Vendor Profile

Dell Technologies' Progress Made Real for Social Impact and Long-Term Organizational Sustainability

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IDC OPINION

Dell Technologies has made a massive shift in its approach to social impact, much like the tremendous organizational changes of the company itself since its first Legacy of Good Plan launched in 2013. The company's new social impact strategy, Progress Made Real 2030, is a step function in advancement that spells out a 10-year road map across four key pillars with 22 major goals for Dell Technologies: advancing sustainability, cultivating inclusion, transforming lives, and upholding ethics and privacy. Further:

- What is most significant and "real" in this new approach is the focus on measurement systems — metrics, target setting, and regular updates on the advancement toward goals.

- In IDC's opinion, this is the most significant step in driving real progress and a reality check for the tech sector on what it really takes to move a large technology company toward parity, racial equality, dramatically lower environmental impact, and broad support for local communities, all with an ethical mindset.

- What is refreshing is that several of Dell's 22 goals are bold "moonshot" goals, aggressive benchmarks where the company admittedly does not always have a clear direction for achieving these targets but will rely upon the innovation and ingenuity of its employees and leadership over time to meet these objectives.

IN THIS VENDOR PROFILE

This IDC Vendor Profile examines the journey that Dell Technologies is undertaking as it takes a significantly stronger organizational point of view on social impact issues. As CEO Michael Dell expressed, "From a global pandemic to justified global protests against systemic racism, the fault lines of our society have been laid bare. Our aspirations and our actions have never been more important — while current events leave us heartbroken and unsettled, still I find reason for tremendous optimism. The intersection of humanity, innovation, and technology is the foundation of our response, our recovery, and what can be an amazing future."

The level of commitment outlined in the Progress Made Real 2030 plan requires a long-term strategy with consistent methodologies and application and, most importantly, support from Michael Dell and the board. Increasingly, the business of technology requires a recognition that traditional metrics of organizational success extend beyond just financials — the importance of customer experience, employee engagement, and robust and ethical supplier ecosystems; support for communities where these businesses operate; and long-term shareholder value have never been more evident.

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In fact, Dell Technologies is seeing a high proportion of RFPs around the globe include some aspect of social impact requirements and are similarly attributing significant sales to social impact.

With this blueprint, Dell makes it clear that delivering on social impact is now a business imperative for the organization and its measurement-based design leads to better transparency and accountability across all its key stakeholders.

SITUATION OVERVIEW

If ever a technology company was to reset its social impact agenda, 2020 was the year to do it. The global pandemic of COVID-19 has exposed layers of societal disparity in digital capabilities, healthcare, education, and local towns and governments. Widespread social unrest and demands for racial justice have been the wake-up call that had been brewing in the technology sector for the past five years. Bridging the gap between equality in hiring, environmental impact, support for local communities, and a focus on how technology can be used for good (and not to the detriment of society) has all been painfully exposed in the first half of 2020.
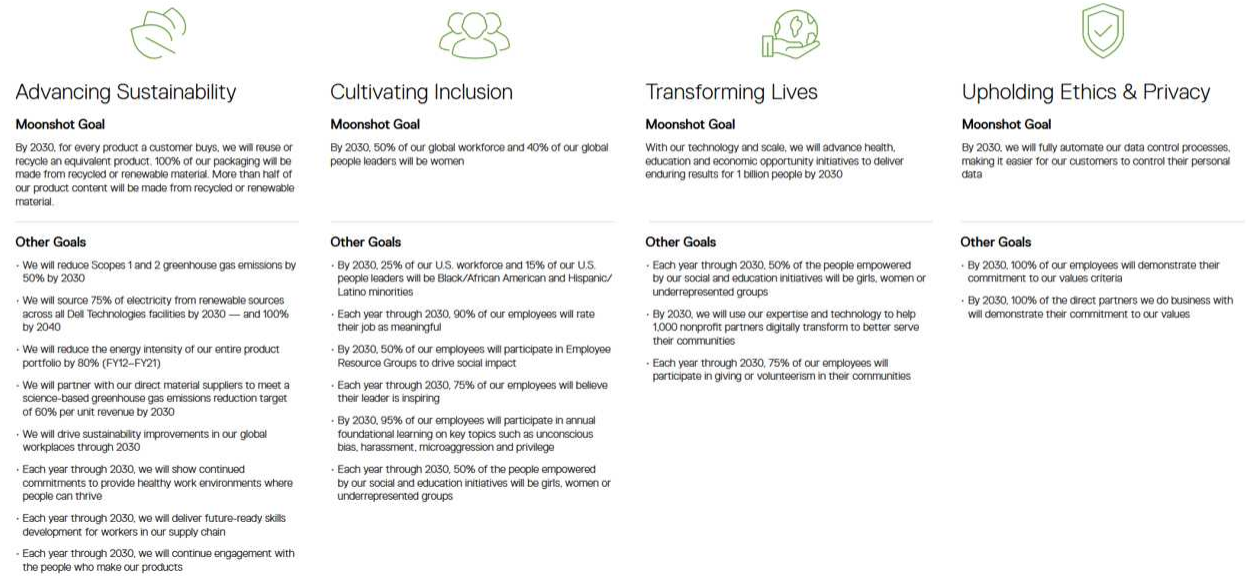
Dell Technologies had been working toward its Progress Made Real Plan over the past 18 months and has made significant senior hires to lead the teams that will need to carry this agenda forward for the next decade (see Figure 1). The hiring of Brian Reaves as chief diversity and inclusion (D&I) officer in 2017 was the first indication that Dell Technologies planned to take a more serious approach to diversity and inclusion and changing corporate culture. Later, the centralization of personnel for sustainability and communities as an extension to the global communications department under JJ Davis, now chief corporate affairs officer, has helped drive focus and minimize duplication of effort. The corporate affairs office also hosts operations for Progress Made Real to ensure continued movement against the goals as well as collaboration and accountability across the business. This preparedness bodes well for organizational success. Michael McLaughlin also serves as chief ethics and compliance officer. If Dell had not made these investments and put in place the organization structure, the level of change would probably make attainment very difficult in the face of a pandemic and recession.

FIGURE 1

Overview of Dell Technologies' Progress Made Real 2030

Our Social Impact Goals for 2030 | With our Progress Made Real Plan for 2030, we are taking our next bold step toward making progress real. We will use these goals to build our social impact strategies over the next decade. Please see our 2030 Goals Dashboard for the scope of these goals and how we measure.

Advancing Sustainability

Moonshot Goal

By 2030, for every product a customer buys, we will reuse or recycle an equivalent product. 100% of our packaging will be made from recycled or renewable material. More than half of our product content will be made from recycled or renewable material.

Other Goals

· We will reduce Scopes 1 and 2 greenhouse gas emissions by 50% by 2030

· We will source 75% of electricity from renewable sources across all Dell Technologies facilities by 2030 — and 100% by 2040

· We will reduce the energy intensity of our entire product portfolio by 80% (FY12–FY21)

· We will partner with our direct material suppliers to meet a science-based greenhouse gas emissions reduction target of 60% per unit revenue by 2030

· We will drive sustainability improvements in our global workplaces through 2030

· Each year through 2030, we will show continued commitments to provide healthy work environments where people can thrive

· Each year through 2030, we will deliver future-ready skills development for workers in our supply chain

· Each year through 2030, we will continue engagement with the people who make our products

Cultivating Inclusion

Moonshot Goal

By 2030, 50% of our global workforce and 40% of our global people leaders will be women

Other Goals

· By 2030, 25% of our U.S. workforce and 15% of our U.S. people leaders will be Black/African American and Hispanic/Latino minorities

· Each year through 2030, 90% of our employees will rate their job as meaningful

· By 2030, 50% of our employees will participate in Employee Resource Groups to drive social impact

· Each year through 2030, 75% of our employees will believe their leader is inspiring

· By 2030, 95% of our employees will participate in annual foundational learning on key topics such as unconscious bias, harassment, microaggression and privilege

· Each year through 2030, 50% of the people empowered by our social and education initiatives will be girls, women or underrepresented groups

Transforming Lives

Moonshot Goal

With our technology and scale, we will advance health, education and economic opportunity initiatives to deliver enduring results for 1 billion people by 2030

Other Goals

· Each year through 2030, 50% of the people empowered by our social and education initiatives will be girls, women or underrepresented groups

· By 2030, we will use our expertise and technology to help 1,000 nonprofit partners digitally transform to better serve their communities

· Each year through 2030, 75% of our employees will participate in giving or volunteerism in their communities

Upholding Ethics & Privacy

Moonshot Goal

By 2030, we will fully automate our data control processes, making it easier for our customers to control their personal data

Other Goals

· By 2030, 100% of our employees will demonstrate their commitment to our values criteria

· By 2030, 100% of the direct partners we do business with will demonstrate their commitment to our values

Source: Dell, 2020

Company Overview

Dell Technologies includes Dell, Dell EMC, SecureWorks, Virtustream, and VMware, delivering a broad portfolio of technology and services for the data era. Headquartered in Round Rock, Texas, Dell Technologies has over 165,000 employees globally and FY20 revenue exceeding $92 billion. Dell is a market leader in enterprise technology solutions.

Company Strategy

Diversity and Inclusion

At the heart of Dell Technologies Cultivating Inclusion pillar is a focus on its ability to attract new talent that better reflects the demographics of its evolving customer base and shifts in consumer spending toward women and under-represented minorities. The mission of this organization is to build a pipeline and hire new talent, as well as to develop, foster, and retain a diverse employee base to unlock higher levels of employee engagement and uncover new ideas in support of innovation at scale.

The D&I program has a singular, but powerful, moonshot goal focused on parity for women:

- By 2030, 50% of Dell's global workforce and 40% of Dell's global people leaders will be women. This is a dramatic shift from today where 31% of its global workforce is women and 24% of people leaders are women.

This goal is significant in that it far exceeds the overall technology sector for D&I, which averages 24% women overall. In addition to new talent management programs, recruiting programs, and seeking out

candidates with nontraditional two-year degrees or reskilling courses, Dell continues support for its Diversity Leadership Accelerator Program (DLAP), which focuses on removing roadblocks for diverse talent in its midlevel manager leadership pipeline.

Another goal of significance is a focus on *underrepresented minorities*:

- By 2030, 25% of Dell's U.S. workforce and 15% of its U.S. people leaders will be Black/African-American and Hispanic/Latino minorities, up from 13% and 10%, respectively, today. Dell is actively working with universities and colleges such as Morehouse College and Northeastern University to support diverse recruiting practices and backing for internships.

Diversity alone does not mean inclusion. An important aspect of Dell Technologies D&I plan is to change the overall culture of the organization in support of broad employee engagement and a focus on management excellence and then more specifically work toward support for women and under-represented minorities. Internal training, skills improvement, and outreach to nonprofits and educational institutions are cornerstones for driving this change. Further:

- Through 2030, 90% of employees will *rate their job as meaningful* (93% today).
- By 2030, 50% of employees will participate in *Employee Resource Groups* to drive social impact (33% today). Dell currently has 13 ERGs with 412 chapters in 60+ countries.
- Each year through 2030, 75% of employees will believe their *leader is inspiring* (83% today) as part of annual employee survey.
- By 2030, 95% of employees will participate in annual *foundational learning* such as unconscious bias, harassment, and microaggressions (15% today; 20,000 employees so far have taken programs focused on allyship).
- Each year through 2030, 50% of the people empowered by Dell's social and education initiatives will be girls, women, or under-represented groups and privilege (52% today).

Dell's D&I team believes that empathy is the root of inclusion. More recently, it is relying upon teams such as the *Global Diversity Action Council* to build policies and solutions from the ground up and work with business units and not just the executive leadership team or HR. The recently created *Diversity and Inclusion Ambassador Program* has certified 76 individuals to act as ambassadors advocating for the business imperative of diversity and inclusion, internally with their peers and externally with customers and partners. This approach is critical to ensure that everyone has a chance to weigh in on what is important and provide feedback from all aspects of the organization and will likely lead to better outcomes over time.

It is also worth noting that in addition to the Progress Made Real reporting, Dell also has a dedicated report on D&I, which was published for its second year, further demonstrating Dell's commitment to transparency and doing better in this area.

Sustainability

- The Dell Technologies Advancing Sustainability pillar's "moonshot" goal is made of three parts and focuses on *driving the circular economy,* with an emphasis on sustainable and innovate design, reuse, and recycling and using sustainable materials. Moonshot goals include:
  - By 2030, every product a customer buys, Dell will reuse or recycle an equivalent product. In FY20, Dell collected 9.1% of products sold versus recovered, as measured by weight. The company is shifting from weight as a measure to a product-by-product equivalent.

- 100% of Dell's packaging will be made from recycled or renewable materials. Currently, recycled/renewable material content comprises 85% in packaging, which is a testament to Dell's leadership in this area.
- More than half of Dell's product content will be made from recycled or renewable materials. Currently, there is less than 5% of recycled/renewable material content in products.
- Other goals aligned to *protecting the planet* – focusing on protecting natural resources and climate change and – include:
  - Reduce Scopes 1 (owned and controlled emissions) and 2 (indirect emissions from purchased resources) greenhouse gas (GHG) emission by 50% by 2030.
  - Source 75% of energy from renewal sources by 2030 and 100% by 2040.
  - Reduce the energy intensity across the full product portfolio by 80% (2011-2020).
  - Partner with materials suppliers to reduce GHG to target 60% per unit revenue by 2030.
  - And within its workplaces:
    - Reduce freshwater use in owned facilities by 25% in locales with high water stress and by 10% elsewhere.
    - Reduce workplace plastic waste by 90%.
- Dell's Supply Chain Sustainability Report, which commenced in 2015, illustrates its commitment to supply chain transparency, providing visibility into ethical practices across its supply chain and providing partners with best practices. Goals aligned to ethical practices across the supply chain are focused on driving deeper engagement with and *championing those who build products* and include:
  - Each year through 2030, show continued commitments to provide healthy work environments where people can thrive.
  - Each year through 2030, deliver future-ready skills development for workers in our supply chain.
  - Each year through 2030, continue engagement with the people who make products.

Achieving all goals is aligned to business units to ensure that there is synergy and support across the entire organization, and its annual Progress Made Real report highlights the measurable progress of its investments in environment and sustainability to date.

In addition, Dell provides the opportunity for employees to take even more action on sustainability efforts through its Innovation Incubator program that empowers companywide teams to innovate and create new ideas for sustainability similar to the processes used by the CTO organization for creating new Dell products and solutions. Examples include new packaging materials and rethinking batteries used in devices. The company is beginning to investigate the use of blockchain and the impact on supply chains and traceability.

Increasingly, Dell is seeing customers proactively ask about Dell's sustainability practices as part of the RFI process. Dell's commitment to its CSR practices extends out to its customers involving them in customer advisory boards and collaborating on guidance and expectations for surrounding sustainability.

Dell is clearly committed to advancing sustainability internally with its own best practices and externally in helping enable its customers and technology as well as selling and supply chain partners globally to make sustainability a critical part of doing business with Dell. IDC believes that as governments are

taking a more politically and measured approach to the environment and the planet, which in some cases has proven ineffective due to bureaucracy, the private sector is stepping forward with defined, measurable, and actionable programs for environmental sustainability success. Dell has demonstrated its commitment with its Progress Made Real initiative, goals, and accountability programs.

Communities at Risk

Dell has strength in serving educational and healthcare institutions across its business. This foundation of solutions-based selling has led to deep relationships and industry expertise and partnerships.

It is no surprise, given recent events from the pandemic and school/work from home, that Dell Technologies would leverage its capabilities in the health and education sectors to transform the lives of 1 billion people by 2030 under its Transforming Lives pillar. The moonshot goal is:

- Advance health, education, and economic opportunity initiatives to deliver enduring results for 1 billion people by 2030 (46.5 million reached).

Dell will also build upon its existing volunteerism programs and giving organization to dramatically expand its assistance to mission-based organizations and nonprofits. Dell expert employees will volunteer their time to advance the digital capabilities of these socially driven organizations. Further:

- By 2030, we will use our expertise and technology to help *1,000 nonprofit partners* shift to digital capabilities to better serve their communities (5 today).
- Each year through 2030, 75% of our employees will participate in *giving or volunteerism* in their communities.

IDC believes that this shift to support for social entrepreneurs and leveraging the capabilities of Dell employees will have a dual outcome of not just improving local communities but will also lead to enhanced employee engagement. The events of 2020 have seen active volunteerism rates at an all-time high at technology organizations, largely driven by the desire of employees to give back to their local communities. This move by Dell will have long-term sustainable benefits, internally and externally.

Upholding Ethics and Privacy

Dell Technologies was named an honoree of the World's Most Ethical Companies award by Ethisphere in 2020 for the past seven consecutive years. Dell's emphasis on leading tone and digital tools continues to position the company as a leader in ethics. In addition, Dell's long-standing focus on data privacy and privacy by design continues to be the cornerstone for the company's unwavering customer commitment on making it easier for its customers to have full control over their data. The moonshot goal is:

- By 2030, fully automate data control processes, making it easier for customers to control their personal data. This will require investments in advanced privacy governance and risk management technologies.

Dell plans to expand its employees' commitment to its values criteria by asking its partners to also sign on to the values criteria. This includes the Dell Technologies' Code of Conduct for Partners to provide clearer expectations for compliance and the company's Digital Partner Program, where using an online portal direct partners can assess and enhance their anticorruption compliance programs. Further:

- By 2030, 100% of employees will demonstrate their commitment to values criteria.
- By 2030, 100% of direct partners will demonstrate their commitment to values criteria.

FUTURE OUTLOOK

Dell Technologies has set some aggressive goals for advancing lives and improving sustainability. Key investments made by the organization over the past three years have made it possible to set these targets and scale its commitments. Even in the face of a global recession and pandemic, the company has been clear that this is an organizational priority from the very top with CEO Michael Dell and his executive leadership team. Dell's long-standing strength in sectors such as healthcare, education, and government has set a strong foundation for future additional work in local communities.

The new hires in its social impact teams and the streamlining of investments to core goals (and moonshot targets) put the company on the path to achieving repeatable and measurable impact. The transparency in reporting brings the company closer to aligning all its constituents – employees, partners, customers, and investors – on its point of view on social responsibility and its role in driving success for business impact (not just for good).

ESSENTIAL GUIDANCE

Advice for Dell Technologies

The Progress Made Real 2030 initiative from Dell Technologies is important in two major aspects. First, it provides alignment across the breadth of the organization on how important social impact success is as a corporate initiative and that it will be measured as a business imperative with transparency and accountability. Second is the honesty that underlies the reality of the 10-year period. Leadership has been clear that it has more work to do, it is not satisfied, and it has set aggressive goals (that may ultimately be aspirational) that will provide a blueprint for current and future managers who are facing a large change management exercise in corporate culture. This is very refreshing compared with other initiatives in the technology industry that have mediocre goals and already profess great success. Michael Dell has set the bar high in building out his corporate point of view.

Dell is already working on expanding its partnerships with local communities and social entrepreneurs to have a greater external impact on social issues (rather than an internal focus for change). Dell has the ability to drive incredible influence into its supply chain and work with traditional business partners to ensure compliance on elements of sustainability and cultivating inclusion globally into its ecosystem. Dell will be very effective if it can leverage additional budget from existing product, marketing and sales investments across events, customer engagements, and supplier relationships to include support and ROI for social impact.

Related Research

- *Technology for Social Good: Responsible Contact Tracing* (IDC #lcUS46391920, June 2020)
- *Technology for Social Good: The Response to COVID-19* (IDC #US46220520, April 2020)
- *Fighting COVID-19 with Emerging Technologies* (IDC #lcUS45436820, March 2020)

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