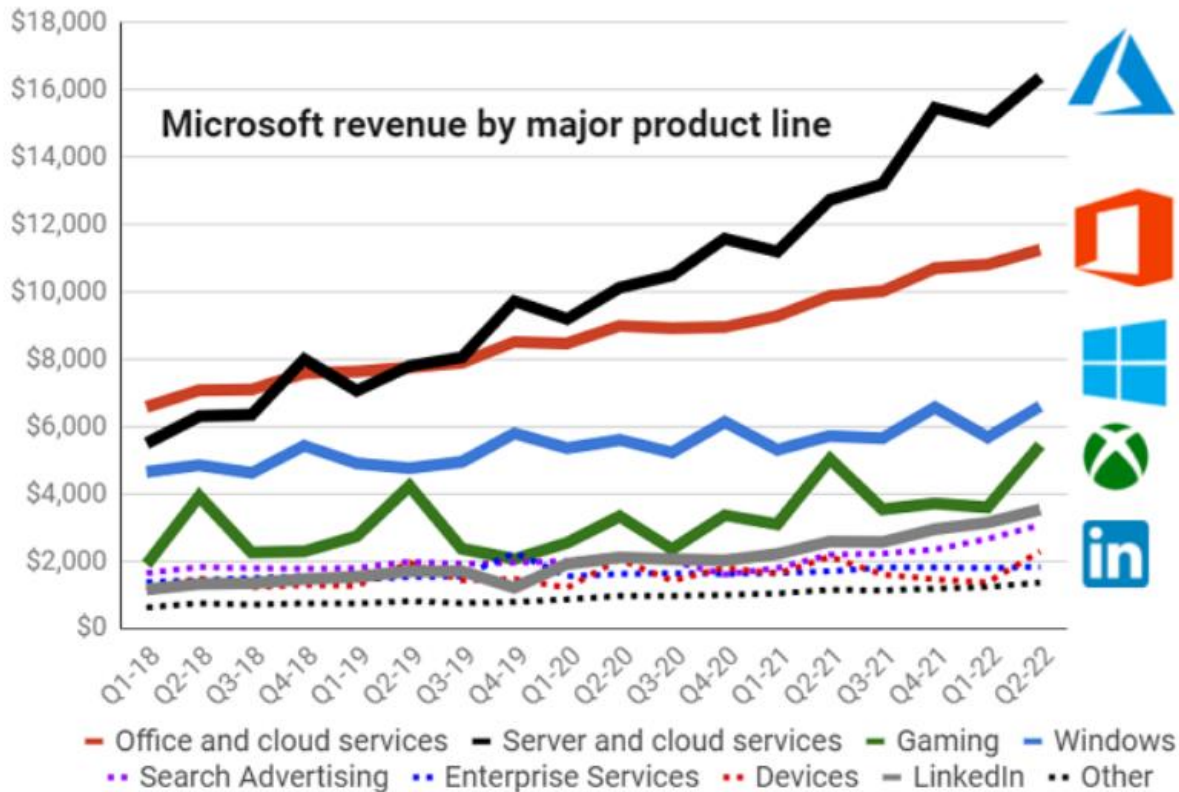


Inside Microsoft: Last Quarter's Progress.

May 2, 2022

Cloud growth headlined Microsoft's quarterly earnings, as strength in every geographic area increased cloud revenue by 32% and helped raise total revenue 18%. Azure, Microsoft's cloud platform, grew another 49% (growth has never dropped below 47% since the introduction of Azure), and the number of large contracts worth over \$100 million from leading companies more than doubled over the past year.



Source: Microsoft 10K and 10Q filings, in millions per fiscal quarter

GeekWire

As the above graph shows, although Azure has been leading the charge lately, many of Microsoft's other business segments are performing nicely as well. Power Platforms is a product that offers business analytics, app development, process automation, and virtual agents across an organization's entire IT infrastructure. It grew 72%, the fastest growing business in Microsoft last quarter. 90% of Fortune 500 companies use GitHub, Microsoft's software developing host, up from 70% less than a year ago. Microsoft's Windows 11 operating system is being adopted at a faster rate than previous versions and is taking share in the PC market, which continues to be a strong focus of the company, as it sees people spending more time on PC's these days, both professionally and personally.

Microsoft closed on its purchase of Nuance this past quarter. Nuance may be best known as the original backend voice recognition software behind the iPhone's Siri, but over the last decade or so moved mainly into voice transcriptions of doctors' visits, customer service calls, and voicemails. The idea behind the purchase is to delve deeper into the healthcare industry and use Nuance's voice recognition software and

other AI capabilities in Microsoft's healthcare cloud, but then to incorporate those capabilities in other industry clouds as well.

Business is booming as usual, and Microsoft expects the strength of its business to continue in the coming quarters. Nadella noted that in many of its services it beats competitors out on price, which is a strength during these inflationary times, but also that he doesn't see companies that are trying to become as lean as possible making budget cuts from IT. If anything, investing in IT needs can help save money and time down the road. All signals point towards more quarters of growth ahead.