



**Michael Dell Remarks
Center for Strategic and International Studies
Washington, DC**

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MICHAEL DELL: Thank you very much. It's good to be back in Washington.

I want to thank the associations from around the world for hosting this event, particularly the Center for Strategic and International Studies.

Energy and the environment are definitely hot topics. In fact, there has never been a time in the history of business where it is more important for organizations of all sizes and types to partner together to positively impact the earth we all share.

I just left a meeting of the Technology CEO Council, a group of eight CEOs in the tech sector. Each company is pursuing the energy issue in its own way. They're all focused on how they can be more energy-efficient and minimize their impact on the environment.

And, of course, the White House is hosting the Climate Change conference this week to discuss this very issue.

As a global technology leader, we meet with customers and policymakers from around the world on a regular basis. Through these conversations two things are clear:

First, it's not enough that Dell just be an environmental leader – we must also partner with our customers through the technology we deliver to dramatically improve their environmental performance.

Second, these efforts are shaped by The ReGeneration. The term "ReGeneration" refers to people of all ages who share a common interest in renewable resources, recycling and other ways of sustaining the earth's natural environment.

Unlike previous generations, such as the 'Me Generation', Generation X or Generation Y, The ReGeneration is comprised of globally connected individuals using technology to harness their ideas and collective beliefs – regardless of age or geographic location.

Our customers have rallied around our leadership in The ReGeneration. But in talking with them, they consistently tell us one thing: technology is just too complex. It is worth spending a minute on technology complexity, since this issue is directly related to how we improve business productivity and the environment.



Here are a few facts to illustrate this point.

- Most chief information officers say they spend around 70 percent of their IT resources on just maintaining the technology. That's not efficient.
- They also want to grow their organizations in an environmentally responsible way. But with growth comes more data, which calls for more servers, more datacenters. Those data centers pull a lot of power – they accounted for 1.5 percent of the nation's power use last year. That's a whopping 60 billion kilowatt hours.
- And digital data is growing at exponential rates...it's estimated that we generated 40 Exabytes of unique, new information worldwide last year. That's more than we've created in the previous 5,000 years.
- Mobility is also a major trend that's accelerating the number of devices connected to the network. The Wall Street Journal recently reported that more devices will connect to the network in the next 5 years than in the last 15.

All this leads to an incredible amount of complexity. But we don't just suffer from IT complexity. There's also an element of organizational complexity at play.

Today, in many businesses, IT and energy use are thought of as completely separate issues. They're often handled by two different departments – by IT and Facilities – and these departments rarely talk to one another.

This is particularly worrying when you consider that between 40-70 percent of the costs of a corporate data center goes to power and cooling.

But challenges can be a catalyst for transformation, and the high cost of managing data has sparked new thinking about how we use technology.

In the 1990s, IT professionals focused on one thing: price/performance ratio. More computing power, at a lower cost, trumped everything else.

But today, the IT industry is being shaped by an entirely new metric – one that is transforming the IT landscape: performance per watt. Performance per watt is how much performance you can get for each unit of energy you use.

This simple metric represents a sea change in how the IT industry looks at the future of technology. Thinking about IT in terms of performance per watt forces businesses like ours to rethink the way products are designed and used.

At Dell, we know that simple IT means more energy efficient IT – and on this front, I'm proud to say that we're an industry leader.



We've developed several new products that lead the industry in energy efficiency.

- Our OptiPlex 745, for example, uses up to 70 percent less power than its predecessors.
- And we recently launched a new server – the PowerEdge 2970 -- that draws about 34 percent less power while delivering about 105 percent greater performance per watt over previous generations.

But efficient IT goes beyond just hardware. Smart IT strategies can play a big part in bringing down energy consumption. Here are a couple of examples:

- First is virtualization: This is a great technology that allows you to turn one server into hundreds of virtual machines. So one system can do the work that many did before. Fewer servers mean less complexity and less energy consumption.
- Second is power management: We've all seen it. Downtown at night, you see buildings all aglow with computer monitors that nobody is looking at. By implementing software that automatically powers down computers and monitors during off-hours, you don't waste energy on systems that aren't doing anything. If you close your office at 6 p.m. and don't open again until 8 a.m., that's 14 hours of energy you save... on every computer in the office.

These solutions are available today, and as leaders in this ReGeneration, we're going to help our customers make use of them. If you think about it, when looking at the environmental impact of a company, we've been focused on carbon emissions for a long time now. In the heavy manufacturing and chemical industries, it's a really important metric.

But in the technology sector, most of our carbon footprint comes from power and electricity usage. So for us, the question is not just how to cut energy use – the fact is, we're growing and we're going to use more. The issue is whether we can do it far more efficiently and with a smaller carbon footprint.

At Dell, we pay close attention to our "carbon intensity" – or -- our ratio of carbon emissions to revenue. I think it is a much more revealing measure about how we're dealing with our energy challenges. And I'm very proud to say that our carbon intensity is less than half that of our nearest competitor, and it's among the very best in the Fortune 50.

Nations looking for a comparable metric should focus on their "energy intensity" – the amount of energy consumed per unit of GDP. The good news is that we, as a nation, are improving. Since 1990, energy consumption per unit of GDP has dropped steadily, according to the International Energy Agency.

Ironically, much of the credit goes to technology. Economists say our energy intensity is down because most U.S. businesses have adopted information technology and become more efficient. And as we simplify IT, I think we'll see that trend continue.

But just riding a trend isn't enough, and I feel strongly that governments can play a significant role in driving energy efficiency, too. There are a few different ways to go about it:



Government can reward green power producers and private sector organizations that achieve greater energy efficiency. These can be:

- credits for researching or producing energy-efficient technologies,
 - funding for projects that teach businesses how to be more energy-efficient ,
 - or incentives for businesses that encourage energy efficient practices like telecommuting.
- According to a recent CEA report, this alone could save 840 million gallons of gas a year, reducing greenhouse-gas emissions by nearly 14 million metric tons!

Government agencies can also run more efficiently by reducing off-hour power consumption and measuring performance per watt and energy intensity. And they can encourage their contractors to use energy efficient IT equipment, and encourage their power producers to generate cleaner energy.

And I'm not just talking about here in the US. These suggestions are relevant to policymakers worldwide. It's particularly important for emerging markets. The International Energy Agency recently said emerging markets will account for more than 75 percent of the increase in global CO2 emissions over the next 25 years.

Whatever the specific proposal, we have to recognize two things:

- 1) That technology plays an important role in helping companies meet their energy goals.
- 2) And governments can, too.

As for Dell, we'll do our part.

In fact, I'm proud to announce today that by the end of 2008, we will be the first major computer company to become carbon neutral.we hope we are not the last.

I say this with all seriousness. We have a critical need to build a worldwide community dedicated to improving the environment.

We need organizations to build long-term partnerships with their customers, stakeholders and suppliers of all sizes to make a difference. This is why, today, we are not just announcing our plan to go carbon-neutral. We are going even further.

We are launching a new effort called "Plant a Forest for Me" that will enable organizations worldwide to share best practices, partner with Dell and facilitate the planting of millions of trees in sustainably managed reforestation projects. This is an extension of our "Plant a Tree for Me" program for consumers, but in this case, we fully expect this program to evolve beyond trees as we tap the creativity of our partners.

I'd like to take a minute and announce who our founding members are. In my mind, these companies are heroes for joining and setting a high bar on day one. They are ABN AMRO, ASK.COM, AMD,



SALESFORCE.COM and WELLPOINT. Please join me in giving a big round of applause for these environmental leaders.

Now let me go back to what Dell will do to eliminate carbon on our own and then – like many other companies -- offset what we cannot eliminate. You'll see us use them in a unique way.

First, we'll conserve as much energy as possible by running our plants, buildings and workforce smarter.

Second, we'll invest more in energy efficient equipment and technology.

Third, we'll buy as much green power as we can find. We already get 10 percent of our power in Austin from green power sources, and if we can buy more, we will.

Fourth, we've asked our primary suppliers to report their greenhouse gas emissions data. Those who don't, or whose emissions are deemed excessive, can be penalized in the quarterly reviews we conduct of all of our suppliers.

And, fifth, we'll partner with consumers to help the environment, since every individual can make a difference. One way we're doing this is through our Plant a Tree for Me program, which lets consumers offset the electricity their computers use over a three-year period. They pay \$2 per notebook and \$6 per desktop, and 100 percent of those funds go toward planting trees in reforestation projects. Visit Dell.com/plantatree to join us.

So, to conclude, it's clear that we'll continue to listen, engage and create opportunities for our friends and competitors to join us along the way. In fact, when it comes to the environment, there are no "competitors", only partners.

Technology plays an indispensable role in the American economy. We believe technology should also play just as crucial a role in energy efficiency and environmental protection in the years ahead. Thank you for the chance to speak with you today. Let's now hear your thoughts and take your questions.

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