

FINAL TRANSCRIPT

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HPQ - Hewlett-Packard at Bank of America Merrill Lynch Technology Conference

Event Date/Time: Jun. 02. 2010 / 1:00PM GMT



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PRESENTATION

Scott Craig - *BofA Merrill Lynch - Analyst*

On behalf of Bank of America Merrill Lynch, and especially the Bank of America Merrill Lynch Tech Team, welcome you to the 2010 US Technology Conference. Just a few really quick housekeeping items before we get started here. There is also a great lineup of private company tracks, with companies like Fusion-io and [Carbite], et cetera, among others, today. So make sure you check that out. And we do have a model book with all of the companies in there just for your reference that can be found out front.

The keynote at lunch today is the BofA IT personnel, including our Chief Technology Officer. BofA is a top customer, as you know, of most major tech OEMs, including HP. And so it is always great to hear their insights into the tech world.

And lastly, cocktail party tonight at the New York Yacht Club. I thought that would be on the water, but apparently it's on 44th between 5th and 6th. So -- I'm Canadian; I don't quite understand some of this American stuff. And we will also try and arrange the Flyers/Blackhawks games, for those of you interested, like myself.

So before we get started here, HP wanted me to tell you that this presentation may contain forward-looking statements that are subject to risks and uncertainties, and please refer to HP's SEC reports for a discussion of those risks.

With that, we are going to move over to our special keynote speaker, Mark Hurd, Chairman and CEO of Hewlett-Packard. As you know, Mark just celebrated his fifth anniversary at HP. It has been a great ride; since joining, revenues up over 40%, EPS has grown almost 190%, and, most importantly, the share price has almost doubled in his timeframe.

So with that, we are going to get started here. Mark, you just reported some pretty great results in the second quarter. Nice revenue growth of 13%, expanded margins, EPS up 30%, cash flow strong, you name it. Maybe walk us through a couple of things that you consider to be the most important highlights from the quarter.

Mark Hurd - *Hewlett-Packard - Chairman, CEO, President*

I feel like I ought to leave now. It was a good introduction, Scott. Listen, I think we grew \$3.5 billion in revenue in terms of dollar comparisons year-on-year. I think the best thing about the quarter is it was just broad-based. It wasn't like we had growth in one segment versus another. We grew in services. We grew in printing. We grew in networking; our networking growth, 31% organic. 72%, if you included 3Com and Virtual Connect.

So 72% growth I think is a good number for us. We had 54% growth in servers. We had 16% growth in storage. We had 21% growth in PSG. So just again, Scott, I think broad-based, and it drove a nice earnings improvement for us.

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Scott Craig - BofA Merrill Lynch - Analyst

Okay. Mark, one thing -- a lot of investors I meet with still consider HP to be a bit of a margin turnaround story as opposed to a revenue growth story. Maybe that is why the multiple is a little bit lower than what we think or probably you think it should be.

So maybe take us through some of the more important initiatives you have taken over the past couple years and where you see those going forward to drive the top-line growth and disturb that story among some investors.

Mark Hurd - Hewlett-Packard - Chairman, CEO, President

I think there are various perspectives on how fast we've grown or should have grown. In the end of the day, we were \$79 billion in 2004, beginning of 2005. Your estimates, which I think are awfully high, Scott, as compared to your peers, is probably in the ballpark of \$124 billion, \$125 billion this year. So we've grown \$46 billion in roughly five years.

And so, at the same time, we had too much cost. Like it or not, I'm a big believer that cost and growth are not separate conversations; they are one conversation. And when you carry too much cost, you tend to not grow.

And I think you can see as our cost has come down, our growth has improved. Our market performance has improved. Our marketshare positions have improved. And we've also at the same time had to get more demand creation on the street, which we've done. So we are up from 16,000 salespeople to 26,000 salespeople. It is likely we go higher as we go forward.

I could tell you right now we feel great about our portfolio. We feel the portfolio of offers we have in the market are as good a portfolio as any tech company on the planet. So for us now, it is very important for us to take advantage of that. And growth is key to us. I don't want to pass any message that cost isn't important to us, too. It is just for us at this point in time, we have a very advantaged portfolio, and we plan to take advantage of it.

Scott Craig - BofA Merrill Lynch - Analyst

Okay. Along those lines, helped triangulate yesterday's announcement with the investing of \$1 billion in the new era of Enterprise Services and how you think that is both a combination, like you are referring to, of revenue growth and the cost side of things.

Mark Hurd - Hewlett-Packard - Chairman, CEO, President

Yes, I mean it is one that -- maybe I'll stand so you can see me in the back. I feel like this is such a flat line.

I think for us -- let me try to give you some history on Enterprise Services, just so you know how complicated it was. When we bought these guys, revenue was \$23 billion. So \$23 billion in revenue, \$22 billion in cost. They made \$1 billion. That \$22 billion was in 300,000 call centers. So imagine you came to the company, you got a cell phone, you got a PC and you got three call centers. Every employee was in -- had three separate call centers. So think of this as the natural cost of the business was \$33 billion, \$34 billion; so about \$11 billion, \$12 billion was eliminated at the corporate level through these 300,000 accounts. So complexity with a capital C.

At the same time, the sales force was tiny. So here was a group growing 1%, couldn't afford to expand its sales force, and frankly, carried a lot of cost with it.

We went through the first phase and I thought we took way too much abuse when we bought the company and got way too much credit 18 months after we had ownership of the company. We've taken capacity out of the company, or out of the business, which has put it in a better competitive position.

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Right now, what we announced yesterday, was doing things with R&D that we wanted to do from the beginning, but had to get the business to this state. So the investment that we made yesterday is data center consolidation -- not too dissimilar to what we've done internally -- but the opportunity to leverage technology with standard offers and automation across the business. We believe there is material amounts of cost to take out, but it's not a cost play, per se. It's an efficiency play that in turn not only lowers our cost, but gives us a better opportunity to grow.

So as we announced yesterday, we will lower the cost base. This will put us in a position to have, we think, a tremendous offer in the marketplace. We will have more salespeople on the street and a position that we think puts us in quite a position to grow.

I would add our funnel right now of opportunities in the market is at an all-time high. So the brand position of the combined HP and EDS has put us in a very -- we think a very positive situation. So we are very bullish on the opportunity in front of us, and we plan to invest into it.

Scott Craig - BofA Merrill Lynch - Analyst

Okay, thanks. Just regarding the data centers, you touched a little bit on the strategy of consolidating. But when you think about the broader data center, how do you view your competitive positioning there, and is there any holes within the data center, so to speak, that you think you need to fill in the near term or in the medium to longer term?

Mark Hurd - Hewlett-Packard - Chairman, CEO, President

Let me focus on the opportunities first, before I get to the holes. Listen, server market is \$60 billion. The storage market is \$50 billion. The network market is roughly \$45 billion.

I believe going forward that the market will have to have -- competitive companies will have to have intellectual property in all three of those segments -- server segment, storage segment, network segment.

Take our networking strategy, for example. It is not just ProCurve. It is not just 3Com. It is a combination of Virtual Connect, which is software. We built the software business in our networking business that literally virtualizes the ports. So if Bank of America had a need for 10 ports, we would try to take those inefficient 10 ports and only say you need six ports, and you buy networking by the port.

We would then try to come to the market and say, we will offer you the best TCO and the best performance and the easiest managed network environment on the planet for those ports you do need.

So take in our own IT. We spend about 35% less on HP data center networking than we did with our previous supplier. We get about double the performance. We do it with about half the power. And we have one single pane of glass managing the entire network, as opposed to the nine we had beforehand. So very differentiated offer in the market, lower cost, better performance, better sustainability, easier to manage.

Now at the same time for us, many jobs you will find in the industry -- if I took you to any of the big websites -- doesn't matter whether it is a search engine or a social networking environment -- you are going to find tons of HP infrastructure in those data centers. If you looked at it and said, is that a server, is that a storage device, is that a networking device, my answer would probably be yes. And most of these environments are hybrid environments.

And I tell you when you talk about the data center, Scott, if somebody tells you the data center revolves around the network, my guess is the person telling you that is in the networking business. If somebody tells you the data center revolves around storage, it is somebody in the storage business. And if it is somebody telling you it revolves around the servers, it is probably me.



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And so when you go look at those three, I am telling you you have to have -- you can't be in one of those three and win. You can't be in two of those three and win, because you're going to find that each of the jobs -- some of these jobs are process-bound, some of them are data-bound, some of them are network-bandwidth-bound, and you have to be dialing in the amount of IPU need per the job at hand.

So for us, be number one in the server market, two in storage, two in networking. That for us gives us a tremendous IP stack that we can mix and match based on the job at hand.

We then want to complement that with software capabilities to manage those servers, manage that storage, manage that network, manage those data centers and secure them. And then we want to have the services capability to either deploy that as OpEx, deploy it as CapEx, whichever direction the customer would like to go.

So we think we bring the IP, we bring the integrated hardware capability, software capability and services capability to really help the customer transform their data center. And I think most every CIO is faced with the problem today of simultaneously trying to lower their cost of maintenance and at the same time increase their speed of innovation to go help the businesses get things done. And we think we are in a position to help get both done.

Scott Craig - BofA Merrill Lynch - Analyst

And just staying along that line, Mark, is there any customer base or vertical -- and you can look at it by, say, small, medium business or enterprise, or then vertical, whether it's healthcare, financial -- that looks at that differently? In other words, is there any customers that you don't think wants their supplier to be able to provide everything, or is it pretty broad-based across all (multiple speakers)?

Mark Hurd - Hewlett-Packard - Chairman, CEO, President

I think it is pretty broad-based, Scott. I mean, I think you have a pretty general environment out there today that faces those problems I described. I think -- listen, there isn't -- particularly with -- let's go back to 2008. CEOs are leaning on CIOs hard. If you don't know, being a CIO is I think one of the toughest jobs on the planet. You are asked to be knowledgeable about the business and knowledgeable about IT simultaneously and how those two interconnect.

And I think the pressure is huge to get costs down, to keep the lights on. Because CEOs want IT to be utility. I want to turn it on, I want it to work, but I also want it to cost less. At the same time, I want money to be able to go innovate. And both are problems today and I think that is not unique across banking versus a retailer, and I don't think it is unique to China versus the US.

I'll tell you, the meeting I have with a CIO in New York is, other than the accent, roughly the same that I have in Beijing.

Scott Craig - BofA Merrill Lynch - Analyst

All right. Thanks. IBM recently set a goal of doubling EPS over the next five years. How do you think you are positioned versus IBM to deliver robust revenue and EPS growth, Mark?

Mark Hurd - Hewlett-Packard - Chairman, CEO, President

I don't follow their models all that closely, so I can't speak to everything. The little I've heard about it is it sounds like -- it sounds to me like a growth lower than the market. And for us, obviously, we plan to grow faster than the market.

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So -- and then relative to anybody else, I don't know, we've historically had -- this [draws] back a little bit to the past -- in 2005, we had a very, very large option overhang, 610 million shares with this 23%, 24% overhang. We've reduced that materially. Our people don't like me giving out numbers, but think of that as materially lower than it was. Our cost of zero dilution has come down dramatically. So just to affect a 10%, 11%, 12% EPS growth, just stock buybacks alone have tremendous leverage for us versus what it would have had even two or three years ago.

So you have to think about us growing faster than the market. The best news and bad news I can give you at the same time is we still have efficiencies to get out of the business. We think we have -- so let me go back through. Best portfolio, we think, in the industry. Still transformation that we've got to do. Example of what Scott brought up earlier in ES.

I could take you through our supply chain. I could take you through getting the right work done by the right people in the right location. So material number of transformations that we've got to do left to get the business cost-wise healthy -- at the same time as we've got a very different capital position than we had several years ago. So you'd have to think of us growing faster than the market at the same time as delivering earnings that are certainly superior to the range that I've heard you describe.

Scott Craig - BofA Merrill Lynch - Analyst

All right. Let's dive into the networking business a little bit deeper here. Most companies have a pretty difficult time gaining share from Cisco, especially on the ethernet side.

Maybe take us through some of your early successes. I know it's early with 3Com to start off with. And then when you look at driving share growth of there, how do you do revenue versus port share, for example, if you think about it longer-term?

Mark Hurd - Hewlett-Packard - Chairman, CEO, President

Well, as you know, we gained a lot of port share. So port shares numbers are fairly material. And we compete with Cisco in one sense, but there are also a lot of other industry -- 5% of the market -- not in their hands as well. So we just think it's a very attractive market.

We did announce at the end of the quarter we had two Fortune 50 logo closures in the quarter for data center products. So very big names, big brands that we closed. We are in a material number of proof of concepts today, and I would expect that we would have more announcements shortly.

So I would tell you there probably isn't a more exciting group or excited group in the Company than the networking group. The value prop is just incredibly well-received. And again, it is not just 3Com. It's the 3Com -- it's now all HP networking. It's 3Com, it's ProCurve, and it's Virtual Connect. And you really need to look at it as a triangulation supplemented by our services capability.

So one of our best services offerings in the market is our network management services offering, which we will be putting yet more R&D into. And that alignment together puts us in a pretty strong position.

Scott Craig - BofA Merrill Lynch - Analyst

Okay, great. Last earnings call -- talk about Europe a little bit here -- you said you expected normal seasonality. And we talked about this earlier -- I think some investors were surprised at your, quote, unquote, bullishness on Europe, so to speak, in the face of (multiple speakers).

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Mark Hurd - Hewlett-Packard - Chairman, CEO, President

I heard that I should be more pessimistic.

Scott Craig - BofA Merrill Lynch - Analyst

Well, in the face of more increased risk, I think they were a little surprised. So maybe take us through what makes you so confident in Europe maybe relative to how people are thinking about it right now, as sort of a starting point on Europe.

Mark Hurd - Hewlett-Packard - Chairman, CEO, President

It's funny, because I never been accused of being bullish, generally. But I would tell you, listen, as we talked about over the past several quarters, we saw a US uptick which has held subsequent to the 2008 downturn, probably three quarters ago. We saw roughly the same thing, maybe a little faster, in Asia. We had not seen any improvement in Europe. Europe was not worse, but it was sort of sequentially bumping along the bottom. And I think we messaged that clearly in every call.

Last quarter was different. We saw a bump in every single country, across every single business. So we have pretty good -- you can imagine when you look at our scale, we don't just look at revenue; we look at orders, we look at funnels, we look at velocity through the funnel, and we get a pretty good view, as you can imagine, with our scale of level of activity. So it was a change, and worth reporting.

At the same, I wouldn't tell you that Europe was back to 2008 levels. And when we talk about normal seasonality, we are talking about normal seasonality off this base that I just described. And as you can imagine, subsequent to the call, we've now closed May, and so we actually have even more visibility.

Scott Craig - BofA Merrill Lynch - Analyst

Okay. Thanks, Mark. With 3Com and then the pending acquisition of Palm, is there a risk that HP needs to heavily invest and it offsets a lot of the cost savings that are going on right now? How do you counter those with the investment side of things?

Mark Hurd - Hewlett-Packard - Chairman, CEO, President

Let me go back one more time. We didn't buy Palm to be in the smartphone business. And I tell people that, but it doesn't seem to resonate well. We bought it for the IP. The web OS is one of the two ground-up pieces of software that is built as a web operating environment.

We have tens of millions of HP small form factor web-connected devices, whether that is a smartphone, whether that is a web-connected printer. We are shipping now -- over 20% of our printers this year will be web-connected. They are a slate that will come out. They are different form factors in the low end of the PC range. All of those today have cost of goods sold associated with them that, when aligned with that operating environment, flip to a margin.

Now imagine that being a web-connected environment where now you can get a common look and feel and a common set of services laid against that environment. And for us, that is a very, very attractive value proposition.

To clear up any confusion, it has no messaging that -- we aren't -- Microsoft is very important to us. Microsoft is a very important partner to us. We are doing hundreds of millions of dollars of joint R&D together with Microsoft, so they are still very important to us. No message there around that.

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Nor are we going to run off and spend billions of dollars trying to go into the smartphone business; that doesn't in any way make any sense. We'll be disciplined about that message, but think about that action. But think of this as the intellectual property backbone for small form factor devices that puts us just in a different position.

Scott Craig - BofA Merrill Lynch - Analyst

Okay. Switching over to printing, you guys have done a great job on margins there, and I think investors have been pleasantly surprised with being able to maintain sort of a 17%-ish operating margin, even though the mix has been a little bit more hardware than supply. So how have you managed to do that? And should we think about 17% as kind of turning into the lower end of the long-term range of this business from an operating margin perspective?

Mark Hurd - Hewlett-Packard - Chairman, CEO, President

You keep trying to bring the estimates up, don't you? No, listen, I think in IPG -- let me try to give you some context, right? The IPG business was -- guidance was always 14% to 15%. And it was a long time, to be very frank with you, to get IPG management convinced that if I took the chair out of the conference room, I was going to send you a lower bill for overhead; therefore, your margins will go up. No, no, no -- they're always 14% to 15%.

No. We are actually going to raise the margin level by taking cost out of the business, and then we will decide whether we deliver that margin level or reinvest it back into the business to go grow it. And to be very blunt with you, for businesses that make -- when I came to HP, IPG was making 83% of all of our profit. 83%. And they carried the business. They carried the Company.

And the view was if you ever had IPG margins go up, HP couldn't handle it, because IPG basically drove the Company. So the view had to be one we had to get the rest of the Company healthy. At the same time, we had to get IPG's cost structure right. And frankly, its supply chain is at the core where a lot of costs exist. We spent 2.5 years drilling through that supply chain end to end to end. That has given us increased capacity.

So important in this quarter that we just delivered, which I'm not sure with all of the messages we have to take out to the investment community everybody understands. Our managed print services signings was huge in the quarter. We didn't give out a number, did we (inaudible)? Think of it as multiple double digits up -- not quite three digits, sort of halfway in between. Huge signings growth. Huge signings growth.

Now, think of it in the context of we had zero business, zero business four years ago. Our total contract value now is in excess of \$6 billion. Understand the importance of that for us in that those contracts last five years. And the connect of supplies to the print business in a managed print services contract is 100% -- 100%.

In the quarter, we doubled the number of retail photo kiosks that we've installed, doubled them in one quarter. And they are just -- think of them as the biggest inkjet printer you would ever deploy. You Scotch Tape money to each retail photo kiosk. And then you get money when people start printing photos. They stay installed 10 years. The connect rate of ink to those retail photo kiosks, 100%. 100%.

Thirdly, we grew graphics the fastest we've grown it in three years in the quarter. Those Indigo big digital presses stay installed a decade. The supplies connect to those presses, 100%.

The fact that we could take those three big annuity businesses, and when you grow them they cost money, at the same time as we drive inkjet unit growth the way we did in the quarter and deliver 17.2 is more meaningful than the 17.2, is my point to you. The fact that you could absorb those kind of hits in the name of growth because you are trying to lengthen out your annuity stream and increase your connect rate at the same time.

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Our objective is to continue to drive in the core, to win the battle in the home, continue to win the battle in the home, as we have. Wireless printing is now very attractive to us because we think we can deploy less printers into the home and get more pages simultaneously.

Refresh the laser environment. That is probably the only thing in IPG that didn't go well in the quarter, was our revenue was strong, but our unit placements were not as strong as we would like because we couldn't get enough product, which we will nail in Q3. Invest in those businesses, deliver 17.2. We feel good about IPG's position. People are printing more, not less.

Bank of America occasionally lets me talk about managed print services and the printing. We do the Bank's printing, and the Bank's printing more pages, not less. The Bank doesn't always love that message from an eco perspective, but there are more pages out there.

So people are printing more. And so for us, being able to rally around getting the supply chain right, winning in the home, winning in these three growth businesses, a formula we feel pretty good about.

Scott Craig - BofA Merrill Lynch - Analyst

Mark, you mentioned the laser business and the product availability should be a little bit better. How long after you place units do you typically start to see the supplies revenue kick in when --?

Mark Hurd - Hewlett-Packard - Chairman, CEO, President

A couple quarters.

Scott Craig - BofA Merrill Lynch - Analyst

Okay.

Mark Hurd - Hewlett-Packard - Chairman, CEO, President

You know, we used to have a thing of four. I would say we can show you with data it is for sure three. And depending on the SKU, which model you are talking about, it can be as quick as two. But I think you should think of a material improvement in laser shipments in Q3.

Scott Craig - BofA Merrill Lynch - Analyst

Okay, great. Switching gears again to services, it seems like your bookings win rates has accelerated over the past six plus months. Maybe take us through the key reasons you think for that and sort of the outlook for that going forward.

Mark Hurd - Hewlett-Packard - Chairman, CEO, President

Scott, we're just better than we were. You can argue how high a bar that was to jump over. But you've got to remember EDS -- EDS at its core was an RFP responding organization. RFP came out, some customer would call TPI, TPI would call EDS, EDS would respond. That is far different from our salesforce now pushing.

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The number of sole-source deals that EDS got in the two years before we bought them, zero. Sole-source being defined, you and I work out a deal together and solution it together. So for us, big deal that we now have the opportunity to get those sole-source contracts. Funnel is, as I've said, all-time high. I expect full-year signings to be strong.

Scott Craig - BofA Merrill Lynch - Analyst

Okay, great. Cash generation, obviously, you guys have been doing a fantastic job there. Can you take us through your priorities for cash generation here over the next near-term and longer-term?

Mark Hurd - Hewlett-Packard - Chairman, CEO, President

Yes, I mean no different than what we've been. We will continue to optimize how we spend on dividend versus share buybacks versus our ability to go into other areas, like M&A. But again, for us, our M&A will continue to be disciplined. Things have to make strategic sense, financial sense and then we have to run them.

The big difference I would tell you, Scott, is we've been committed to zero dilution plus in the marketplace. Our cost of zero dilution, because of what I described earlier with options, was materially higher than it is today. So that will give us more financial flexibility as we go forward.

Scott Craig - BofA Merrill Lynch - Analyst

Okay. And just touching on the storage strategy, Mark, clearly you've made some changes in the organization from a management standpoint there. How do you look at that business and gaining perhaps a bigger market wallet share there?

Mark Hurd - Hewlett-Packard - Chairman, CEO, President

That is a big opportunity for, just like networking is. I think market for us to go do better than we've done; I think you see some signs of that.

We think the storage market changes quite a bit over the next couple years, not too much different from where you are seeing the server market change. If you don't know, the server market is \$60 billion and grows 1% or actually zero. So you ask yourself, how do we grow 54% last quarter in servers with a market growing zero? Did we take that much share?

And the reason is the market is skewing to the open blades, industry-standard server part of the market and away from the mainframe sort of the market, that high-end part of the market.

The same thing is happening, the same dynamic is starting in storage. When you look at our growth in iSCSI and Tier 3 storage, it is material. We are talking numbers that are again 70%, 80% growth type numbers in that part of the storage market. And again, that part of the market plays on x86 standards, software on an x86 platform, but then gets differentiated in the marketplace through software and services.

So we are going to continue to play hard there. We think it is a big growth area for us over the next several years.

Scott Craig - BofA Merrill Lynch - Analyst

Is the storage area an area where you need to own more IP, or are you comfortable with the IP you have in that segment, whether it is software or the hardware side?

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Mark Hurd - Hewlett-Packard - Chairman, CEO, President

Listen, we are never comfortable with our IP. We would always love to have more IP. If you are trying to take me down an acquisition (multiple speakers) --

Scott Craig - BofA Merrill Lynch - Analyst

No, not at all.

Mark Hurd - Hewlett-Packard - Chairman, CEO, President

(multiple speakers) no. I won't be going there. But I think in the end, for us building on that base, I think it is highly unlikely that we would invest into the very high end. So the high end for us is going like -- it's declining. And I don't think you're going to see any slowdown of that.

It is no different -- the customer thinks of it not much differently from the way they do the mainframe market. So for us getting Tier 2 stuff EVA type quality in to be able to do the Tier 1 job is probably one of the most important Renaissances to occur in that industry. Same thing with Tier 3 into Tier 2.

Back to the point the CIO has got to deal with, I got to be able to deliver today the functionality I need at a lower cost base, and I've got to make it work. And that presents tremendous opportunities, we think, in storage.

Scott Craig - BofA Merrill Lynch - Analyst

Then maybe one last question here, Mark. On the software side, it's clearly an area where there is a lot of speculation on what you are going to be doing in that business longer-term. So maybe take us through your thoughts on the software and does that become a bigger percentage of your revenue base as you look out five years?

Mark Hurd - Hewlett-Packard - Chairman, CEO, President

I think so. I think mix is important to us, but I think in software, again, we are very focused on server management, storage management, network management, data center management, security. I think you're going to hear more about security over the next three or four years than you have for the total industry combined over the last 30 or 40.

The number of scans in the industry are at an all-time high, scans being (inaudible). And I think the capability you are going to need to secure these network environments, secure these server environments, secure these data centers, is going to be material.

I also would tell you that is not one product. That is security from the BIOS level through the server through the storage through the network through the data center. It is a services play. It is all of the above. And so I think those are the places you are going to -- we are going to want to be able to play, which is in that infrastructure part of the market.

Scott Craig - BofA Merrill Lynch - Analyst

Okay, we've gone through a lot of topics and asked you a lot of questions. We appreciate your time. Is there anything you want to leave us from a closing thoughts perspective in investors' minds as we exit here?

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Mark Hurd - Hewlett-Packard - Chairman, CEO, President

No, we are focused on the same stuff. I think you should -- I want you to think of us pushing forward to grow. We think we've got the best portfolio in the industry. We are going to drive on it. We have more demand creation to go deliver to the market. We are hiring up to get that done. We will keep pushing on it.

We're still in the middle of multiple transformations from a cost perspective. We will get those done. At the end of the day, we feel pretty darn well-positioned, certainly compared to before, and we think that yields to pretty strong results, and you can count on us to continue to try and drive them.

Scott Craig - BofA Merrill Lynch - Analyst

All right, Mark, on behalf of Bank of America Merrill Lynch and the investors, thank you for attending. Thanks a lot.

Mark Hurd - Hewlett-Packard - Chairman, CEO, President

Thanks, Scott. Appreciate it.

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