Patrick Moorhead: Hi, this is Pat Moorhead with Moor Insights and Strategy. And we are here at the Six Five Summit, 2021. And I am here with Dave Shull, CEO of Poly. Dave, how are you doing?

Dave Shull: I'm doing great, Pat. It been a busy fun week and I forward to talking to a little bit more about Poly and all the crazy exciting things going on in this industry right now.

Patrick Moorhead: Yeah, it's great. I am surrounded by Poly equipment right now. I'm not kidding you. I have three cameras looking at me, but for those who aren't familiar about Poly, can you talk about the company and what it does and how it's different?

Dave Shull: Well, first of all, you look great. So I hope you're using a good Poly camera. That's amazing. I mean, it brings out the best, the coloring, your hair, it's all perfect. So that's phenomenal.

Patrick Moorhead: Thank you to your engineers.

Dave Shull: Well, thank you. I'll pass it on. They do their best to make us all look good. We started almost 60 years ago, a little bit more than 60 years ago now. We actually celebrated our 60th birthday on May 18th, which is amazing. The company started off as a headset company. It was called Plantronics at the time we put the first headset on the moon back in 1969, which is amazing and the innovation has continued on since then.

Now we have a wide swath of pretty amazing remarkable video and audio gear. So we have headsets, we have phones, we have speaker phones like what you see behind me. And then we have video devices and as the world has changed, a post-pandemic year, or as we hope to come out of the pandemic, thank you, another good piece of gear. We think really the integration of all this amazing communications gear for collaboration for working together is where Poly shines. And so 100% of the Fortune 500 use our gear. We're super proud of that. And I think it's a testament to the engineering and the innovation over the decades here.

Patrick Moorhead: It's funny how a lot of companies are 95%, 90% of the Fortune 500. Very rarely do I hear 100%, because typically it's one of your competitors who won't admit to using your gear. But I completely love that. And Poly has really come to the forefront of the conversation, given what we've gone through with COVID. It's been crazy. And Dave, you joined in September of 2020 as CEO, and I was wondering if you could share some highlights for the year.

Dave Shull: It's been a transformational year, I think for everyone. We've talked a lot about how really this digital transformation of the workplace has accelerated tremendously with COVID. And so that's driving demand through the roof. We're all in industries here that are definitely strong, double digit demand. And that's very encouraging. It's a fun time to come in, but it's also challenging.

But we've set a record for headset revenue in fiscal Q3, we set a record for video revenue, all time video revenue for the fiscal Q4, we've shipped now 30 million IP phones, which is amazing. So there's just tremendous demand and I think it's all driven by people saying okay, every single phone call that I have now going forward, I think it's going to have video. And I'm pretty welcome and said, post pandemic, every single conference call is going to have at least one person that's remote.

And so what that means is I've got to find a way to take ... We have 60 offices around the country and I've got to find every single one of those conference rooms and make sure that it's enabled for video. Worldwide, there's 50 million conference rooms and very smart analysts such as yourself estimate that maybe 10% of them are enabled for video. And so that's a remarkable unmet demand that we and some of our wonderful, but less able competitors are trying to fill. I think that's a huge testament to how much work has changed with COVID.

Patrick Moorhead: I appreciate, Dave, that you're not only talking about it as being different, you brought out an entirely new product line based on Hybrid, which I don't know if you predicted COVID and then we would all be working Hybrid or something different, but it was really impressive. And I'm actually using one of your P15s connected to my PC.

Dave Shull: Well, I think full credit has to go to our engineering and product team, who saw the changes that were happening in the early days of COVID and said, we've got to make sure that we take the best of the decades of experience in corporate conference rooms and say, how do we bring that to the consumer?

So you're using what you called the P15, I'm using what we call here the P5, which is a tiny little webcam, but that doesn't really do it justice. It's because the quality of audio, the quality of video, the ability for the CIO centrally to manage my network and to understand, okay, if I have jitter issues or lighting issues, you can see all that remotely across all of our employees, whether they're working at home or at the office.

That's bringing in enterprise grade reliability, security capabilities to this new hybrid way of working, so that it doesn't matter if you're in a Starbucks, or if you're in the office, in a boardroom, or you're working from a home apartment. All of that same capability that we're used to having in the boardroom is now available in the palm of your hand. So kudos to the team for bringing that technology.

Patrick Moorhead: I like these are my words, not yours, but I think I've referred to it as kid-loved and parent-approved. So IT folks can manage it, but it has a consumer experience that we've grown to love. The theme of this year's Six Five Summit is all about the next roaring twenties and accelerating tech into the next decade. And I'm curious, Dave, what are your customers seeing and saying about this? I know we're not out of it yet, but boy, the breadcrumbs and every piece of evidence says that we're going into another growth stage.

Dave Shull: So we talked a little bit about that just now with the video trend, right? There's a massive trend towards video. I think there's a massive trend towards moving to the cloud, whether it's teams or Zoom or RingCentral or Google Meet or whatever else. People are realizing that the traditional on-premises gear that they had is no longer cutting it when it's not clear whether someone's going to be in the home or in the office or in the Starbucks.

So you need to have a cloud-based solution. And so the 400 million PBX phones, I think there's huge demand to see a move away on the audio side as well. Now I think the real technology, roaring twenties technology challenge is what is the future of work look like? We've gone through an in-depth analysis of all of our employees, and I think 30 to 40% of them will be in the office no more than three days a week going forward. That's a massive shift for us.

And then there's another 10 to 12% that are probably going to be remote 100% of the time. So think about the implications for our office space. Think about the implications for where we put the offices, because the team can now live pretty much wherever. And then how do I have the capability to manage people coming into the office, hoteling, coming out of the office, COVID compliance. Because at some point there's going to be another variant that we all have to worry about.

So I think when we talk to our CIO customers, they're saying we love the Poly gear, but how does Poly step up the next level and say, okay, we're going to help provide a complete solution that ties all this gear together, sits underneath Microsoft and Zoom and Google and all these other wonderful cloud collaboration platforms and provides a neutral way to plug in. For me, that's really the promise for Poly going forward. We're excited about it, but the industry is definitely in a massive amount of change right now.

Patrick Moorhead: So how are you guiding them through that future? You're at the epicenter of all of this, Dave. How do you guide them, hold their hand, provide thought leadership on what they should be doing?

Dave Shull: I think part of it is we're living it ourselves. Our CIO is going out and doing exactly the same analysis of all of these much smaller vendors and we're evaluating who do we want to put on top of the Poly OS platform? Who do we want to partner with? Are there some components that we need to build on top of Poly lens, which is our cross-device infrastructure that's already in place. I think we have some great building blocks and we're trying to evaluate what we build, what we partner, maybe at some point what we buy to kind of plug on top of that to make sure that we have a comprehensive solution for our customers.

And so getting closer to them and especially in financial services, healthcare and government where the security requirements are so tough, the compliance requirements are off the charts. I think making sure that we understand those usage cases in a lot of detail is really a top priority for both our product teams, as well as our sales teams.

Patrick Moorhead: There have been multiple Poly announcements lately. And the benefit is that many times I'll come home and I'll have a package of Poly that's related to one of your announcements. I appreciate the ability to review those. Anything stand out for you? With so many announcements, any highlights that you can share with the audience?

Dave Shull: Yeah. I think at the overarching level, on Monday the 24th, we've been announced in the change to the ticker symbol from PLT to POLY. And that's a big change for us as a company because it says we did go through a merger between Plantronics and Polycom, but we're now operating as one company under one banner, which is Poly. And so we wanted to make that change very public to our investors as well.

I think it also reflects a new future for the company going forward and this much broader vision. We're not just a gear company, but we really want to provide a complete business solution to our customers. And in turning 60, May 18th is also a natural change point for us to say, okay, now's the time to build on six decades of innovation, but to make sure that we're executing on a new path going forward.

And then for me, it's okay, what's the vision look like for the future? Three years from now, how do we have this comprehensive solution and what are the components that we need to build to make sure that we're starting to deliver on that? And so the first, especially on the gear and the world-class devices, we've announced a new version of our Voyager headsets, which is I think what you held up, phenomenal quality, wonderful. You can wear it all day.

So for those of us who are constantly on Zoom calls or Teams calls, that's the best quality solution out there. I've got kids, I've got dogs and it kind of tunes them out, which is great. The next device is to make sure that all of our phones, as people start to go back into the office, especially small and medium businesses, all of our phones have the best deck capabilities and is certified for Zoom or teams or whatever else. We need to make sure that people are feeling safe when they touch a phone device.

And so we've got an exclusive partnership with Microban, which is an anti-microbial. Sorry. Because I think we're all going to be a little bit uncertain here as we go back, which is okay, I've been vaccinated, I'm wearing a mask all the time, but I'll wash my hands more than I've ever done in my life, but the more we can do with our devices, I think that's great. So that's certainly the underpinnings.

Then the next layer up is Poly Lens and, and Poly Plus, which is I need an IT management layer so that even if the device is a home-based device, again we have central parent approval, as you said, right? It's not just the kids, but the CIO, the parents in this case, he really understands how to manage it. And then on top of that are some of the exciting things for me is the next step is okay, how

do we put a services wrapper around that with Poly Plus? How do we start to provide insights, right?

How do we use AI and ML tied to the image processing? So hey, are you engaged or not here? Is Dave engaged or not here? And how do we make sure that we have equality in the common trend? This is probably the biggest topic that is starting to get a little bit of attention. But I think we as an industry really need to embrace from a roaring twenties point of view, which is everyone in the room and everyone out of the room being treated the same way. Is there true equality between people in the room and those who aren't?

And that's really the vision that we have now for Poly, which is we want to solve that equality problem. And I think it's software, it's AIML. There's a whole host of things we can do to make sure that your experience when you're remote, anywhere in the world is as good as if you were sitting there. So exciting times for Poly. I'm pumped.

Patrick Moorhead: Yeah, Dave, I love that element of equality in a meeting. And there's a certain $100 billion revenue company. I won't name them here, but I talked to them about this whole notion and they're all in on a hybrid. And one of their big things was exactly as you said, they said, Patrick, we're trying to find a way to give equality to everybody in the meeting.

Typically the person at HQ who's sitting next to the vice president, who's nudging, maybe having a side conversation versus the person who's not in that room. How do you give them that level of equality? How do you put a focus on sidebars or maybe you put in a mechanism to not have sidebars or whatever you're best managed by, but it is fascinating.

And this is why one of the things I've appreciated about your strategy and your architecture of your devices is you're actually putting intelligence in the end. These are not dumb mikes or, or dumb cameras. Now I turn this special feature off, but on the P15, if I move to the right, it follows me. If I want to stand up and do a whiteboard, it will follow me is as I move.

The additional, the tunneling with audio is even if somebody were ... I can clickety-clack on my keyboard and people cannot hear me when I'm taking notes. And it's that intelligence that some people are adding it in the networking, by the way, it breaks end to end encryption, can't have it. And others are adopting it in the end point. And I'm seeing where the trend is going, which is doing as much at the end point as you possibly can.

Dave Shull: Yeah. I think it makes a lot of sense. There's privacy issues, there's bandwidth issues, there's security issues. And the processing capabilities on these devices is robust. A lot of our devices, especially the ones that are meant for the office, run on an Android system. So the capability is there to put additional applications as really kind of a platform on top of Poly OS is pretty amazing.

We've sold many, many thousands now of very, very smart video bars to teachers, because when they're walking around the classroom, how do you ... I've got a middle school kid. How do you keep them engaged in the conversation? If it's just a broad view that doesn't follow the teacher, it's not just following the teacher, but the audio pickup and the engagement there is critical.

Our amazing engineers have shown me the ability to kind of track the kids and are they engaged or not. There's body language cues that you can pull off, where a board meeting is every member of the board really participating when they're remote. And how do you make sure that you catch that hesitation point where someone's saying hey, I got something I want to say, that it doesn't get buried in the conversation in the room.

So we've deployed a lot, which I think is amazing technology. And I keep seeing more and more cutting edge stuff from our teams in terms of what we can do that even goes a step further. So I'm excited to get more and more of this to market. I think it's a huge issue for us worldwide as we come out of the pandemic. And obviously for Poly, it's an amazing, crazy business opportunities.

Patrick Moorhead: Yeah, it definitely is. And the other thing that I've really appreciated is that your equipment is not locked down to a single service provider. You're essentially the Swiss Army Knife of collaboration. And if it's a top 10 service, Poly will likely support it. And when it comes to different countries and people who are connecting with each other, that seems really important to me, and I think to our customers. But I think it gets a little lost sometimes in the translation.

Dave Shull: We historically have always competed on having the best gear and I think we truly have the best gear, which is why every single one of the Fortune 500 uses us. But I think we're starting to make the transition now to say hey, we're actually a platform. And we're a platform that when you choose one of our amazing partners like Zoom or Microsoft, or RingCentral or whoever else, we will absolutely give you the best possible native experience there.

But sometimes even if you choose one, you may have to make a call on something else during the day. And so we enable that as well. And I think a lot of our customers love that because they can make what they think is the best corporate enterprise choice around one of these companies, and we're going to enable them to support whatever else their customers or their partners may have those in as well. And I think that's a big trend that's going to accelerate over the next couple of years.

Patrick Moorhead: Yeah, I've played around with a Poly lens and with not my data, with a really large live data and the ability to manage thousands of devices, regardless of what language I'll call it is speaking, and upgrade the firmware is pretty awesome.

So, Dave, I want to thank you for your time here on the Six Five Summit. And I think it's awesome to see your growth and the new direction and the new management team that you brought in. I love to watch that and I am really excited about a little thing, but a big thing, like the Poly symbol. Every time I try to look up your stock price or news, I have to read oh, wait a second. That's not the right ticker. So dollar sign P O L Y coming up in the future. So, Dave, thanks for coming on to the Six Five Summit and we hope to see you next year.

Dave Shull: I really appreciate it. And these are exciting times at Poly and for the whole industry. So look forward to talking more. Thank you very much.

Patrick Moorhead: Thanks.