

2017 Dell Technologies Economic Impact Report Narrative

Beyond Company Walls: The Economic Contribution of Dell Technologies in the United States

Background

For more than 30 years, Dell has played a critical role in transforming computing, enabling more affordable and more pervasive access to technology around the world. In 2016, Dell joined forces with EMC (and its federated businesses) in the largest technology combination in history. This combination created the world's largest privately held technology company, Dell Technologies, an IT powerhouse built to help customers embrace, transform and thrive in the digital future.

Dell Technologies is a family of brands that includes Dell, Dell EMC, Pivotal, RSA, SecureWorks, Virtustream and VMware. What started as humble beginnings, with Michael Dell's registration of PCs Limited in his dorm room at the University of Texas-Austin in 1984, Dell Technologies has become a leading force of innovative capabilities trusted all over the world to provide technology solutions and services.

As a combined entity, Dell Technologies is a market leader that is trusted around the world to provide technology solutions and services - from infrastructure and software to devices. We bring together strong capabilities in the fastest-growing areas of the industry, including hybrid cloud, software-defined data center, converged infrastructure, platform-as-a-service, data analytics, mobility and cybersecurity.

With a global footprint that spans 180 countries and a global workforce of approximately 140,000 employees, Dell Technologies made headlines last year with the news that it had brought in \$61.6 billion in revenue.

But the company's true economic impact is much larger.

When we measure a company's impact on the world, we typically look at metrics like revenue, units sold, employment numbers, brand name recognition, corporate philanthropy and social responsibility, share price and the geographic footprint of offices or locations. These measurements tell us a good deal about what's happening within the walls of the company, but they certainly don't tell the whole story.

No company operates in a vacuum. For every product or solution that a company like Dell Technologies designs, builds, markets and ships, a vast number of other companies are involved behind the scenes, from suppliers and partners to fulfillment and logistics providers. Moreover, each employee doesn't represent a singular citizen, but an economic network in society.

Because of these dependencies and interconnections, every decision made by a large organization like Dell Technologies creates a ripple effect that fundamentally sustains and shapes lives, marketplaces, and economies far beyond its campus' walls.

The Report

To quantify this impact, Dell Technologies commissioned IHS Markit (IHSM) to consider how Dell Technologies' operations, performance and innovation both directly and indirectly affected the U.S. economy in FY17/CY16, as well as the economies in the company's major footprint markets - Texas, Massachusetts, California, Oklahoma, North Carolina, Utah, Tennessee and Georgia. The results paint a vivid portrait of both Dell Technologies' immense responsibility to the communities it calls home and its landmark achievements across the country.

The Gross Domestic Product (GDP) is one of the most commonly used measurements of a country's health. IHSM's report found that every \$1 of value added from Dell Technologies' operations in 2016 led to an additional \$1.76 of contribution to U.S. GDP across the supply chain and into communities across the United States.

Employment and Compensation

As of February 2017, in the United States, Dell Technologies directly employed 56,115 people. According to the IHSM report, for every one U.S. job with Dell Technologies, an additional U.S. 6.7 jobs are supported across the U.S. economy. When including its extended supply chain and the company's ecosystem, Dell Technologies supported approximately 430,000 American jobs in 2016. This means that in 2016, nearly one out of every 333 jobs in the United States was in some way connected to Dell Technologies' operations.

Nationwide, the majority of jobs created by Dell Technologies in 2016 fell into the information and professional services sector (41%), with the wholesale and retail trade sector making up the second largest proportion (16%). According to the IHSM report, however, due to the ripple effect of Dell Technologies activities across the economy, the company directly and indirectly supported thousands of jobs in a variety of other sectors, including construction, financial services, manufacturing, natural resources, transportation and utilities and government. The report found that on average, in 2016, every one U.S. Dell Technologies job supported 1.9 direct supplier jobs, 1.4 extended supply chain jobs and 3.4 induced jobs.

In 2016, by state, most jobs created across Dell Technologies' direct and extended supply chains and associated communities are also information and professional services roles. However, the second most common jobs differed by state. In Texas and Massachusetts, wholesale and retail trade was the next most common job. In California, it was manufacturing. In Georgia, North Carolina, Oklahoma and Utah leisure and other services ranked second. And in Tennessee, transportation and utilities ranked highest.

The salaries of Dell Technologies employees totaled approximately \$6.5 billion in 2016. But of course, those salaries had impacts that range far beyond employees' households. Dell Technologies employees spent roughly 80% of their take-home pay consuming products and services within their local economies.

Moreover, for every \$100 Dell Technologies paid its employees, approximately an additional \$377 in compensation was paid to workers across Dell Technologies' supply chain and other indirect beneficiaries. Those individuals in turn spent those salaries in their communities. Notably, typical employees in Dell Technologies' employees' wages were approximately 107% higher than the national average, and Dell-stimulated wages were approximately 17% higher than the national average.

Sales Activity

In 2016, Dell Technologies directly spent over \$26 billion with U.S.-based suppliers. This in turn created over \$16 billion across the extended supply chain and approximately \$32 billion in related consumer spending. When combined with sales of Dell Technologies products, this equates to over \$372 billion in daily sales activity triggered by Dell Technologies' business operations.

Diversity

Diversity is a key aspect of how Dell does business, and diverse suppliers are an important component of our diversity-management model. Dell is committed to having a supply base that is reflective of our diverse customer base. We rely on the contributions of businesses that are owned by individuals of diverse backgrounds in order to deliver the best product, with the greatest value, to an increasingly diverse marketplace. Diverse suppliers that deliver creative product and service solutions have a positive impact on our customer relationships, the business community and the population at large.

In June 2008, Dell became a member of the Billion Dollar Roundtable (BDR), a top-level forum for advancing the practice of supplier diversity. This honor recognizes our commitment of more than \$1 billion in annual supply-chain spending with minority and woman-owned suppliers. We continue to qualify for BDR membership annually - we spent almost \$4.7 billion dollars in our FY17 with diverse suppliers across production and indirect procurement.

Approximately \$4.7 billion or 18% of Dell Technologies' U.S.-based direct transactions with suppliers in 2016 went to minority- and/or female-owned businesses. This supported close to 16,000 jobs within these companies. In addition, Dell Technologies' spending with diverse firms ultimately supported almost 54,000 jobs across diverse and non-diverse businesses.

Charitable Giving

As a global technology provider and corporate citizen, we see firsthand how a lack of access to quality education and technology can prevent people from reaching their full potential. We apply our technology, expertise, funding and volunteerism toward helping communities overcome challenges and thrive.

In 2016, 44 percent of our employees registered at least one volunteer activity through our online tracking system. In the United States, Dell Technologies employees volunteered over 485,000 hours to charitable causes in 2016.

In 2016, our global strategic giving initiatives around youth learning directly impacted 561,000 youth and indirectly impacted 1.5 million people. In the United States, both Dell Technologies and Dell Technologies employees made almost \$42 million in charitable contributions to a wide variety of organizations.

Conclusion

Dell Inc.'s merger with EMC was landmark achievement for the tech industry and it marked an important new era for every state, community, company and individual who are part of the Dell Technologies ecosystem. It's with a full understanding of this role as a key economic player and leader that Dell Technologies looks toward the future, committed to making responsible decisions and winning with integrity by supporting good business practices at every link in the chain.

By 2031, the number of connected devices will grow from 8 billion to 200 billion or more. Using the data generated by these devices in real time, to provide better insights and to build a better world is the greatest opportunity of our generation. Dell Technologies exists to make that vision a reality — while helping to create jobs, hope and possibilities throughout the United States, and the world over.