



Alysa Taylor: Welcome. Thanks so much for the opportunity to address all of you at the Six Five Summit. I was fortunate enough to join the summit last year. And I had the opportunity to reflect on the changes that were brought on by the pandemic and how those changes have transformed us. They transformed our perspectives. They challenged us to adapt and find new opportunities to grow, and they demanded a rapid response from all of us. So here we are, a year later. We've weathered new changes and new challenges, and together we've adapted to the unexpected more quickly than anyone could have imagined. Together, we've defined new paradigms that will persist even after the COVID-19 pandemic is behind us. Sometimes I have to stop and think about how did we get here and how far we've come. But what I've learned is the agility that helped us remain flexible through the last few years is the key ingredient to ensuring we're able to tackle the challenges of what's coming next.

So what is next? What are the most important emerging trends that we all need to be paying attention to? It turns out there are five major themes that have become the new norms. And I'd like to take a few moments to explore how each of them can impact you and the businesses you serve.

First, the ability to adapt is key for survival. Adaptability is all about the preparation tools and mindset we all need today. It's more important than ever to empower our employees, satisfy our customers, and keep our businesses on track. Conditions continue to change quickly, not just at a global level, but even in your own neighborhoods. And we must get used to the need to adapt and adapt quickly. For one organization, Mattress Firm, that means digitally connecting their customers, employees, and data in a way that allows them to innovate and innovate quickly. Let's take a look.

Speaker 1: Mattress Firm is obsessed with helping America sleep better so they can live better. That is really our focus our passion.

Speaker 2: Customers are just asking for these elevated retail experiences and all of these things require technology, data, or both. Not only were we not on a stack that works together, but when you're on all those different things, it takes twice as much time to get anything done.

Speaker 3: We used to be a mattress centric, mattress first store. We missed the point. We were about selling mattresses rather than being about sleep and helping people. In the midst of crisis, there has been a whirlwind of change. Retailers either contracted and just wait this out. Or there was an opportunity to move forward.

Speaker 4: Customers expectations are much higher. When they share data with you, they expect you to use it in a way that makes their life easier and help get them through the process faster.

Speaker 5: Here at Mattress Firm, we leaned into transformation and innovation and changed our entire buying process to begin with digital technology.

Speaker 6: Moving to the single platforms with Microsoft, having all that information in the centralized place has really given us the ability to quickly pivot. From the second you walk into one of our stores or visit our website, we're leveraging Azure to make a more seamless journey.



- Speaker 7: Now I have personalized notes of what my sleep experience was, my sleep shopping experience, and what I may need in the future. And being able to deliver that kind of experience to the consumer is just game changing.
- Speaker 8: Microsoft has really given us a quick way to scale it, to try different things, just because of how easy everything works together.
- Speaker 9: To be able to help our customers have a scientific approach to better sleep, it's not just about selling beds or mattresses. It's much more about helping them live a little bit longer, a little bit better. And that's really what we're trying to drive home.
- Alysa Taylor: This is a great story of a business adapting to a rapidly changing world. Knowing it will really set them apart with their customers, which is a great segue into our second trend. Customers expect more than ever. When you think about your experience as a customer, not as a business leader or an industry expert, but just as a customer, what really impresses you? What's the thing that stops you in your tracks and makes you say, wow, I've never seen that before?

I recently went into a store in Seattle and I had one of those moments. It was late in the afternoon and I was a little early to meet my friends and I passed this new store and I saw a dress in the window that looked fabulous. But what struck me immediately when I walked into the store that there wasn't a ton of merchandise on the floor, just one of each item. But there were these screens all along the walls.

Of course, I had to ask what was going on. So when I approached the store associate and I inquired, what's the thinking behind the store layout and the use of these screens, she said it's a concept store. Less is more. We showcase key pieces and keep inventory in the back. And we use the screens to get the inventory into the fitting rooms. And I was struck. I got all the perks of shopping online. I could find the exact dress that drew me in the right size in just a few minutes, but I also had the best in-store experience. Of course, as a customer, this was great. But also think about the benefits to a business. More space on the shop floor. Fewer associates needed in-store for each shift. Better inventory management. And a differentiated experience that wows customers. And that's the expectation customers have today, not just personalization, privacy, and a connected experience.

That's the baseline. Now the thing that will set you apart going forward is the wow factor. A dress shop in Seattle was able to do this with an innovative concept store, but how does a national pharmacy chain with 10,000 locations wow it's customers? Let's take retail as an example. To stand out in a crowded field, retailers must exceed customer expectations. CVS Health is one organization blending the lines between retail and healthcare and finding ways to innovate and delight their customers. They're doing this across their business from helping pharmacists serving customers faster, all the way to creating cutting edge augmented reality experiences. But let me give you one tangible example, the infamous CVS receipt. Today, whether you get that receipt digitally, or is the long strip of paper, you'll see a string of coupons, promotions, or offers for in-store savings, but imagine the wow factor if that receipt also tells you that you have a prescription ready for pickup. It reminds you to schedule your annual physical or provides an appointment availability in a nearby Minute Clinic with the doctor of your choice.



And imagine also if a store associate can become a health advisor providing personalized, relevant recommendations, like suggesting a high SPF sunscreen to a customer with a history of skin cancer. So we've talked about adaptability and we've talked about customer experience, but equally critical and probably what's top of mind for everyone is the health and wellbeing of employees. That's because in every industry, many employees are reaching a breaking point. Customers are demanding more than ever as we talked about and the stress of the last two years has everyone on edge. It's becoming harder than ever to attract and retain the workers who keep businesses running and your employees are on the front lines of that energy. Many of them are quitting, pursuing new opportunities and new experiences, and often leaving the industry all together. With this, it's easy to think that the outlook for the year ahead is bleak, but I choose optimism even when it's hard, because I believe this year presents a tremendous opportunity to think about how we connect with employees in every role, in a very new way.

We need a more balanced approach to business operations. One that recognizes that connecting with your employees and prioritizing their wellbeing is core to your bottom line. This means sharpening your focus on sharing information with store associates and managers, helping them build new skills and together creating a healthy culture that connects corporate offices and retail locations. Technology is just one element of this renewed focus on the frontline, but is such a rich opportunity. Microsoft's recent work trends index special report found an incredible appetite among frontline workers for new technology and new experiences, but also apprehension about the training and support that they'd have from their employers. Your opportunity as an employer is to invest in the technology and training that energizes your workforce and helps them be more successful every single day.

Take Mercedes-Benz, for example. Their service technicians work on cars that are getting more complex by the day and individual dealer service center sometimes need help to resolve problems. In the past, it could take days of phone calls and emails for a dealer and a service technician to sort out an issue. But with mixed reality technology like HoloLens 2 and Dynamics 365 Remote Assist, they can solve the problem with a 10 minute conversation. And the experience is amazing, not just for customers, but for the mechanics working on those cars. It's incredible one shop foreman said. His team in Florida was able to get cars back to their owners, diagnosed, fixed, washed, and ready to roll in a fraction of the time it used to take. The mechanics have everything they need in real time, right in front of them. No wasting time, checking a computer every few minutes. The computer is right there with them. This is a game changer for their business.

It starts with investing in groundbreaking technology, but it really comes to life when you empower your employees to use it effectively. Shifting to the next trend, this one I think we have all seen and felt over the last few months. Baby formula, a crucially important product for new mothers and fathers has been facing critical shortages across the US. While the initial cause of the shortage had little to do with logistics, limitations within the supply chain haven't helped. The way that the institutions and businesses alike are coming together to creatively solve this issue is a clear indication of how connected we all are. The logistics required to keep our modern world running are multifaceted and complex and delays or shortages can have profound ripple effects across the globe. Work is stopping. Customers are annoyed. Employees are frustrated. Leaders like you are struggling. And while there is no easy solution, there are ways we can help.



It starts with visibility. Visibility is so critical because today's supply chains are complex and they span the globe. Each of you is managing relationships with manufacturers around the world. And each of them is probably working with dozens of their own suppliers, production partners, and shipping vendors. And that's just the beginning. Our connected web of logistics spans the entire world and involves literally hundreds of steps along the way. And each one of those steps has a potential to break down. And if you don't have the visibility into your entire supply chain, you might not even know it. Like many retailers, Australian company Breville has been growing quickly, often through mergers and acquisitions, but their supply chain couldn't scale with them. Their systems were highly customized. It took nearly a year to implement each new geography as the company expanded around the world. They saw an opportunity not only to inject some flexibility and resilience into their supply chain, but also speed up their time to value as they entered new markets.

With a cloud based solution, they created what they called a golden template taking deployment time from nearly a year down to just two months for each new market. At the same time, they were able to break down data silos between isolated processes and systems providing new visibility into their inventory and warehouse management. Now they can assess demand signals and match that with their forward looking inventory forecast so they can identify and mitigate bottlenecks before their customers are frustrated by a delayed delivery.

As you can see in today's connected world, every aspect of your business can be an opportunity for you to deliver the wow factor your customers expect today. We've talked about four big trends we're all facing. Becoming more adaptable, delivering that customer wow factor, providing employees with more meaningful experiences, and adding new visibility to the supply chain.

But there's one overarching imperative that we're all responsible for. Not just because it's the right thing to do, but because it makes business sense. Sustainability. Imagine a world where you'll happily pay more for something. A world where given a choice between two equal products you pick, the more expensive one. Sounds inconceivable, right? Well, it turns out 73% of millennials do just that. They will pick the more sustainable option because of the lower ecological impact. Sustainability is a differentiator and you're seeing more and more companies lean into that notion. Sustainability is a challenge we all face and Microsoft wants to help customers in every industry make an impact. As we've made progress towards our own bold commitments, we're translating our experiences, both success and setbacks into helping our partners and our customers, because what we're doing on this journey, we're doing together. We believe that when we work together and we learn together, we can accelerate progress to reach our collective goals and create new value.

That brings me to Grupo Bimbo, the international producer of baked goods and snack foods with a large footprint across Latin America. Supporting their core values, they had ambitious sustainability goals to not only renewable energy, but also in bringing their carbon emissions and waste to zero. When it comes to ingredient suppliers, they wanted to convert to regenerative agriculture. To do this, they adopted the Microsoft Cloud for Sustainability to collect, track, and analyze emissions data across multiple scopes of their business and suppliers. They were able to take advantage of the data and processes they already had in place, seamlessly create insights with immediate impact without extensive training, thanks to the user friendly UI and collaborative tools of the Microsoft Cloud for Sustainability. Using their data to understand their environmental footprint and make decisions to reach their goals, they expect to realize their sustainable future quicker than they ever imagined.



I love this story because it highlights the enormous challenges that sustainability poses to business, but also the tremendous impact that agility and connection can bring. For an organization to truly make progress towards accelerating their sustainability goals and business growth, they need better visibility and transparency into the environmental footprint of their entire operations, their products, their activities, their people, and their value chain. As we think about what's coming next, while I've talked about a few of today's trends, the fact is we really don't know what will happen tomorrow. But I do know that no matter what challenges we face together, I will always be grateful for the resilience you've shown. And I continue to be inspired by the agility you demonstrate each and every day. Together, we've done more to change the world in the past two years than we've done in the past two decades. And in those few years, I've been amazed at what we've done together. And I know I'll be amazed at what we will do next. And for that reason, I'm optimistic.