be the most essential enterprise technology company for the data era. Obviously, the VMware spin unlocked significant shareholder value. That was a change in our capital structure. It wasn't a change in our operating cadence with VMware. And so today, you've got Dell as a more than 100- billion-dollar business, the broadest IT portfolio in the industry. We have industry leading positions in more than 20 categories across the portfolio trusted by millions of customers around the world. We're a structural share gainer. We've gained share in PCs for 31 out of the last 35 quarters. That's 88% of the time, if you're keeping score. We've gained 470 basis points in commercial PC share in the last five years. We've gained 560 basis points of mainstream server share. And of course, now with the VMware spin, we have the financial flexibility. We're investment grade. Balance sheet is strong, and we're feeling very optimistic about the future.

**WAMSI MOHAN:** Yeah. It's impressive, all the amount of change that you brought in. And it's almost unparalleled in scale and capability and leadership and across so many different categories. It's a great business. So Michael, can you share your thoughts on the current macroeconomic environment and the IT spending environment? I mean, COVID had caused tremendous disruption in IT more broadly. And it has created sort of significant step up in the importance and relevance of a lot of your portfolio. But we're still dealing with COVID, now with Omicron. And there is a lot of uncertainty in the supply chain regarding components. How are you thinking about this new sort of environment from a macroeconomic standpoint and what is Dell doing that is unique?

**MICHAEL DELL:** Yeah. So look, as a technology optimist, I think, I kind of have the view that technology is always going to be more important in the future. But if you go back to kind of the origins of COVID, I remember a couple of months after it started, there was a headline that came across the news wires, and it basically said something to the effect of '4.5 billion people were told to stay in their homes'. The reason that's relevant is the only thing that really worked during that time was technology and specifically, digital technologies. So everybody wants more of that. And businesses are digitizing faster. The online models and amount of data being created is only accelerating. And so I think the macro environment is quite solid. Obviously, looking at our results, we've had five record quarters in a row. The last quarter revenues were up 16%. EPS was up 28%. And if I look at our TAM, it's a huge opportunity. We've got \$670 billion in the core TAM for CSG and ISG. And \$650 billion in adjacent TAM, as we expand into edge and telco. And look, I think our recent performance and also our history of performance highlights the durable competitive advantages that we have in areas like supply chain: our direct relationship with customers, our integrated business model, the ability to leverage our common parts across platforms. And yeah, I mean, I think if you just reflect on what's going to happen in 2022, maybe out to 2025, people want more flexibility. And so I think hybrid remote work is going to continue. And obviously, that's a big demand driver. And I think, as I kind of started with, I think the whole digital

enablement just accelerates. And with 5G coming, huge opportunity's at the edge. And so we're feeling optimistic.

**WAMSI MOHAN:** No, that's fantastic. Can you maybe address sort of in this current Omicron world, are you seeing more challenges associated with supply chain? You guys have navigated this tremendously, compared to some of the other peers, who have had significant issues with supply and very elevated backlogs, because they haven't been able to actually satisfy the needs. And you alluded to some of the things which is doing commonality of parts and other things that are fairly unique to your way of designing and development. Do you find yourself looking at the world and thinking, there is more headwinds around supply chain, or are things easing? How would you characterize that?

**MICHAEL DELL:** Well, we're not immune, and we've got the challenges, too. How I wish we had more supply. I'd say it's improving a bit on the CSG side. Still, some pretty significant challenges on the server side. On storage, we're in pretty good shape. But it's a game of whack-a-mole, if you're familiar with that. And the integrated supply chain is such that there are always new challenges popping up, and we have to deal with them. And fortunately, we're probably better than average at this, as you mentioned. I think customers are also well attuned to the inflationary nature of some of the cost inputs. And so that is reflected inside the business as well. And as you know, it takes \$10 billion or so and three years to build a new semiconductor plant. What the people don't often mention is once the plant is built, it actually takes some time to get it up to yield, maybe another year. So this problem is going to not go away quickly, but I'd say it's improving a bit.

**WAMSI MOHAN:** No, thanks for that context, Michael. We appreciate that. As part of the VMware spin, you, being able to pay down significant debt and achieve investment-grade status, can you talk through how you view Dell as being positioned? If we go into an economic deceleration or a downturn, there's a lot of concern as the Fed raises rates, what's going to really happen. Is it going to put some brakes on the economy if liquidity is coming out of the system? So how do you think Dell is positioned to face an economic deceleration?

**MICHAEL DELL:** Well we've operated through all the various cycles in the last almost 38 years. And they have done pretty well in down cycles as well. And look, I think our diversified portfolio insulates us somewhat. In storage, we're number one in every major category. Typically, relative market share is two to three times better than the next nearest competitor. That's a stable profitable cash flow. And when you look at sort of the structural aspects of the amount of data, particularly unstructured data that's growing in the world, there's a lot to get excited about there. In servers, we're number one in revenue, in mainstream server revenue, again, a proven structural share gainer. And nobody's been able to offer customers the breadth and depth or integration. And customers keep turning to us because we have a better story in bringing all this together and making it easier for customers. And of course, in CSG, we're focused on not so much the unit volumes but the profit pool and the revenue. And so we focus on the most stable profitable segments, of course, commercial but also high-end gaming and high-end consumer.

And then, of course, we've got the VMware collaboration that continues with great offerings like VxRail, the VMware Cloud on Dell EMC. And I think customers are still going to continue to invest in digitization. The number one challenge organizations have today is labor shortages. And the way you deal with labor shortages, besides rising wages and being more aggressive recruiting, is you automate. And you invest in technology that's going to make your business more effective. And so put all that together, I think we've

got a consistent track record of growth, profitability, and shareholder value creation through all sorts of cycles. And we can pull levers if needed. We did reduce our OpEx, roughly \$900 million, as the uncertainty of the pandemic started at the beginning of FY21 and feel like we can manage through whatever cycles are presented to us.

**WAMSI MOHAN:** Michael, how do you feel about M&A? I mean, obviously, you've not been shy of huge transactions. This is a market where you guys are already dominating from an infrastructure standpoint, just whether it be on CSG or ISG side. You noted all the number one market share position across all these categories. But how do you think about inorganic growth as a lever to boost sort of your strong core position?

**MICHAEL DELL:** I think it can be a part of our growth framework. It will be a part of our growth framework. I wouldn't look for big transactions. I would look for more kind of tuck-ins that support our kind of strategic growth areas and telco and 5G, data management, AI, machine learning, security. I mean, if you want to look at the Dell Technologies capital website, you could see 120 companies there. That's kind of the path for growth that we're looking toward. And it'll be some acquisitions of firms like those but also alliances and partnerships to augment our own innovation, which is quite substantial. And we're going to be disciplined. And again, I wouldn't look for large-scale M&A from us.

**WAMSI MOHAN:** And I think one of the things that investors are now, as they look at Dell Technologies, expecting to changes is really in the way that you are thinking about capital allocation. And now, the board is going to institute a dividend. You're going to be returning some capital back to shareholders, which is fairly material. How are you thinking about balancing that versus investment versus M&A? From a broader perspective, how important and balanced will these be?

**MICHAEL DELL:** Well, as you know, up until fairly recently, 95% of our free cash flow was going to pay down debt. And as we're in a lot better shape now with the recent dividend and kind of massive historic debt pay down, our focus has changed. So you're going to see share buybacks, all right? We talked about a dividend as well. We're certainly going to invest in the business, and you could see some tuck-ins. But feel great about the business and the balance sheet, the flexibility that we have. And obviously, it all depends on our cash flow. But if you look at our cash flow, free cash flow conversion has been very strong. And we have some structural advantages there as well. So don't be surprised to see some nice return of capital to shareholders.

**WAMSI MOHAN:** No, that's fantastic. Michael, you alluded briefly to the change, being more of a capital structure change not really an operational change in your relationship with VMware. And in the past, I mean, Dell has really benefited from this total relationship pricing across Dell and VMware. Can you maybe share your thoughts on what this long-term agreement is that you have with VMware? How strategic do you view that? And some of that, reselling revenue is coming in at a slight dilution to margins. Is that the right framework to think about longer term, or will the relationship or will that margin trajectory change?

**MICHAEL DELL:** So we did a lot together in the, roughly, five-year period. But it actually predates that for Dell and for EMC, separately, before that. So what we did was we kind of formalized all that in a form of a commercial agreement that has a five-year duration. We can extend it beyond that. And look, it's been incredibly mutually beneficial for VMware, for Dell Technologies, and for customers. And we have this kind of first and best relationship with VMware, but it's not first and only. And as a large VMware

shareholder and as the chairman of VMware, I want VMware to grow as much as possible. But the unique things that we've done together-- VxRail, again, this VMware Cloud on Dell EMC-- we've sort of made the easy button for multi-cloud for customers, right? You've got 600,000 customers using VMware. Dell has a leading positions in mainstream infrastructure. You put it all together, make it really easy for customers, they love it. It doesn't mean that the other guys can't work with VMware also. I want them to, as chairman of VMware. But we have been a large part of the VMware business. And yeah, it's been beneficial. And when we bring a total solution to customers, it's valuable for us and for customers because customers don't want to be systems integrators themselves. They want us to bring that complete solution. And on the other side, we'll also expand our partner ecosystem, allowing customers or really following choice and kind of the open ecosystem that's out there.

**WAMSI MOHAN:** No, that's great. And as you think about doing this post spin off world, Michael, do you see opportunities? I mean, as you mentioned, VMware's going to do other partnerships as well. But from a Dell perspective, do you see opportunities to maybe deepen relationships with other partners like a Nutanix, for example?

**MICHAEL DELL:** Well, that's not entirely a new thing, right? We've had relationships with others and certainly, Microsoft, Red Hat, etcetera. And again, we're going to follow customer choice and customer needs. And as the leading provider of infrastructure, there are going to be all kinds of software workloads that will run on that infrastructure. And we're open for business.

**WAMSI MOHAN:** Yeah. You mentioned on this a little bit, but it's becoming more and more evident that we're moving to a multi-cloud environment for most enterprises. But there's a strong momentum still in public cloud also. So what do you think are the dynamics at play here between on-prem and public cloud? And how do you take down this position to sort of address this shift between workloads across in this multi-cloud environment?

**MICHAEL DELL:** Yeah, I think what customers are realizing... they sort of start this process, they say, 'Oh, I'm going to be cloud first. I'm going to do everything to the public cloud. And they're usually thinking about one public cloud. And then they kind of figure out that, well, that doesn't really work. I've got to have multiple clouds. And not all the workloads fit well in one cloud or another. And then I've got to have it all worked together. And some of the stuff, it doesn't even make sense to move it. And now, I've got the edge, so they're like, can you make all this work for me? How do I make sense of all this?' Some workloads, there are security issues. There's kind of data sovereignty issues and a cost issues. And so almost all companies are adopting a multicloud architecture. And of course, we're partnering with all the public clouds and extending a lot of our software value-add into those. The VMware Cloud Foundation has been a very powerful way for customers to create the same infrastructure and operations across any public cloud, their own on-premise environments, and the edge. And then there's the rise of the co-los, because one of the things that customers have been doing is looking to say, how can I access multiple services from these various clouds but also keep my data in a neutral place?

**WAMSI MOHAN:** Yeah. No, that's really interesting. I don't know if we lost your video everywhere, but it seems to have gone off for a second over here. But we can hear you fine, so I'm going to keep going here. So Michael, how will Dell keep up with the investments that the hyperscale players are making? I mean, you guys really prioritize innovation. You guys have done a tremendous amount of innovation. I mean, you look at where the PCS come to now versus what it was even five years ago, or you look at some of the other end markets in terms of servers or storage, there's just been a tremendous amount of

innovation that you guys have done. But the hyperscalers are throwing so much CapEx and driving their own sort of roadmaps in certain instances and also introducing some products into onprem world. So how do you think this fits in with what you're hearing from customers, enterprise customers that want to operate at scale?

**MICHAEL DELL:** Yeah, one interesting data point is: take a look at our server growth in the last several quarters in a row. It continues very healthy, double digit sort of order growth. Wish we had more supply, but doesn't everybody, right? So look, the hyperscalers are definitely a source of innovation, but the overall innovation ecosystem is much broader for IT. And as it relates to Dell, we're taking an open approach as we modernize our core business and expand it into adjacent markets. And we're focused on working with a lot of those hyperscalers. So for example, we've got the AWS container platform on top of VxRail. We've got our Microsoft Azure HCI solution, and we're working with Azure Arc as well. We've got power scale for Google Cloud. We've got a number of additional announcements coming in this area. And obviously, we've got the Dell Technologies Cloud Platform. That's co-engineered with VMware, and that's a turnkey experience. And we've got the VMware Tanzu portfolio with VMware Cloud Foundation 4. And one of the things we're doing is also kind of moving the business to much more subscription, consumption with APEXs. And we're seeing some nice demand and interest there from customers.

**WAMSI MOHAN:** So Michael, do you think that this, as a service, like the APEXs-type offerings will become a substantial piece of your portfolio over time?

**MICHAEL DELL:** I do. I think we're sufficiently large that it's going to take some time. Remaining performance obligations are not new to our balance sheet. You can look and see the remaining obligations, whatever it is, \$38 billion or something like that, last quarter. So there's a substantial amount that's there. And I think it's absolutely going to grow. Customers are preferring that kind of consumption model, and we're in the process of moving our business in that direction.

**WAMSI MOHAN:** No, that's great. Maybe to touch on the channel quickly, how important do you view the relevancy of the channel to your go-to market? And how are you thinking about the progression of that?

**MICHAEL DELL:** Yeah. So our business is a little over \$100 billion, and it's roughly split almost evenly between our direct and our channel sales. And importantly, we don't actually have a direct sales force. We have a sales force that works with the channel. And it's roughly a \$50 billion channel business, which is obviously huge. And in fact, it's the largest in the industry. And look, these channel and business partners enable a lot broader reach for various customers and types of use cases and applications around the globe. And it gives us the ability to go where our own sales teams aren't able to go. But channel plays an important role in our growth strategy, and we're fully committed to growing our channel business and obviously, our direct relationship with customers. It is valuable. It provides customer intimacy and great feedback into our innovation engines. And it's roughly split right down the middle.

**WAMSI MOHAN:** I do want to get into CSG and ISG. But before that, maybe again, there's been a lot of talk, and we see it every day on the inflationary environment. More broadly, as it pertains to your portfolio, can you give us some thoughts around your product pricing strategy? And let's say that

component costs start to move down, would you have to give up some of those ASP increases that you had over the past year?

**MICHAEL DELL:** There's definitely a correlation between those things, Wamsi. But I think it's also important to remember that customers are asking their products to do more than ever before. So in the data center, they're putting more virtual machines and more containers into servers, so these servers are getting much larger. And the data growth is just tremendous. And then, of course, on the PC side, well, look at what we're doing here, right? We're having an online meeting here. The IP telephones have been sucked into the PC, video conferencing, obviously, at home, entertainment, immersive gaming. So people are looking for more capable machines, which is driving ASPs higher. And I don't really see that rolling over.

As far as the industry goes, I think you've seen sort of a downturn, if you will, in some of the really low-end categories like the Chromebooks, which we are less prone to participate in anyway. And partly, that is because it just doesn't do as much. It's just not as capable, right? And now, of course, you've got Windows 11, and you've got 1.8 billion PCs out there and 600 or 700 million of them, something like that, more than four years old. Pretty sure, approximately, none of those will run Windows 11. And approximately, none of them would be good enough to participate in a meeting like this in terms of the quality of a video interaction and experience that people are looking for. And then, of course, if you think about the whole remote hybrid work, hey, we want bigger displays. We want noise cancellation. We want better webcams, everything.

**WAMSI MOHAN:** Yeah, no, absolutely. So maybe, that's a good segue way to just talk about the PC market. How are you thinking about the demand side of the PC market, well, in the short term, say 2022, and longer term? And maybe think about that both on commercial and consumer side.

**MICHAEL DELL:** Yeah. I think the usage pattern for the PC has been reset to a different level. And it has to do with this do-it-from-anywhere world that we're in, health care, education, work, shopping, entertainment, gaming, everything. And think about in a typical home. You might have had one PC and people were sharing the PC. We can't do that anymore, right? The kids each need a PC, and your oldest PC, no good anymore. And there's been a shift toward more notebooks. Those have a higher refresh rate. You've got an aging install base that won't support Windows 11. So yeah, I think, particularly for the markets that we're more participating in, we feel quite positive about the demand trends. With commercial and high-end consumer and gaming, commercial PCs are roughly 70% of the business. And again, we've been gaining share. I think, we can continue to gain share.

**WAMSI MOHAN:** So you wouldn't subscribe to the view that COVID created a one-time maybe big pull forward that now is going to create a reset in the PC market in the future. You just think that the TAM is a lot larger. Maybe there was some of that, but the TAM is also a lot larger. And so the opportunity to sort of put more PCs in the hands of more people is just as big as it's ever been. Accessible Version

**MICHAEL DELL:** Well, think about it this way. I mean, is everybody going to go back to the same way they were working before the pandemic? So if I'm a Bank of America customer and I used to go to your branch, because I didn't really know how to work the mobile app, not speaking for myself of course, ut in the pandemic, I had to figure out how to work this mobile app. Now, I figured it out. Do you think I'm going to go back to the branch, now that I know how to use this app? No, I'm going to keep doing that. And all these people that now have flexibility and can work in a hybrid way or work remotely, are they

all going back to offices all the time? No, I don't think so. So yeah, I think there are structural factors here that totally affect the demand signal.

**WAMSI MOHAN:** Yeah, no, absolutely. Maybe moving out of storage. How's the mid-range storage portfolio doing? Is it tracking to where you expected it to be at this point in time in terms of market share? And I think, a peak market share was over 40%. Do you anticipate DAO getting back to that sort of a market share again? We've actually seen this play out. You guys have been a consolidator, I mean, when you look at companies like EqualLogic and others that you've done over the years or what EMC has done over the years. When you look at all those deals, you really need some scale to succeed in storage. And you guys, obviously, are the biggest player out there. Do you think there is a path to get back to 40 percent-ish or somewhere around there market share?

**MICHAEL DELL:** Well, we'll see. We have more than that in some categories and less than that in some categories. We are number one in every category in sort of any way you want to slice it. And storage is a bit like asking Eskimos about snow. There's 27 different types. Just covering the big ones in high end, all flash, unstructured, mid-range, entry, we're number one everywhere in our portfolio. The mid-range price bands represent about 60% of the market and are the fastest growing. And we serve that not only with PowerStore, which has grown really nicely, but also with PowerScale, with PowerProtect, and with VxRail. And last quarter, our HCI product VxRail order growth was 47% faster than some of the public clouds are growing. In mid-range storage, we have about 27% share. It was up 147 basis points, and our growth in the third quarter, orders growth in mid-range was 18%. And PowerStore is the fastest growing storage architecture that we've ever created. It's had double digit growth over the past three quarters. And this last quarter, 23% of the buyers were new to storage from Dell. And 28% were repeat buyers. And so we feel really good about the positioning of the portfolio. We've simplified the portfolio, and it's resonating well with customers. And order growth was pretty healthy in the third quarter, and stay tuned.

**WAMSI MOHAN:** Just to follow up on storage, one way to segment this storage market would be all disk, all flash, and hybrid. If we were to think about it in those terms, how would you say the market is gravitating toward? And do you see a world where the flash adoption overtake sort of where the HDD bases today?

**MICHAEL DELL:** Well, from our perspective, we don't really care right now. We're sort of indifferent to that. And to a large extent, in software value add, we can make a lot of that sort of less relevant to the customer. There are tremendous innovations going on in all types of media. And we're not going to limit ourselves to just one or another. And people have made various predictions about what's the mix is going to be. We'll stay flexible and let customers decide. I'd say the durability of rotating media has often been underestimated. But again, we're indifferent. If flash and other nonvolatile memories continue to improve faster, great.

**WAMSI MOHAN:** Yeah, no, I totally agree with that sentiment. You mentioned this briefly about customers talking about integrating other elements, whether it be telecom or edge devices and products. How do you think about Dell's position in that? And how do you see progress in those end markets?

**MICHAEL DELL:** Yeah, the edge is really exciting because it's effectively the entire physical world. And you can sort of see this starting to form where everything's becoming intelligent and increasingly



connected. And because workloads follow data, there's just an enormous amount of data. In fact, most of it will be at the edge, and most of it, over time, is going to stay at the edge. So there's going to be a massive edge infrastructure buildout, and we're well positioned for that. We've got our sites clearly set on it. We've got satellite nodes for VxRail. Our streaming data platform, we built unique server platforms and edge platforms to go after that. And we think it's going to be a rapid area of growth. And I would not be surprised if people are maybe, significantly underestimating the amount of growth at the edge. Because if you think about anything you want to do, whether it's decentralized finance or blockchain or any kind of AI, drug discovery, AR, VR, autonomous anything, et cetera, there are just going to be enormous amounts of data created at the edge. And telco is another very nice one. It's kind of moving to this software-defined architecture for the network, characterized by O-RAN, the Open Radio Access Networks. And we've had some great partnerships there with folks like Vodafone and Dish. We've created software value add with our Bare Metal Orchestrator and lots of new capabilities through our telecom division. And public and private 5G networks are going to require tons of the kind of infrastructure that we're super capable providing, again, place to our structural competitive advantages.

**WAMSI MOHAN:** No, that's great context.

**MICHAEL DELL:** They sort of play off each other, right? Because as you get more of these low-latency networks that are distributed, the amount of data grows even faster. And new capabilities will be created that weren't really possible in a more centralized data center environment.

**WAMSI MOHAN:** Yeah, oh, absolutely, and there are lots of examples, including autonomous cars over that road, all the stuff that is there that are megatrends that essentially will create a need for building out more and more both at the edge, more computer the edge, more processing, and the need for the whole telecom to be able to get sort of all the bandwidth of information that you need back to a core and then redistribute back to the edge. Michael, how are you thinking about emerging markets as an incremental opportunity? How do you view your strategy as it pertains to China?

**MICHAEL DELL:** Yeah, so we've been in China for a long time. We have a strategy in China that we describe as in China for China. We have, really, a fullyintegrated business there, including sales, manufacturing, logistics, engineering, acknowledging the geopolitical tension. It's also the second largest country market for Dell in terms of revenues. We've had some nice growth there in the last four quarters, and we're fully committed to the region.

**WAMSI MOHAN:** Yeah. And other EMs, Michael, where do you think there are opportunities and in maybe other emerging markets?

**MICHAEL DELL:** Well, yeah, I mean, look, we've always been a believer that the technology is going to be required all over the world. We're in 180 countries, and we have a great and diverse presence. And look, as these countries grow, whether it's across Asia... India has been a great area of growth. You got 2/3 of the world's population there. And look, you think about any country that wants to advance, it's going to grow its use of technology. And it's going to ring the cash register for America's greatest companies. And there's tons of technology infrastructure that's required to be built out in these emerging countries. And we're present in all of them, except the ones where the US government says we can't play.

**WAMSI MOHAN:** Yeah, absolutely. Michael, you started Dell from close to nothing, and you've managed to create massive amounts of value. And this last VMware spend was another big value unlock. As

people look to Dell, they often wonder, Dell Technologies stock is not included in any indices and potentially, could be another catalyst or a big value creator. One of the factors there is really share class structure which could be a hurdle. So any thoughts on this index inclusion as a potential value unlock opportunity?

**MICHAEL DELL:** Well, I think we actually are included in some indices.

**WAMSI MOHAN:** Well, yes, that's true. The broader index inclusion, I would say.

**MICHAEL DELL:** Yeah, so at present, I don't have any plans to change it. Certainly, our board discusses it from time to time. But we believe this is the best structure to create long-term shareholder value. And look, I think our actions over the past year and our go-forward capital allocation framework support our focus on creating shareholder value. Certainly, if you look in the last calendar year, our equity value increased twice the rate of the S&P 500. And remember, for the S&P 500, which I assume is the index that you're referring to because we are included in some of the other ones, it's a float-adjusted market cap. And for Dell, if you go do the calculation, it's probably not as significant as you might have thought, if you understand their float-adjusted methodology.

**WAMSI MOHAN:** OK. So we'll go around the math on that, but I'll take your word for it. I'm sure you've looked at it many, many times, so I understand your point of view. Michael, one of the things that in companies, where the founder or owner shares in place has run the company for a long time. Do you feel that you have the right team in place to lead Dell into sort of the next decade? And can you just talk a little bit about the depth of the talent bench at the Dell?

**MICHAEL DELL:** Yeah, well, this is kind of one of the most important jobs we have, right? It's to think about who's going to run the company in 5 years, in 10 years, in 20 years. And great news is we've got a fantastic team. We've got a customer-obsessed, high-performance culture. And you read about it in the book. It's kind of this pleased but not satisfied. And yeah, we've got a great team. We've got lots of depth throughout the organization. We've got co-chief operating officers who are effectively driving the execution and obviously work closely with me on the strategy. And we've got an energized team. 91% of our team members rate their job as meaningful. We measure employee NPS. Our employee NPS is 67. The industry norm is about 35. And it's increasingly a diverse team and an inclusive culture. And so yeah, I feel very good about that and certainly spend a fair bit of time thinking about what our leadership team will look like in future years.

**WAMSI MOHAN:** No, that's great. One thing we didn't touch on, which has become increasingly important from an investor standpoint, is ESG. And I know, you've thought about this long before the term existed. But curious, what are some of the initiatives maybe that you'll, over the years, put in place and maybe anything that you're doing differently now as it pertains to ESG?

**MICHAEL DELL:** Yeah, we have a process that we use inside the company. So we have this moonshot goal process that we use. And we do it kind of once a decade and set these goals. So now, we have our 2030 goals in place. We had our 2020 goals. You can go look them up. We set them almost a decade ago. We achieved most of those. And coming back to this whole discussion of talent, to give you a sense for it, our goals around 50% of our workforce being women, 40% of our people leaders being women, our goal to have 25% of our US workforce and be Black African-American and Hispanic, Latino minorities, and have at least half of our team involved in one of our employee resource groups.

Obviously, tons of goals around decarbonization and the sustainability of our materials. And Dell's been a leader in using greener, cleaner materials and driving a circular economy approach to everything that we do in our supply chain. So I would encourage shareholders to look at our 2030 moonshot goals. That's just kind of a sampling of them.

**WAMSI MOHAN:** No, that's fantastic. And those are some real important metrics that you laid out over there, they seem like they're aspirational but achievable. And that's just fantastic. We just have a few more minutes of your time, Michael. And I just wanted to maybe ask you, when you look at the company, you look at the stock, and you look at the questions that you hear either directly or indirectly from investors, what do you feel that investors don't understand maybe about the company or what might be misunderstood about the company as it stands here now?

**MICHAEL DELL:** Well, I think generally, we are much more consistent and predictable than most of our competitors in our performance. And our strong cash flow generation is really pretty differentiated. And it should be noted, we're big believers in free cash flow. And it's just kind of how we think about the business. And as you know, 95% of our cash flow was used to pay down debt over the last several quarters. Now, the company is investment grade, and it's sort of a phase change in a pretty big way. And so now, you've got this much more balanced capital allocation framework, targeting 40% to 60% of our free cash flow to share repurchase, and dividends. And look, we've got a really strong core business that delivers consistent growth, profitability, and cash flow. And we've got massive growth opportunities in front of us in areas like edge and telco. And these are differentiated positions that hopefully, the market will continue to gain recognition of over time.

**WAMSI MOHAN:** Yeah, absolutely. And just a clarification on the debt pay down and entering a different phase, do you anticipate that there will be incremental continued debt pay down as well? Or as investment grade level such that now, maybe the focus is actually shifting to other areas rather than not necessarily a priority of debt pay down as it was for many quarters. But will there still be continued debt pay down, or should we just think of it as of a different regime in terms of where that cash is going to be put to use?

**MICHAEL DELL:** There will still be some incremental debt pay down. We've talked about that. We talked about getting to 1.5 times. I think we're around 1.9 right now, but it's a comfortable level. And it'll be more much more balanced.

**WAMSI MOHAN:** No, that's fantastic. Well, we're down to the last couple of minutes, Michael. So I wanted to just end the call by asking you, if you were to think, in these five-year increments, there's been so much change from call at the beginning part of the decade through mid-decade and go private. There's been sort of big transaction with EMC and VMware over the following decade. As investors look back and we look back after the next five years, how would you predict the-- would there be a defining moment that sort of changes the company in some way as we have seen or the last two big sort of five-year periods?

**MICHAEL DELL:** Yeah, I would sort of highlight a number of things that get me very excited for the next five years. The first I would say is technology has never been more important or essential in the world. And we talked about that and how customers are using technology differently. The second is it's a highly-distributed future, right? And I think there's just going to be way more data in the world. It's going to be created and acted upon outside of centralized public clouds and data centers than most

people understand. The PC matters more than ever before. That's another point. I think, this on-prem, off-prem debate is over. I think its multicloud and edge. I think open architectures continue to gain momentum, and we've always followed customers. And look, we have a differentiated approach here that has continued to work. So add all that up, the size of the TAM, 1.3 trillion in the spaces we're in and the new spaces, and yeah, I think we can create a lot of shareholder value here in the next four to five years.

**WAMSI MOHAN:** Well, that's fantastic. Michael, you've been so generous with your time and so candid with your answers. We really appreciate that. Congratulations on so much success that you have achieved and really wish you the very best in the future as well. And look forward to hopefully seeing you in person once this epidemic sort of gets behind us. But thank you again so much.

**MICHAEL DELL:** I look forward to it as well, Wamsi. Take care. Thanks very much.

**WAMSI MOHAN:** Thank you. Thank you, Michael. And thanks, everyone, for joining us.