

Microsoft rides cloud to higher earnings

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Microsoft said profits grew during the pandemic amid growing demand for cloud computing services

Microsoft on Tuesday said its profit in the recently ended quarter continued to soar as the pandemic boosted a trend toward business being taken care of in the internet cloud.

The US technology titan's profit rose to \$13.9 billion, up 30 percent from the same quarter last year, according to earnings figures.

Revenue in the quarter climbed 12 percent to \$37.2 billion.

"Demand for our cloud offerings drove a strong start to the fiscal year," said Microsoft chief financial officer Amy Hood.

Microsoft took in \$15.2 billion in revenue from cloud computing offerings for businesses, up 31 percent from the same period last year, according to Hood.

Demand for software, services, and data storage hosted online at datacenters that had been steadily growing for years has rocketed during the pandemic as shopping, learning, work and more are tended to online due to the pandemic.

Businesses are under pressure to engage customers online or lose them, according to Microsoft.

"The next decade of economic performance for every business will be defined by the speed of their digital transformation," said Microsoft chief executive Satya Nadella.

Revenue was also up from the company's Office suite of software; LinkedIn career-centric social network, and the Xbox video game unit.

The Microsoft Surface line of laptop computers also had a "blowout" quarter, with revenue up 37 percent, noted analyst Patrick Moorhead of Moor Insights and Strategy.

Microsoft "delivered big time by beating expectations," according to Moorhead.

"Enterprises are transitioning from Covid-19 triage to starting to renew their digital transformation plans with a focus on hybrid work," the analyst said, referring to employees staying connected to offices but not necessarily being there to get jobs done.

"Microsoft is taking advantage of this phenomenon."

The shift to the cloud and work-from-home appears to be "here to stay," with Microsoft positioned to benefit with its Azure computing platform and Office 365 online software, according to Wedbush analyst Dan Ives.

While quarterly earnings topped estimates, Microsoft shares slipped more than a percent on word the company expects to bring in less money than analysts expected in the current quarter.

Microsoft forecast revenue this quarter of between \$39.5 billion and \$40.4 billion. The Redmond, Washington based company also revealed that revenue from search ads dropped during the recently-ended quarter in a potential bad sign for Google.

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