

Microsoft weathers pandemic, beats Wall Street expectations

July 23 2020



In this May 7, 2018, file photo, Microsoft CEO Satya Nadella looks on during a video as he delivers the keynote address at Build, the company's annual conference for software developers in Seattle. Microsoft says the coronavirus pandemic has increased demand for its flagship cloud computing and workplace productivity products as it reported quarterly earnings Wednesday, July 22, 2020, that beat Wall Street expectations. (AP Photo/Elaine Thompson, File)

Microsoft said the coronavirus pandemic has increased demand for its flagship products, reporting quarterly earnings Wednesday that beat Wall Street expectations.

The software giant said an ongoing trend of working and learning from home has fueled increased demand for its cloud computing services and workplace productivity products, such as email and video conferencing.

But the pandemic has also slowed sales of those products to smaller businesses, and eaten into the [advertising revenue](#) that powers its LinkedIn career networking service.

Microsoft on Wednesday reported fiscal fourth-quarter profit of \$11.2 billion, or \$1.46 per share, beating Wall Street expectations of \$1.34 a share.

It posted revenue of \$38 billion in the April-June period, up 13% from last year. Analysts had been looking for revenue of \$36.5 billion, according to FactSet.

The company said its commercial cloud business surpassed \$50 billion in annual [revenue](#) for the first time. But its LinkedIn service was hit by a weak job market and less money being spent on advertising.

LinkedIn announced Tuesday it is laying off nearly 1,000 employees, approximately 6% of its workforce globally. The job cuts take effect in August and will hit global sales and hiring sections of the company.

The pandemic has made other parts of Microsoft's business more appealing, including Xbox games and its workplace videoconferencing service known as Teams. One of its rivals, workplace chatting service Slack, filed a complaint against Microsoft on Wednesday in the European Union, accusing the software giant of anti-competitive

behavior.

Slack said Wednesday that Microsoft illegally bundles its Microsoft Teams messaging product, which is similar to Slack, into Office 365, its package of email and other widely used business software. Slack says Microsoft forces companies to install it and blocks its removal.

Microsoft has said its competitive advantage over Slack stems from Teams capabilities for connecting people using video. Microsoft said Wednesday that it looks forward to providing the European Commission with more information and answering its questions about the Slack complaint.

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