



THE CONNECTED ERA

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The way people connect and communicate is changing, and changing the world. A truly globalized information technology infrastructure and those who build, run and use it are creating a new era — **the Connected Era**. Already, IT connects communities, governments and businesses to one another and to a storehouse of information larger than we can imagine. In the Connected Era, these trends will only accelerate.

“Connection” is fast becoming the most integral and important aspect of IT — for the industry, and for users. In the Connected Era, IT users will expect fast, reliable, always-on and everywhere-accessible connectivity. Providing that connection — and thereby enhancing everyone’s ability to connect — must be our goal. Leveraging IT to forge connections and create a better world will be a responsibility of users and industry for years to come.

While the future of the Connected Era will be shaped by many forces, Dell believes four inevitable priorities will define the next stage of technology.

FOUR PRIORITIES THAT WILL DEFINE THE CONNECTED ERA

The best way to understand the Connected Era is to understand the four priorities that will drive the IT industry as it works to stay connected to its customers and to facilitate the connections of all its users. The Connected Era will be vibrant, innovative, responsive and secure — if our industry remains focused on the following:

I. Connecting by ReGeneration: IT must develop and embrace the highest environmental standards to help regenerate our planet.

II. Connecting by Simplifying: We must simplify the IT experience, making it easier for business and government to focus on innovation and solutions, rather than on the burden of IT infrastructure maintenance. We must also make IT accessible to the largest number of people. By simplifying IT, we can unleash more benefits for all and drive global prosperity.

III. Connecting by Listening: We must use technology to coalesce conversations among consumers, citizens and advocates, empowering them to connect to one another, governments and businesses. Technology can facilitate open dialogue, helping to ensure borders do not exist when it comes to sharing information and ideas.

IV. Connecting the Globe: We must ensure the benefits of IT can be accessed in every part of the world. The IT industry must be prepared — and allowed — to compete and innovate in every corner of the globe, from emerging markets to developed nations. At Dell, finding new ways to extend and evolve the benefits of our direct business model to reach people worldwide is part of our mission. We call it Direct 3.0.

In the pages that follow, we examine how each of these Connected Era priorities will create a new framework for understanding how the IT industry is evolving and what its contributions to society can be.

DELL IS COMMITTED TO:

- Helping make the **COMMUNITIES** in which we operate better places to live, work and do business.
 - **PARTNERING** with **POLICY-MAKERS** to meet the legitimate needs of business in ways that address the concerns of communities to strike the right balance.
 - **CHANGE**, not for change's sake, but to make technology better, less costly, simpler and more responsive.
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DELL WILL BE THE GREENEST TECHNOLOGY COMPANY ON THE PLANET

- **Carbon Neutrality:** Dell is committed to becoming carbon neutral in 2008. We are changing every stage of business — from product design to manufacturing to customer service — to meet this goal.
- **Plant a Tree for Me:** Dell offers both customers and non-customers an easy opportunity to offset the carbon they use: by donating a small amount, they enable Dell's philanthropic partners to plant a tree on their behalf.
- **Energy Efficiency:** Dell is a leader in designing energy-efficient products that reduce power requirements and lower carbon emissions. We buy as much energy as we can from renewable sources. We are also striving to minimize emissions from our shipping and logistical operations.
- **Material Use:** Dell proactively eliminates environmentally sensitive substances from our products wherever viable alternatives are available, and we design products that are easily recyclable.
- **Recycling:** Dell offers consumers free recycling of any Dell-branded computer equipment at any time, worldwide. Dell also provides no-charge recycling of any brand of used computer or printer with the purchase of a new Dell computer or printer. This equipment is recycled in an environmentally responsible manner using stringent recycling guidelines.



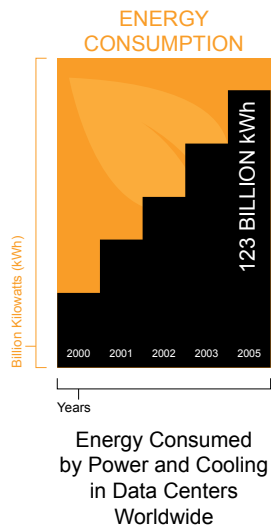
WHAT IS THE ReGENERATION?

The ReGeneration is the most powerful and important movement for social change across the globe. It is a movement about us. Now. There are no committees. No speeches. No bureaucracy. Just actions and meaningful changes to rejuvenate and re-energize our planet.

Below are just a few of the ideas that help connect the ReGeneration:

- Recycle all the time, even when no one is looking;
- Reduce the chemicals and the energy we use;
- Re-engineer the way we work to unlock innovation;
- Retool our products to reduce our power consumption;
- Rethink why we ever let complexity invade our lives in the first place;
- Re-inforce our commitment to be carbon neutral;
- Re-unite our global IT community to act like one and make a difference; and
- Refuse to compromise on doing what is right.

I. CONNECTING BY ReGENERATION



The ReGeneration movement includes people of all ages who care about the future of the planet we share. They are enthusiastic about the benefits of IT, but at the same time they are aware of IT's impact on the environment — and eager to do their part to minimize it. They are taking the lead in ReGenerating our earth and insisting that the companies they buy from and work with do the same.

The IT industry is well aware of its products' significant impact on the environment. The solution is not new regulatory mandates; it is to develop products that boost growth while limiting energy consumption, and to simplify IT infrastructures across the board. And that is exactly what the industry is doing.

This new mindset demands new metrics. Once, price and performance were the only metrics that mattered in the IT industry. Today we are focused on how much more performance we can achieve per unit of power.

CRITICAL FACTS ABOUT ENERGY, WASTE AND THE IT SECTOR:

- Energy consumed by power and cooling in data centers worldwide doubled from 2000 to 2005, to 123 billion kWh.¹
 - U.S. usage accounted for 40 percent of the total
 - Europe accounted for another 25 percent
- Data centers accounted for 1.5 percent of all power consumption in the U.S. in 2006.²
- If the rate of power consumption per server remains constant, the total electricity used by servers worldwide is expected to increase 40 percent by 2010. If the average power use per unit continues to rise at the same rate for each class, total usage will increase by 76 percent.
- 500 million computers became obsolete by the end of 2007.³
 - Worldwide, 10 percent of all obsolete computers and other electronic devices are recycled.⁴
 - Areas in Asia and Africa that import these materials have suffered contaminated drinking water and poisoned wildlife in local lakes and rivers.⁵

¹ December 5, 2007, ESTIMATING REGIONAL POWER CONSUMPTION BY SERVERS: A TECHNICAL NOTE, Jonathan G. Koomey, Ph.D. (Project Scientist, Lawrence Berkeley National Laboratory and Consulting Professor, Stanford University); ² From MSD. CSIS, Source TK; ³ Spring 2002, Georgetown International Environmental Law Review: Globalization, extended producer responsibility and the problem of discarded computers in China: An exploratory proposal for environmental protection; ⁴ Ibid; ⁵ Spring 2002, Georgetown International Environmental Law Review.



THE ReGENERATION IS A GLOBAL MOVEMENT –

**A GROUP OF PEOPLE COMMITTED TO SUSTAINING
THE WORLD'S NATURAL ENVIRONMENT.**

OUR GOAL IS SIMPLE: PROVIDE A WAY FOR THOUGHT

LEADERS WORLDWIDE TO SHARE, LEARN AND INNOVATE

TOGETHER. WHEN ONE ORGANIZATION OR INDIVIDUAL

MAKES A COMMITMENT, THE RIPPLE EFFECT CAN

BE SIGNIFICANT. WHEN HUNDREDS PARTNER WITH

CUSTOMERS AND ONE ANOTHER, THE EFFECTS ARE

FELT ACROSS CONTINENTS.

JOIN US AT WWW.ReGENERATION.ORG

II. CONNECTING BY SIMPLIFYING



IT complexity is the single greatest threat to competitiveness and growth in business today. IT managers report that they spend 70 percent of their resources managing their systems and only 30 percent innovating. That means more than two-thirds of their time and money are committed just to making sure their systems don't fall behind and less than one-third for making things better.

Even more troubling, data storage capacity today is stretched to the limit. Some analysts say digital data will exceed available capacity any day; no one doubts demand is growing exponentially. And running today's vast data centers consumes enormous amounts of energy — 1.5 percent of all the power consumed in the United States last year.⁶

The next generation of IT must solve the complexity dilemma. How can IT deliver more solutions, serve more devices, store more data and meet more user expectations without creating an unmanageable infrastructure burden? This is the fundamental challenge facing the IT industry in the coming years.

CRITICAL FACTS ABOUT IT COMPLEXITY:

- Every day, new information is added to the Web equal in volume to the holdings of an entire academic research library.⁷
- By 2011, worldwide data will have grown six-fold, to more than 1 trillion gigabytes.⁸
- Data growth is highest in small- and medium-sized businesses.
 - Over the past three years, data generated and stored by these companies has grown 5,000 percent.⁹
 - By contrast, data growth for Fortune 1,000 companies averaged 413 percent over the same period.¹⁰
- The world spent \$2 trillion in online transactions last year alone — a figure that is rapidly rising.
- Only 15 percent of small- and medium-sized businesses have full-time IT staff.¹¹

⁶ Environmental Protection Agency, Report to Congress, August 2, 2007; ⁷ A.T. Kearney, Inc., and the Carnegie Endowment for International Peace, 2004; ⁸ <http://www.emc.com/leadership/digital-universe/expanding-digital-universe.htm>; ⁹ Gartner, "User Survey Analysis: Top Storage Demands From Global Small and Midsize Businesses"; ¹⁰ Ibid; ¹¹ Ibid.



HOW IT IS CHANGING THE RELATIONSHIP BETWEEN BUSINESS AND CUSTOMERS

- E-mail is the simplest and the best-known way that IT has revolutionized communication. Just as important today, however, are blogs, Web forums, instant messaging software, chat rooms, social networking pages and video hosting sites. These tools have become powerful engines that eliminate borders, move public opinion, shape debates and exert influence.
- These technologies also are changing the way businesses communicate with customers. Businesses increasingly recognize that communicating through IT is not merely a means of meeting customers' expectations — it also allows businesses to reach consumers more quickly, efficiently, frequently and cost-effectively. More importantly, it allows businesses to listen to customers' needs, wants and concerns firsthand — and to respond quickly and intelligently.
- Dell is a leader in using technology to forge deeper, more interactive relationships with customers. For nearly two decades, people have customized computers on www.dell.com. More recently, the company has used blogs and Web forums to empower the online community to share feedback and ideas. Dell's IdeaStorm blog (www.dellideastorm.com) is an online community dedicated to using customer input to improve products and services. The Direct2Dell and Studio Dell sites (www.studiodel.com) offer an open flow of ideas, videos and podcasts in several languages.

“Dell has really been a pioneer in simplifying technology, making it easy to pick configurations, simplifying the supply chain, getting great value for users ... really taking what was a complex thing for users and always driving for improvement and simplicity.”

**- BILL GATES
Chairman, Microsoft**

III. CONNECTING BY LISTENING

The single most important contribution of modern IT is the way it has democratized communication. Relatively inexpensive, easy to use and widely accessible, the Internet is the first truly global communications platform. It creates communities that transcend physical location. Keeping those communities vibrant, and keeping those channels of communication open to all is a critical test for the success of IT.

Above all, IT has to be measured by its ability to listen: businesses must listen to customers; governments must listen to citizens; and communities must be able to listen to one another.

Dell is a leader in providing interactive ways for online users at Dell.com to share and learn with others. The company believes that open conversations are a means of building broad-based communities among all stakeholders.

CRITICAL FACTS ABOUT CONNECTING IT AROUND THE WORLD

- 500,000 new users come online every day.¹²
- One billion people are now online — a figure that will double by 2011.¹³
 - Nearly all of the increase will come from the developing world — in particular from Brazil, Russia, India and China.
 - In Asia alone, 80 million households will exceed the \$35,000 income level in the decade between 2000 and 2010, creating an expanding group of new consumers.¹⁴
 - Even at current income levels, the next few years could see 50 million new PCs boot up for the first time in China, India and Indonesia.¹⁵
 - Firms in BRIC countries raised \$106.5 billion through 382 IPOs in 2007.¹⁶
 - Russia's IT market will rise to \$39 billion by early 2012, triple its current level.¹⁷
 - IT's share of India's GDP is already more than 5 percent and rising. The compound annual growth rate for India's IT industry over the past several years has been nearly 35 percent, and is on track to reach \$60 billion by 2010.¹⁸

¹² <http://www.internetworldstats.com/stats.htm>; ¹³ http://www.useit.com/alertbox/internet_growth.html; ¹⁴ Center for Research on Information Technology & Organizations at UC Irvine; Global Market Potential For Information Technology Products and Services, 2007; ¹⁵ *ibid*; ¹⁶ Ernst & Young, cited in Economic Times; ¹⁷ Deputy Information Technology and Mass Communications Minister Dmitry Milovantsev, RIA Novost; ¹⁸ http://economictimes.indiatimes.com/News/News_By_Industry/Infotech/ITeS/Nasscom_sees_33_growth_for_IT_ITeS/articleshow/1410735.cms



**EVERY DAY, DELL
HAS 5 MILLION
CONVERSATIONS
WITH CUSTOMERS
AND 3 MILLION
VISITORS AT
DELL.COM.**

5 MILLION
CONVERSATIONS AND
3 MILLION VISITORS

IV. CONNECTING THE GLOBE

The transformational power of IT is a global phenomenon. We are in the midst of a sea change in the way technology is manufactured, purchased and consumed.



500,000 New Users
Online Every Day

The most salient feature of this new era will be the demand for IT in places where the IT revolution is only beginning to be felt. The United States, Western Europe and Japan will continue to be significant parts of the information technology world. But for the foreseeable future, the greatest surge in growth will come from Asia, Latin America and Eastern Europe — areas where IT adoption has lagged behind over the past decade.

In 2008, IT spending in Brazil, Russia, India and China will grow in aggregate by 16 percent — a total of \$115 billion. Emerging markets represented more than 50 percent of global GDP growth in 2007 and more than 85 percent of the world's population.¹⁹

Little wonder we look to these dynamic economies and see billions of potential consumers, clients, partners and friends. But the IT industry's relationship with people in emerging markets goes beyond bottom-line concerns for any one business or sector. The success of the global economy will be determined by how well we manage the integration of emerging markets into the world trading system. The days of making by ourselves, for ourselves and selling to ourselves alone are long over.

Emerging economies represent a huge opportunity for the IT industry — and a tremendous challenge. IT industries need the flexibility to serve global markets and remain competitive, especially as they face new competitors from emerging markets. The industry also has to use its products and ideas to connect people who have, as yet, not been connected to the IT revolution. Reaching those communities — connecting to them — is a significant priority for the industry.

¹⁹ http://chartwelladvisor.com/etf_investment_news_blog/2007/10/emerging-markets-power-global-growth.html



DELL'S ROLE IN SHAPING INFORMATION TECHNOLOGY

Dell has revolutionized the IT industry to make computing accessible to customers around the globe, including businesses, institutional organizations and individual consumers. Because of Dell's business model — and the industry's response to it — information technology today is more powerful, easier to use and more affordable, giving customers the opportunity to take advantage of powerful new tools to improve their businesses and personal lives. Today, nearly one out of every five standards-based computer systems sold worldwide is a Dell. The company provides technology to the top 10 largest corporations and universities in the world. The top six Internet companies and retailers run on Dell technology, as do 22 of the world's top supercomputers.

CONNECTION MATTERS

For the past decade or more, “connected” has had a straightforward meaning in the world of IT: connected to the Internet, whether via e-mail, the Web or data transfer.

These kinds of connections are more important than ever, as virtually every industry and most infrastructures depend on the Internet in ways unimaginable a few decades ago.

In the Connected Era, the word also has a much broader meaning. “Connection” is bringing people and ideas together through the Internet and through digital conversations. Information technology not only makes communication faster and easier; it also links people otherwise separated by geography, lifestyle, social situation or even political differences. IT creates communities.

The full potential of IT continues to reveal itself, though this much is already clear: Connectivity can create richer dialogues about everything from government to social policy, as people share ideas and experiences. Moving forward, IT has a positive role to play in creating powerful forums for idea generation and helping to coalesce valuable conversations.

As a result, the IT industry will become a driving force in shaping social and public policy. Health care, education, privacy and security, energy efficiency, transportation, environmental protection, communication, trade — in all these issues, IT will play a larger and more important role. Whenever and wherever IT intersects with the public sphere, policy-makers will need to make specific choices that reflect and respect the needs of their constituents. But they will also have to recognize governments’ and societies’ need for a flexible, responsive and open IT industry that can serve as a solutions provider on a global basis. In short, IT must be allowed to connect with the communities it serves.

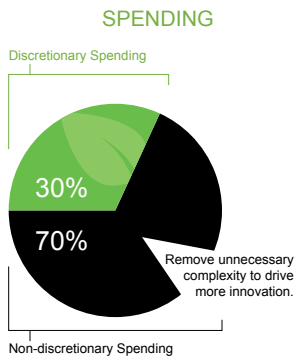
Keeping the world connected must be a priority for lawmakers and policy experts. Governments need to understand the connected environment in which every IT company operates, and help IT achieve the goals it shares with business and society.



THE DELL AGENDA

- **REGENERATE** businesses, organizations and our planet.
- **SIMPLIFY** IT, creating a new engine for productivity and prosperity.
- **LISTEN** and respond to customers and communities in every part of the world.
- **CONNECTING** the globe, ensuring the benefits of IT are accessible worldwide.

DELL'S VISION OF THE FUTURE



The future will be simple.

Today, IT complexity is a major threat to global competitiveness. The sheer complexity of many IT systems stifles innovation. Simplification will make it possible for more people to use, enjoy and benefit from IT. IT has already ushered in an era of efficiency and innovation in business. Going forward, IT simplification will be a critical key to driving prosperity, unlocking the power of technology to address social and business needs.

The future will be green.

Environmental consciousness must extend to the world of IT. Even IT's most devoted users are concerned about its impact on our planet and demand products that create growth and prosperity in the most efficient ways. The industry itself must measure and reduce its environmental footprint without compromising quality.

The future will be virtual.

Virtualization technology is the next frontier in computing. Storing digital data efficiently is now the litmus test of effective IT. By 2011, the amount of data stored in the world will soar by 600 percent.²⁰ Virtualization technology will make possible meeting such demands in ways that are low cost, user-friendly and environmentally sound.

The future will be mobile.

We are reaching the laptop tipping point. By 2009, more than half the PCs sold in the world will be notebooks — and this is only the beginning of IT mobility. We will see a surge of mobile devices, creating new possibilities for communication for both individuals and business.

The future will be personal.

Technology will increasingly be shaped by the demands of the individuals who use it. Choice is paramount. Products will be tailored for those who expect to interact with technology on their own terms.

²⁰ International Data Corporation, cited in a lexbe.com press release: <http://www.lexbe.com/hp/pr/pr-2007-04-18%20Lexbe%20Releases%20Web-Based%20Case%20Analysis%20and%20Litigation%20Management%20Service.htm>



DELL AT A GLANCE

Dell was founded in 1984 by Michael Dell, the longest-tenured executive to lead a company in the computer industry. The company is based on a simple concept of communicating directly with customers, engaging in more than 5 million interactions every day in person, online, over the phone and in stores.

Dell today sells more systems globally than any computer company. A Fortune 50 company with approximately 85,000 employees worldwide, Dell's climb to market leadership is the result of a persistent focus on delivering the best possible customer experience by developing, selling and supporting standards-based computing products and services. By revolutionizing how people learn about, shop for and use technology, Dell has made computing more affordable and accessible worldwide, an industry phenomenon that has become known as "The Dell Effect."

POLICY PRIORITIES IN THE CONNECTED ERA

While technology has always had an impact on business, communications and manufacturing, the IT industry's influence is rapidly growing much broader. IT will deliver technical change and drive social change. It has the capacity to benefit society, promote shared values, spread prosperity, improve social policy and create stronger, more empowered communities.

As a result, lawmakers and policy-makers should see the IT industry as a critical partner in addressing the issues and public policy challenges they grapple with every day. As a corporate citizen, employer and provider of technology, Dell views itself as a stakeholder in these policy discussions — a stakeholder eager to make contributions to the debate. We believe our interests extend far beyond the products we make and the customers we serve. Our interests include:

I. ReGeneration

- Energy efficiency
- Environmental impact
- Corporate responsibility

II. Simplifying IT to Benefit Society

- Health care
- Education
- Business growth
- Efficiency in government

III. Listen

- Corporate citizenship
- Social enrichment

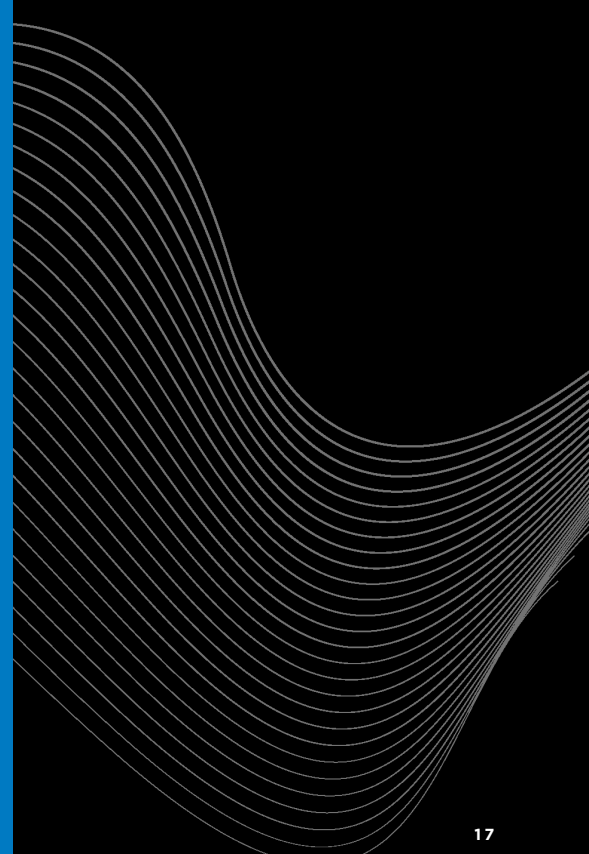
IV. Connecting the Globe

- Robust infrastructure
- Societal investment
- Open economies
- Innovation



“Information technology has helped build not only a wealthier world, but also a better world – one in which more people can get more of their needs met. For hundreds of millions of people, IT is little more than a distant dream. Turning that dream into an everyday reality is a goal everyone in the world of IT should be able to support, and be willing to work to achieve.”

**– MICHAEL DELL,
Chairman and CEO, Dell**



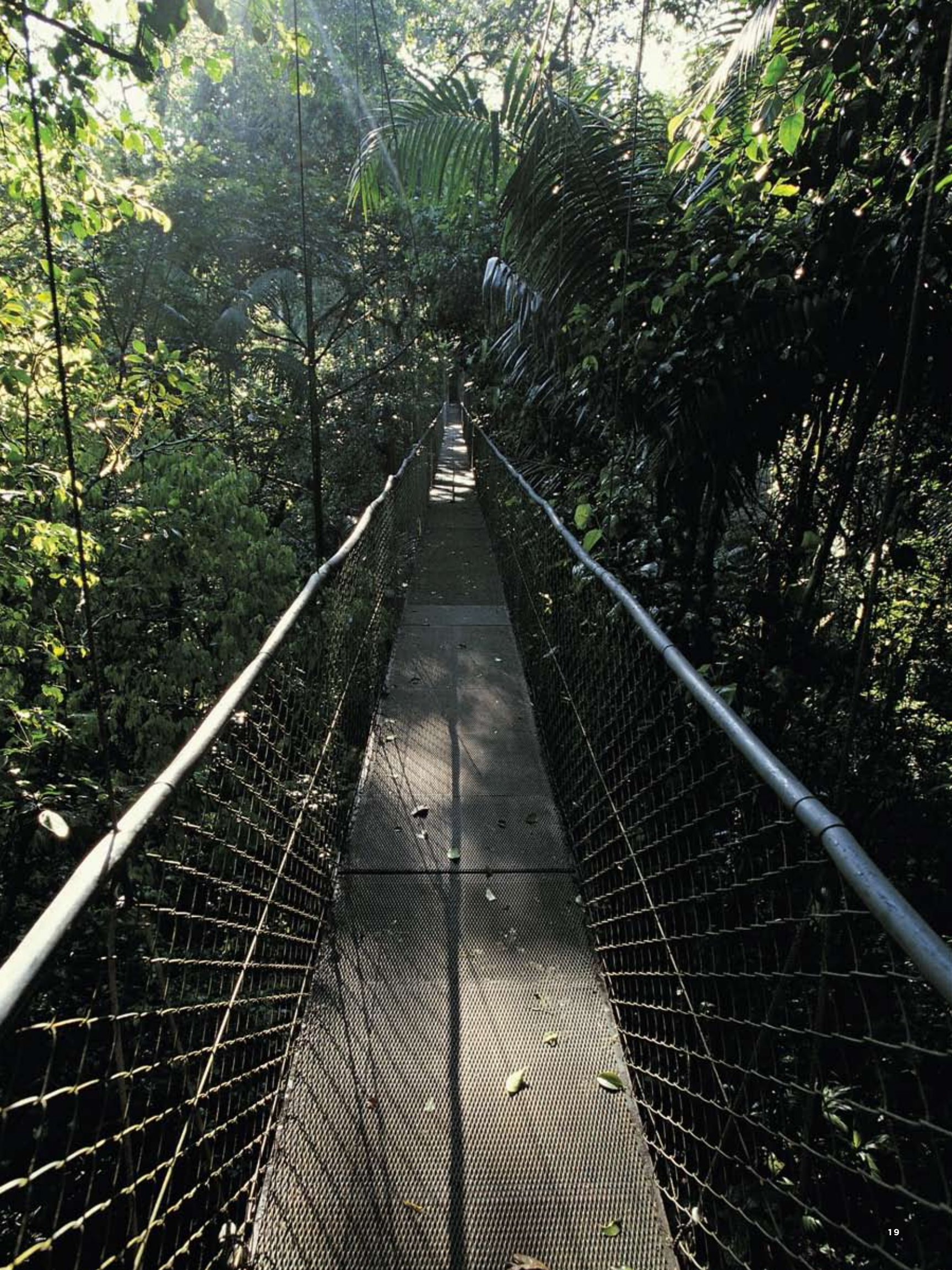


DELL'S PROMISE

Dell recognizes its place as a citizen in the global community and we take seriously the responsibility that comes with doing business in local communities. Where Dell has business operations, we strive to connect directly with government and political leaders, so that they understand our presence in these communities and can identify Dell employees with whom they can directly engage. We also encourage our employees to be active in their communities, through both charitable activities and participation in the political process.

In any community in which Dell does business, we endeavor to participate in shaping public policy. Whether through participation in trade associations or through direct communication with policy-makers, Dell advocates for public policies that can maximize the benefits that IT can provide to society, while preserving values consistent with Dell's high standards.

Dell will continue to engage with governments around the globe on issues of mutual interest. Dell strives to bring innovative ideas to policy debates, as well as raise awareness of new issues that can provide mutual benefit to our business and to society.





To learn more about how Dell is shaping the Connected Era, please visit these Web sites:

www.Dell.com

www.ReGeneration.org

www.IdeaStorm.com



