Patrick Moorhead: Alex, it's great to see you. My gosh, I think the last time we saw each other face to face was in your new office in Houston. I actually... You allowed me to talk at your all-employee meeting in February. I can't believe it. We all know what happened a month after that. How are you?

Alex Cho: That's right. Great. I'm doing great. And it's good to see you virtually. Time does fly. It's amazing. It just seemed like yesterday. And between then and now, COVID happened. The world changed. People are working remotely. Schooling is remote. It's amazing. But I'm doing well. I'm doing very well.

Patrick Moorhead: No, that's good. And gosh, recently on the road... I've been on the road so much in the past two months and kind of getting into this. You're almost making up for lost time when you see people. And I find myself hugging most people that I wouldn't normally hug when I see them, but there's just this... I don't know. Like, I'm so glad to see you in real life. It's really nice.

Alex Cho: I can't wait to hug. Sounds great.

Patrick Moorhead: No, I know. I know. That's the first thing we will do. I honor the no-hugging rule too, which is like, "No, thank you, I won't take any of that." So gosh, can you talk a little bit about what you do for HP? I mean, in my mind, you're a rock star. Everybody should know you and what you do. But can you talk about what you do at HP?

Alex Cho: Well, I'm not playing any instruments here, for clarity. I am responsible for our Personal Systems business. And when we say personal systems, we talk about PCs, laptops, desktops. We have peripherals. We have services. But I'll tell you what I think is really the mission of the job. I mean, we're here, I'm here, the team's here to help people work, learn, connect in a more hybrid world. So that's got us going with more energy than ever, but it's really about how to enable people to work, learn, and live in a hybrid world with technology and computing in the center of that.

Patrick Moorhead: So your customers are all the way from end consumers all the way to the biggest enterprises and everything in between. And I'm going to ask you a hard question on what are they telling you? What are they up to? What's keeping them up at night if you're IT out there?

Alex Cho: There's a lot of things going on in the world, and it does span from consumers to large corporate IT. One of the things that is top of people's mind is how do you enable people to stay productive and connected when they are working from home, or they're in the office connecting with other people who are working from home. So this whole idea of keeping people productive, connected in an environment where people are not necessarily all in the office, that is such a big theme. And guess what? If you're not in the office, you lose a lot. You lose a lot of support. You lose a lot of connection. You lose a lot of the safety of feeling as though your data is secure. So I know I'm talking about security. A lot changes.

The other thing, what's on everyone's mind is return to office. What does that look like? What does it look like as a company, as a site, as an individual, for teams? And that topic is probably the school that everyone's in together around the world.

Patrick Moorhead: Yeah. So does this mean we're just all going to pick like August 1st, and we're all just going to go back to the office? Is that how this is going to work? Which by the way, based on all the cities I've been in over the past two months, everybody's kind of looking at it differently. So how do you see this playing out?

Alex Cho: I'll tell you something funny. I was sending an email to someone who works in an organization, and I received an out-of-office email. You know how you can set that up?

Patrick Moorhead: Yeah.

Alex Cho: And listen to what is out of office. Usually, it says, "Hi, I'm out on vacation, or I have an offsite." His thing said, "I'm sorry. Today, I'm in the office. I will be busy. I'll respond to you at the end of the day."

Patrick Moorhead: That's awesome. I mean...

Alex Cho: What? I mean, we don't even have an in-the-office official setting. But no, what I think people are working through is schedules. Am I in the office five days a week? Partially in the office? And when I'm in the office, am I going to see other people here? And how is that going to work in terms of not only meetings that I want to have, but I would love to be able to bump into people? And how do we navigate teams and meetings when the default is not five days in the office, bumping into each other in the corridor? But hey, that's why you asked me what do I do? That's our job. Our job is to enable the world to work from anywhere and be able to stay connected, stay productive, and really feel engaged too. It's all about feeling engaged.

Patrick Moorhead: Yeah. And it's not only remote, and it's not only in the office. It's more... The industry term we've been throwing around is hybrid, right?

Alex Cho: Yes. Yeah.

Patrick Moorhead: And you do a tremendous amount of primary research in addition to the anecdotal research you do with your own teams that are around the world. So what are some of those important and relevant hybrid trends that you're seeing right now?

Alex Cho: Yeah. And you're right. We are doing a series of research and insights. We think it's never been more important to really be close on insights. Let me just give you a few things that are standing out, which I think have big implications. And I'm open, we're all open for these numbers to continue to change. But one key thing is that, whereas before, again, people were stating, "I'm going to be in the office the majority of the time," there is a majority of employees now stating, "I'm only going to be in the office part of the time." That is so significant. The fact

that over 50% of people are saying, "I will not necessarily be in the office all the time," is a big shift.

Let me share with you another thing. Three-quarters of people are stating that they are paying attention a lot more to how other people show up on audio and video and that I'm going to pay attention to you more and you are more credible to me based on your audio and video fidelity. Wow! That is a completely new dynamic around what's important around engagement. So beyond body language is AV language. Think about that. Think about the importance of flexibility.

Patrick Moorhead: Right.

Alex Cho: People are saying, "I'm going to choose a company increasingly based on the flexibility that they offer me." So from how they work to what tools they use and how they think about their companies, everything is changing.

Patrick Moorhead: And just so I understand, this is not just in Silicon Valley or the Coasts of the United States? This is a global phenomena?

Alex Cho: Yeah. Now, we do see different levels of transition or different levels around the world. I mean, we do have places around the world where they are more biased to want to go into the office. But at the same time, looking for flexibility is not a Silicon Valley dynamic. You're going to find it in Silicon Valley. You're going to find it in other places around the world, where people are recognizing that my work and my life are not things that I want to keep separate, but I see far more integrated.

Patrick Moorhead: Yeah. By the way, I thought about my question, and I was like, "Gosh, what is this guy? A Gen X or something?" Yes. I'm a Gen X from the middle of America. So I had to ask, though, Alex. I grew up in a... You're lucky to have a job, right? I entered the workforce in the '90s, and I think it's going to be interesting. If the economy does slow down, like some people are suggesting, I'm wondering if that changes. I don't know if it does. But one thing is for sure, is things will never be the same, and I'm actually glad. I mean, my entire company is remote, Alex. We don't have a... I mean, I have a personal office, but my whole team, all... I mean, it's only 30 of us, but we've been remote for 11 years. So we thank all the new, great technologies that are coming out. So back to-

Alex Cho: That's interesting. Hey, Pat, you know what's interesting you said before? We are definitely hearing this among companies and employees around the world, and I roughly would characterize it like this. In fact, when we were starting, it was, "Please, company, hire us." Right?

Patrick Moorhead: Right.

Alex Cho: Now, it's the opposite. That power shift is around companies looking at employees and saying, "Please work for us." And I think that is such a fundamental shift in the role of company, the role of work, the role of offices as we think about that in people's lives.

Patrick Moorhead: Yeah. It's a big shift, and I almost want to press the reset button and go to a place where I had the power, because I'm the CEO now and now I'm the... It's the only time I felt like I've had the power, but maybe I don't. My employees have the power. Oh my gosh, what happened? No, this is... Hey, let's go back, in all seriousness, to companies hanging out this return-to-work sign. They have billions of square feet of office space. I mean, do you think that we're going to go back in any meaningful way?

Alex Cho: Well, I'll tell you what we are hearing and what we are seeing. It's not also that people are always at home either. You said the word hybrid. I think the word is hybrid. What we're finding that companies are working through right now is shifting their idea of what is the office about. The office is increasingly not the place that you go by default. It's a place that you go with intention, the intention to collaborate, the intention to be in community with people. So offices are shifting, and they're thinking about creating new spaces. We used to joke around, remember, about Dilbertland, moving to these cube farms. It's now about becoming a place where people can interact together. But also when they're in the office, they want to be able to quickly and easily interact with people not in the office. And so spaces are changing. My big word, hey, just heads up, my big word is going to be about spaces.

Patrick Moorhead: Okay.

Alex Cho: Spaces of the future are becoming rich opportunities to enable people to stay productive, connected, empowered. Office spaces, home spaces, virtual spaces.

Patrick Moorhead: By the way, and those who are counting from home here, Alex, you've had a tradition of saying things and then they become true. I remember years ago, we were talking about when the PC was essential, and this is after the PC market took a 20% dive. And you're like, "Nope, the PC is more essential than ever." And I'll never forget that conversation. And not that you predicted COVID, but the PC became essential even before COVID. I'm a huge believer that companies commoditize themselves, and industries commoditize themselves. It doesn't just happen. Industries allow it to happen. And it's great to see the PC industry and HP get out of, I wouldn't call it a rut. But if you remember, there was this idea that tablets were going to completely decimate the PC market. So things change.

Alex Cho: Yeah. One of the best examples, people aren't working on their resumes, in general, from their phone. You know?

Patrick Moorhead: Yeah.

Alex Cho: But more importantly, yeah, we saw pre-COVID the PC was becoming more relevant, and we measure usage. Always a good indicator of category relevance, how much time are people spending? People are spending more time on things that are more important to them. And then COVID happens. We went from the PC's more relevant to the PC's essential for work, for learning, for playing. But then my word... You're right. You're catching me now, is not PC. It's spaces.

Patrick Moorhead: Spaces. All right.

Alex Cho: Spaces are the domain for computing and experiences and innovation. I mean, you're right. What I love about this category, this is about innovation, and people are innovating, and that's why I love this category. It's great.

Patrick Moorhead: Yeah. No, it is fun. And thank you for making it a lot more fun for industry analysts too, because industry analysts thrive during times of change. And thankfully, I did predict what would happen to the PC versus the tablet. So I get one right every few years. But listen, what does all this mean to innovation strategy and your acquisition strategy? And I have to tell you, I love your potential acquisition with Poly. I totally get it. I'm having to explain it to people, though. But can you talk about it a little bit?

Alex Cho: Yeah, I can. I mean, so first is what's the big shift? The big shift is we're moving from a category that was about speeds and feeds, products, units, to experiences. I mean the biggest shift... Yeah, we can talk about market sizing and all. The biggest shift is the amount of time and the types of things people are doing digitally. That is the big shift. So anytime you have a shift like that, for us, the operative word is experiences. So if you look at the HP team, whether it's a product manager, an engineer, hardware engineer, software engineer, our services team, our marketing team, it's experiences. Our mission is to deliver great experiences. So in a world that's much more hybrid, what's the experience that's important? It's this: the ability to see each other, to hear each other, to interact with each other. So that's why we believe that a foundational experience for the future is around audio and video.

                      Then add in the fact that people are reconfiguring office spaces to become more collaborative in communities. People are upgrading their homes and setting them up more permanently to work from home either all the time or part of the time. You've got this huge opportunity to enable better audio and video or what we call collaboration experiences. And then we look at Poly. We love the type of assets that they have and the scale and the credibility. And with computing being in the center, we think we have an incredible opportunity to innovate that experience.

Patrick Moorhead: Yeah, it's funny. There was a famous politician who talked about known knowns, unknown knowns, and unknown unknowns. And the great part about this collaboration challenge is I think we know what we have to go improve, and that's really an engineer's dream and, I think, a product marketer's challenge because this isn't the first time we've talked about better video and better audio and better collaboration experiences. In fact, you go all the way back to when we had Skype, and a lot of these technologies were out there. So how, from a marketing perspective, do we communicate this differently so people believe it? Do they have to see it? Do they have to use it to believe it? How do you see that playing out?

Alex Cho: Well, you highlight several, and I would add a few more. So first is it's hard to talk about collaboration. You have to experience it. And my great example is when you're in a Zoom or Teams meeting and you have someone show up and they're clear visually in video, in audio, and then you have the person, their video's washed out, you can barely see them, and their voice

feels like they're in the middle of a tunnel, you immediately understand the value of that. So I think number one is making sure that we can communicate and provide examples of when it's great versus not working. I think the second thing that is really important for us, Pat, is it's about making it easy.

Patrick Moorhead: Yeah.

Alex Cho: I think people forgot, just kind of like the beginning of this meeting, that if it takes 1, 2, 3, configure this, "Oh, I've got to go do that. I've got to set this up. Oh, I need to move things around," that takes too long. I mean, if it took that much time for me to talk to someone when I bump into them in the hallway, it's not really going to engender the type of real communication that we want. So ease of use and simplicity. And then you talked about IT. If you're an IT manager, you want to help manage this as well, so...

Patrick Moorhead: Yeah. Isn't it ironic that PCs that sometimes got the... People are like, "PCs are hard. Fixed-function devices are easy." Well, old conference-room equipment was fixed-function devices. And here, the easiest way to connect was on the PC. I can't get that out of my head. But the thing I'm really excited about with Poly, one of the things, is the addition, the ability to provide equity, which is they have multi-camera and the ability to split people in the conference room to give the person on the other side their own block.

So one of the benefits, that hopefully we can agree on, in working remotely is that regardless of whether you were an SVP or an intern, one block meant one person, and they had the same access to everybody else that was in the meeting. I love that feature, because when you think about it, hybrid... We don't want to step backwards when we go back to the office. And what a disincentive for people who might go into an office and realize, "Wait a second, I'm not projecting my one block to the person on the far end. Why am I coming into the office again?"

Alex Cho: I'll tell you, you hit on something that is really at the core of what makes me more passionate about this. Sustainability is a passion area for us. The other is equity. And I think the potential unintended consequence of a more hybrid world is that it might go the other way around where you feel... It's the FOMO idea, right? You feel like you're missing out should you be the one person who is dialing in or whatever that is.

And I actually think that a hybrid world is an inflection that could go both ways. We're here absolutely committed to enabling this type of solutions that helps enable and enhance equity versus have it be an occasion by which it goes the other way around. And you're right. Having everyone show up and be heard, that's the other thing. That's why we care so much about... People say, "Video yes. Why do you need audio?" Well, you know what? If you didn't have a seat at the table and you're sitting in the back, I want to make sure that person who speaks gets heard with just the same level of audio as a person who happened to get there earlier and be at the table.

Patrick Moorhead: It's interesting. Yeah. I talk about the sucking up to the boss in the room. It's a lot harder to do that when most of you are remote and those side conversations are harder to have. And I don't

know. It's funny. I'm kind of on the... I don't know if that's a positive or a negative on those side shows, but I've seen a ton of meetings get disrupted. There's just way too many side conversations going on.

The great part about all of this is the growth that I think is going to come out of all of this, because we have not solved this yet. Okay? And there's a ton of innovation to go and a ton of innovating. And I said this last year at the Six Five Summit 2021, which was you will probably see 75% of the equipment that are used in conference rooms will have to be replaced in order to truly deliver an acceptable hybrid collaboration experience.

Alex Cho: In fact, the rough numbers that we see is that there's 90 million, 90 million spaces. Now, that is a combination of official conferencing rooms. But remember, those offices are changing, so they're spaces.

Patrick Moorhead: Yes.

Alex Cho: 90 million and a fraction of them have technology. So maybe 75% will be upgraded, but that's of the ones who have technology. The majority of them don't have any technology. And so we look at that as saying there is such a significant opportunity to add value, enable people to feel connected, equity, technology that's really powered by compute, cloud enabled, secure. Hey, all that work on security that we've been working on, ding, ding, ding, ding, ding.

Patrick Moorhead: Right.

Alex Cho: We're going to make sure they're all secured collaboration experiences. So see why we're excited? We're excited.

Patrick Moorhead: I'm excited by your excitement. I mean-

Alex Cho: Oh, good.

Patrick Moorhead: I figure if you can't get excited, how are you going to get everybody else excited? So no, I'm excited about that too. And the great part about it is, and folks you heard it here, spaces. Okay?

Alex Cho: Spaces.

Patrick Moorhead: So we're going to come back in 2023 and see what the industry caught on. But hey, I want to end on more of a personal note. And one thing I have really appreciated, Alex, is your ability to connect with your leadership team and also the folks in your division. And I see it when I see you interacting with folks, and I think this is really good. But let's fast forward to 2025. If you look back, what do you think the proudest accomplishment of you being head of Personal Systems will be?

Alex Cho: I was just thinking 2025 and doing the math. I think most of my kids will have graduated from college by then, so...

Patrick Moorhead: There we go. We're done. We're out of here.

Alex Cho: That is a key part. You know what I am very ambitious about is, and actually you used one of the words, it's we actually believe that trust and equity are two areas that personal systems can enable in a very significant way. Equity, we talked about that. It's equity because, in a world where hybrid might create more division, we want to enable more digital equity. We want to enable equity in terms of education. We want to enable equity in terms of communication wherever you're at, in the office or out.

And the other is around trust, and the reason why is... And this is where our legacy on security is so important. We think that in a more hybrid world, the ability to ensure that you're trusting that your connection, your data, your privacy is something that is protected, we believe that is a huge value proposition. So again, 2025, other than celebrating graduations, you shouldn't think of us as a PC company. And we'll build and sell a ton of PCs.

Patrick Moorhead: Sure.

Alex Cho: We're not going to be a PC company. We're going to be the leaders in hybrid work, and we're going to be the leaders as well... Our other passion is around gaming and entertainment. Those are the big shifts because work and office has changed. The home has changed. And we think that taking that experiential focus around enabling hybrid work, enabling equity, enabling productivity, engagement, and also the opportunity around just gaming and entertainment and how people connect and making that be immersive, yes, private and, as well, something that you feel like reflects you and more expressive of who you are... Oh, yeah, 2025.

Patrick Moorhead: I love it.

Alex Cho: And guess what? Those are two spaces, the office and the home.

Patrick Moorhead: I love it. I love it. Now, so everybody, you heard it here first. Focus on spaces and look for what Alex and his team is going to do around equity and trust. Alex, always great talking to you, and I cannot wait till I see you face to face. Maybe we can figure that out. But if I'm on the West Coast, I'm going to give you a call, and let's see if we can get together.

Alex Cho: Come on over. Great.

Patrick Moorhead: Thanks again, Alex, for kicking off the Six Five Summit 2022 Intelligent Devices Track. Thank you.

Alex Cho: You're welcome.