



Patrick Moorhead: Tom, it's great to see you and welcome to the Six Five Summit. It just seems like yesterday that I was sitting in the virtual living room at the brand new Houston HQ office talking about HPE GreenLake services. How are you doing?

Tom Black: Doing great, Pat. Thanks. It's great to talk to you again today.

Patrick Moorhead: Yeah, it's super. We're all on the road here. I just got back from a trip. You're just going on a trip, but it is great to reconnect. So Tom, there's a lot of questions on the minds of companies today and whether that's CEOs, CIOs, they've seen a tremendous amount of change and churn over the last couple years and even recently, potentially even looking at a recession here. So with so many organizations transforming IT environments, why are companies putting so many resources toward their digital transformation?

Tom Black: Yeah, I mean, it's a great question, Pat. So let's look at a few reasons here. Number one, companies have decided that data is not just something that sits behind the scene behind their business applications to process an order or to admit a patient if you will into a medical facility. It's actually the life love of an organization.

The real embodiment of the context of the people they do business with both on the supplier and the customer side really is embodied in the day-to-day hold within their organization.

We've all experienced it in our personal life, right? If you think first back to when you got your first Amazon account and started shopping online and they started making recommendations to you about what you might like, your Netflix account, that made movie recommendations to you.

These were very early uses of data and data insights as powering and accelerating the kind of context, the kind of intimacy you had as a customer interacting with that company.

Now, data is also used to derive efficiency and productivity insights to figure out maybe where to target marketing dollars, to figure out say how to save costs on a manufacturing floor.

So customers have really woken up that data is critical. It's the lifeblood to how they accelerate, more importantly compete against those of similar mindset and similar will and skill. Now in the pandemic, really the world was forced to accelerate its digital transformation. If you think about it, how many retail stores prior pandemic had very well organized pick up at the curb kinds of arrangements, right?

You saw a mass proliferation of different kinds of delivery. So again, that contextual digital relationship with the people you do business with actually accelerated in the pandemic.

And the one thing we know about recessions and most economists will say, one is coming. We don't know how wide and how deep, but actually during times of tightening, what you often see is additional ways of innovation accelerate.



So I actually expect digital transformation and the use of data as a critical insight, a productivity metric, and a competitive weapon in your business to actually accelerate during a recession, right? Sometimes they say necessity is the creator of innovation. And I think that really is going to hold true.

But alongside that with explosive growth of data, people are starting to look towards a model where, "Hey, how do I get enough of hardware and software that I need to drive those insights." But I kind of learn to expand my investment dollars as my data set grows as my analytics stacks need to expand. And so that's really where service business models come in.

So as the customer come in, Pat, right, with a reasonable upfront investment and then as their needs expand, continue to expand their investment in the stack.

Patrick Moorhead: Yeah, Tom, what sounded initially like marketing speak when pundits like myself would talk about every company is going to be a technology company at some point, I think initially bulks, but I think as we got through the pandemic and they found kind of forced them to speed things up and do things that may not have been a priority before, I think a lot of people realized, "Hey, I can use this to my competitive advantage."

Instead of reacting to change, how do I create that change and be one of the first movers. And whether you're born in the cloud company or I think more important and more applicable a brownfield industry that really has made the world go around. I think they're relooking at how they approach this.

Tom Black: Yeah, no, I agree with you. Absolutely.

Patrick Moorhead: And the thing though is when it gets to practice, you first have to agree you want to do something and agree why you want to do it. But let me ask you this, what is the number one thing customers are looking for to help speed up this digital transformation?

Tom Black: Oh, thank you for asking that one. That one's a bit of a softball Pat. We've actually done extensive surveys with third parties on this. And if you look at the respondents that are across GOs, across segments, very large size populations, the 90% of respondents, and we've done this twice in the last 12 months have said the number one thing that would speed up their digital transformation is a cloud operating model available to them also on-premise.

Live in a hybrid IT world, they have some workloads in the clouds and they have some workload on-premise, but they're looking for that cloud operational experience. It says really the experience is more important than the destination, right? So cloud is not a where, it's a how. And let me really try to put a fine point on this. When you go and stand up a workload in the public cloud, there is a set of people inside that organization that are doing the management of compute and network and storage for you.

And what you do is maybe instantiating a compute instance, instantiating storage to go along with it. You're putting your particular software and that instance may be using as services that



the provider offers. So when you think about people wanting that experience on-prem, let's be very specific how that really maps onto say an enterprise operational model.

And I've met with many customers on this, and you can just see the light in the CIO's eye go off when it clicks and actually should get them on console and show them a demo, which is what we've allowed in our GreenLake cloud platform model. With new services like the block storage offer, there are capabilities and features and functions that the customer has access to say for the more classic CIS admins in their role that say will manage the infrastructure.

These would be things like firmware upgrades, setting up critical replication relationships, things along those lines. But then their end users, right? The developers or their applications, their line of business cloud admins, et cetera, can actually go instantiate resources in the cloud service, really without causing harm or interference with any other user in that corporate or that governmental entity.

And of course we provide all the reporting back to the central organization so they can figure out who's using what and maybe potentially do chargebacks. So that bifurcation of persona that gives speed and agility to someone that just wants a resource right now, but yet allows for the very responsible and kind of hands on management of the infra and really what is it? An internal multi-tenant world is enabled in a cloud operational model.

And that's what customers are really talking about when they say cloud operational model. It's agility and it's autonomy at the end user level, but with the security and the risk and the safety of a classic IT operations kind of at the bits and bytes level.

So when you combine that with an as a service commercial offer, where people get to kind of say, "Hey, I need about this much to start with, and I'm going to grow maybe this much this year and that much next year," and you have that commercial relationship with them. You really bring in the best of both worlds.

Now, when you look at their data overall, people are looking at the whole life cycle of data. They're looking at not just how I use data from a workload perspective, but how do I protect that data? At what frequency do I snapshot it? When are my fast recovery time objectives? What is my long term archival and data retention policy?

These are also very top of mind items for CIOs and customers, particularly in regulated environments where the data durability has little... Could be years, could be five years, could be seven, et cetera. So when you think about how you bring that all together, that is kind of the panacea if you will for what people are looking for when they say, "I need the cloud operational model to help me speed up my digital transformation."

Patrick Moorhead: I am so glad we are where we are in the industry. Because if you remember, five years ago, we were debating is there even a need for a private or hybrid cloud? And I understand how we got there. 15 years ago, the public cloud started Bright. And then we had this thing called OpenStack that was supposed to be the panacea and be everybody's private cloud.



And then we realized, wow, this isn't really a full stack, takes a lot of work, but then we all got on the same page on containers and that's a really big deal. And now 99 times out of a hundred, when I talked to a CIO, it's all about the hybrid cloud.

I had a discussion with Antonio earlier today and we did talk about, "Hey, we're getting into this and we're not exactly where we want to be at the end state," you have to start somewhere. And that does start with data. Everything starts with data.

Now, one of the challenges though, is as you start considering moving data or relooking at your data is this corresponding need at the same time to modernize data protection strategies.

And Tom, we all know that ransomware is a huge issue out there. We're not just talking about small businesses. We're talking about medium and large scale enterprises. Can you talk a little bit about ransomware?

Tom Black:

Yeah. I mean, Pat, actually just a little brief commentary on the medium and small, I was done at a bike shop about three months ago and the bike shop owner couldn't order inventory that week because his distributor had been hit by a ransomware attack.

So there is no safety from this threat. And if you look at the '21 numbers there in one word, alarming, right? There's projected to be about 20 billion in damages due. And that is projected to grow at insane exponential rates up to North of 250 billion in 10 years. If you're going to get hit, it's when.

And so what we decided to do about ransomware was really do a fast forward lean in, and we acquired a company called Zerto. Currently Zerto really is the leading technology solution in the industry and that team over the last couple decades really the premier folks in this space.

So the addition of our Zerto ransomware protection technology into our GreenLake stack is a huge advantage for our customers. If you look typically at a ransomware attack, one of the challenges you have is by the time you know you've been hit they've already got the keys to the kingdom. And it's very difficult to say, "Let's go back to a month old backup and try to restore the business." Not very helpful. Say if you're say a healthcare billing company, that's got bills coming in every hour. With our philosophy and with our technology, you can literally journal your data at a two second interval.

So you can go back to within seconds of when the attack happened and recover. So really we often talk with customers as our Zerto technologies kind of ransomware get out of jail free card gives you a sense of comfort, lets you sleep at night. And when you get that threatening phone call or email, you can just say bye-bye.

Patrick Moorhead:

Yeah. So Tom looks like you're really leaning into ransomware and leveraging it as a service. We talked, and if I can paraphrase, these are my words not yours data being the new oil, talked about every company being a tech company, they just may not know it yet.



And therefore you have to look at data in a very different way. Thank goodness, we've arrived where people believe that the hybrid cloud is the way to go and that the cloud is not a destination, but rather an operating model.

So very specifically, we talked a little bit about data protection, but how is HPE addressing digital transformation storage as a service? What do you bring to the table?

Tom Black:

Yeah, so we've got a very complete ecosystem with over 50 services now available on the GreenLake cloud platform. One of the big new marquee services that launched actually last time I talked to you, Pat was our block storage, which takes everything from the mission and critical storage that will sit behind airline ticketing system or a national bank all the way down to entry level storage available really in that cloud operating model. How much minimum capacity do I want, how much performance do I need and how long do I want to commit to the storage for really available as a service in the platform.

We also upgraded and have integrated our full SaaS data protection service initially for VMware with other new workloads coming online, that's up and running and really pleased to see the feedback and the traction we're getting with that.

That lets us basically you enter your vCenter credentials and three clicks you're up and running with your protection policies on all of your virtual machines.

So kind of integrating all the agility and the price performance of our block storage offering, which as you know is a basis for many workloads in the public cloud and on-prem with a very seamless, easy to use backup and protection.

Now DR capability with zero all as a complete data portfolio. Now you add that to our private cloud offer, which lets you operate in your environment at the workload level at the virtual machine or the container level.

So you really see HPE focused on bringing together the end assets workload down through compute, down to storage, down to protection, really in one fully automated and orchestrated stack.

Patrick Moorhead:

So Tom, those are great capabilities and it's been fun watching the progression over the last three years. One question I have and you don't need to use specific company names, but what companies or sectors are really gaining value from this right now.

Tom Black:

Right. So thanks for asking. I think I'll stay away from the public reference names because I didn't bring the pre-check list with me Pat, before I came to our chat today. But you can see thematically two lead movers. One is, if you look historically at companies that have taking on some sort of ease of use play, cloud operating play, it tends to take off very quickly in the mid-market.



And I would put what we call public sector in that general space as well. So again, historical examples, I would say Palo Alto Networks was a very good user interface in its early days. You think of success on a multiple kinds of friendly plays. Meraki really is the innovator in cloud networking, although privacy Aruba really taken the lead position now in the industry in that space.

But you get a lot of adoption on efficiency and simplicity in that mid-market because they don't have 10,000 software developers working for them in order to make things easy, to make things cost efficient.

The other place where I get a lot of really strong residents is in the enterprise segment, particularly enterprises that are looking to optimize their own internal investment in software engineering and really want to accelerate more their developers versus build their own cloud infrastructure on their own.

And so they immediately latch onto that bifurcation responsibility. I talked to you about kind of earlier in the call, which is okay. I can afford to do this project with less people using the GreenLake technology because my existing IT administrative staff can help manage the infrastructure in a way that I'm comfortable and familiar with and meets my own security and compliance policies yet I can unleash my end users within my corporate constituency to go and provision resources, turn them up, turn them down within the parameters of my security domain within the parameters of my policy and compliance.

Those tend to be the biggest ones that pull right now. I think you see kind of the volume in terms of number of customers again through the mid-market because, again, that segment loves ease of use. I go back 20 years, I used to install exchange server at smaller companies. I think it's been a little while since one of my silver partners turned on an exchange server in that space.

All has gone to say something like Microsoft Office 365. And again really, again, looking at the enterprise, looking to unleash agility under digital transformation. Really those two nodes are the ones we're seeing the most harmony right now.

Patrick Moorhead: Yeah. It's great to see, you're getting good feedback on the mid-market and enterprise that's good. That's very good. So Tom, I'm going to put you on the spot here. Your next big event is HPE Discover. I hit Antonio with this question, I'll hit you with it too. Anything you can share with the audience, why they should tune in to this?

Tom Black: Oh, so I think our CMO Jim Jackson would kill me if I pre-launched. We do have some really exciting news coming up. We will continue to make progress in more broader and meaningful solutions on the GreenLake cloud platform. I'd have to leave you with a little bit of a teaser, all my customers and partners and friends you don't want to miss this one.

Patrick Moorhead: Now, this is going to be great. So Tom, I really appreciate you coming on the Six Five Summit. It's big adder and I have to say in the past six months, it's been fun to tune in and see what you've been doing on the data and the storage side and kind of the new twists and wrinkles and



innovations that you're bringing to the table in the context of the big picture, which is this strategic adoption and really leaning into data and how is the best way to use it?

Tom Black: Yeah, no, thanks Pat. I really enjoy our chats and I look forward to many more because the truth is I pivoted a massive amount of engineering team about a year ago. And now what you're starting to see is the first fruits of that investment come out.

Next year's got a very rich pipeline. And so I'll look forward to each time I get to connect with you and your audience and talk about how we think we're helping out.

Patrick Moorhead: Sounds great. Let's connect for Discover. Thanks again, Tom.

Tom Black: Hey Pat, have a great day. Thanks.

Patrick Moorhead: Thanks. All right.