



Supplier Diversity

Fernando Martinez
President & Chief Executive Officer
Northwest Mountain Minority Supplier Development Council

Talking Points



- What is Supplier Diversity?
- What is the Value of Supplier Diversity?
- Why is Supplier Diversity important to Microsoft?
- What is the Impact of Supplier Diversity?
 - Input-Output
- What is the Result if we do Nothing?



Responsible Sourcing



LDC, Inc.

What is Supplier Diversity?

IS:

- Alignment between Microsoft's Supplier Base & Microsoft Corporation's Growth Strategy
- Strategic Sourcing Strategy that creates a "fair and equitable opportunity for all to compete for business."
- Strategic Sourcing Strategy that delivers "Best Value"
- Regionalizes Sourcing & Impact
- Bottom Line Contributor

IS NOT:

- Workforce Diversity
- Affirmative Action
- Philanthropic or Social Responsibility Endeavor
- A Cost Burden

Responsible Sourcing

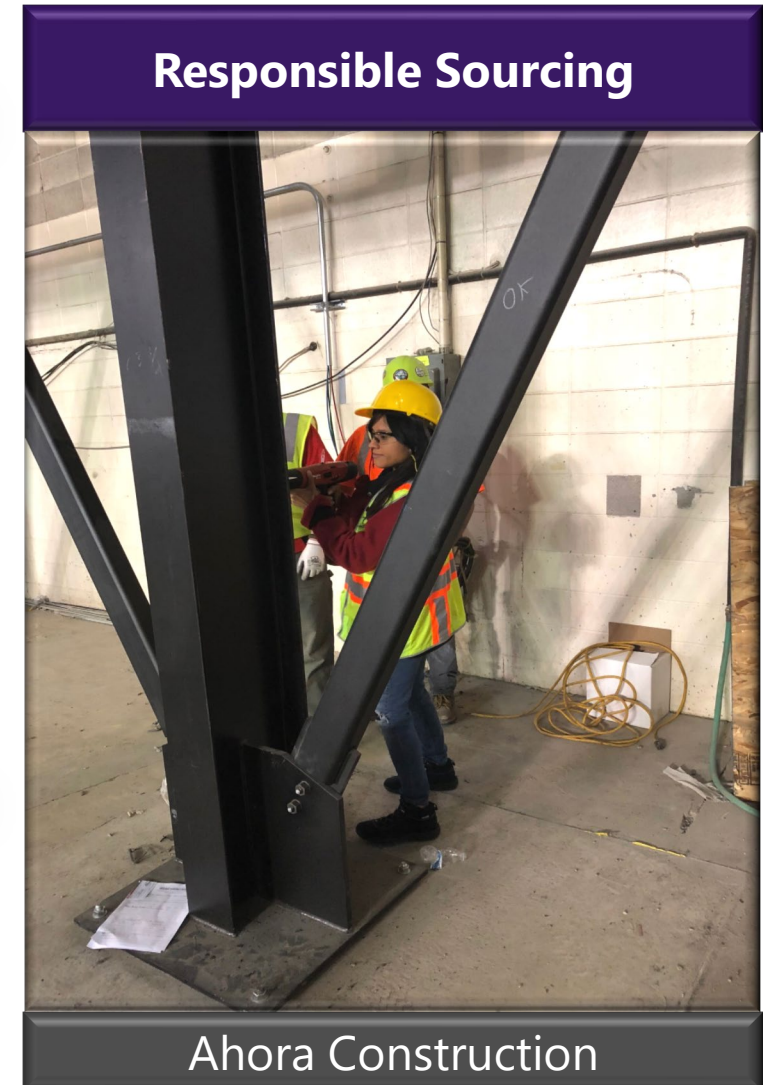


TDW+CO

What is the Value of Supplier Diversity?



“Creates a positive impact in the communities we serve and ultimately the World”
Assures Access to the Opportunities Created by our Diverse Community
Shared Responsibility
Creates New Partnerships
Enhances Tier II Subcontractor Capabilities & Capacity
Regionalizes Access to Opportunities and Drives Economic Growth



Why is Supplier Diversity Important to Microsoft?



At Microsoft, we apply our purchasing power to suppliers who are socially and environmentally responsible.

Microsoft Refresh Project:

- Build committed partnerships and alliances where everyone wins!
- Reinforce Supplier Diversity as a Core Procurement Value
- Stimulate divergent attention and thought thereby delivering higher value
- Create a Positive Economic Impact
- Strengthen Regional Capabilities and Economy for today and the future

What is the Impact of Supplier Diversity?

Keeping it Simple:
Assume \$1 Billion
Construction Cost

SOURCE:

Washington Input-Output Model

Washington Department of Financial Management

2007 Study – Updated 2015

Input-Output has been produced since 1965

Direct Impact to our Community:

\$916,439,000 in Direct
Induced Output

3,865 Direct Jobs

\$220,906,000 Direct Labor
Contribution

\$2,125,241,000 Direct and
Indirect Output

9,850 Direct and Indirect Jobs

\$472,491,300 Direct and
Indirect Labor Contribution

What is the Impact of Supplier Diversity?

Keeping it Simple:
Assume \$500 Million
Wholesale Cost

Direct Impact to our
Community:

\$807,507,000 in demand
induced output

1,833 Direct Jobs

\$129,539,0221 Direct Labor
Contribution

\$1,322,323,000 Direct and
Indirect output

3,763 Direct and Indirect Jobs

\$252,963,000 Direct and
Indirect Labor Contribution

What is the Impact of Supplier Diversity?

Keeping it Simple:
Assume \$1.5 Billion in
Cost

Direct Impact to our Community:

\$2,678,919,471 in demand
induced output

6,041 Direct Jobs

\$373,651,302 Direct Labor
Contribution

\$3,680,156,000 Direct and
Indirect output

13,344 Direct and Indirect Jobs

\$687,237,300 Direct and Indirect
Labor Contribution



What is the Result if we do Nothing?



Status Quo!

Thank You
