MICROSOFT’S IMPACT SOURCING JOURNEY
How technology can increase social impact

Procurement teams of global organizations have long held the responsibility for delivering multiple sourcing objectives, including faster, more cost effective, more reliable, and more sustainable business services. The introduction of Impact Sourcing has enabled procurement professionals to achieve all of these objectives plus have a tangible social impact through their choice of suppliers. As a global purchaser, Microsoft is one company that has harnessed the power of procurement to have a positive social impact.

Impact Sourcing is a business practice where a company prioritizes suppliers that intentionally hire and provide career development opportunities to people who otherwise have limited prospects for formal employment. These include people who are long-term unemployed or living under the national poverty line. Through Impact Sourcing, impact workers take their first step onto a career ladder that leads to economic self-sufficiency through income, skills development and professional advancement.

Microsoft’s procurement team first learned about Impact Sourcing at a 2010 conference sponsored by The Rockefeller Foundation, including the different approaches led by a number of Impact Sourcing service providers (ISSPs).

After the conference, Tim Hopper, Microsoft’s Manager of Responsible Sourcing Initiatives, realized that the company was already working with four or five of the suppliers featured at the conference.

WHAT REALLY CHANGED AFTER THAT CONFERENCE WAS SEEING HOW THE SUPPLIERS PERFORMED WELL IN THE USUAL BUSINESS DRIVERS SUCH AS COST, QUALITY AND RISK BUT ON TOP OF THAT HAD A REALLY COOL SOCIAL IMPACT. WE DECIDED THAT WE WANTED TO BE MORE INTENTIONAL ABOUT IMPACT SOURCING AND WIDENING THE SOCIAL IMPACT WE COULD HAVE.

TIM HOPPER, MANAGER OF RESPONSIBLE SOURCING INITIATIVES AT MICROSOFT

CASE STUDY
MICROSOFT’S IMPACT SOURCING JOURNEY
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1. BUYER COMPANY
   Prioritizes suppliers committed to inclusive hiring

2. SUPPLIER COMPANY
   Hires and provides career development to people who are below the national poverty line or long-term unemployed

3. IMPACT WORKER
   Receives access to employment and training, creating a positive impact on their income and earning potential

4. IMPACT WORKER’S FAMILY
   5-6 family members benefit due to the increased spend on family and household requirements

5. IMPACT WORKER’S COMMUNITY
   The whole community benefits from the injection of new capital into the local economy
EMBEDDING IMPACT SOURCING IN THE BUSINESS

For Microsoft, the next step was to engage more with the ISSPs, sharing their models and best practices with other suppliers. Microsoft invited about 20 companies, including ISSPs and other suppliers in the business process outsourcing (BPO) industry, to take part in a project to define and measure Impact Sourcing. Together, they spent more than a year identifying metrics and indicators. These were incorporated into the Global Impact Investing Network and used to track progress.

However, there was still work to be done to advance Impact Sourcing. In 2016, Microsoft joined the Global Impact Sourcing Coalition (GiSC), a network managed by BSR and supported by The Rockefeller Foundation that connects businesses creating jobs for those most in need through the power of procurement and global supply chains. In 2018, the GiSC launched the world’s first Impact Sourcing Standard, designed to increase the adoption of Impact Sourcing by setting out uniform criteria.

From a small start of four or five suppliers, Microsoft now has over 100 suppliers involved in Impact Sourcing. These are mainly suppliers of BPO services with the type of work ranging from generic accounting and call centers to digital work including image-tagging and data input. Microsoft also extends Impact Sourcing into real estate facilities and other areas.

MICROSOFT’S BENEFITS OF IMPACT SOURCING

SUPPLIER PERFORMANCE

“People do Impact Sourcing because these companies can deliver business value,” said Hopper. “The employees are passionate and driven because they come from all walks of life. They are highly skilled and motivated to do good work.”

CORPORATE CITIZENSHIP

“As a company, Microsoft has a great mission to help people achieve more. With Impact Sourcing we are connecting our sourcing very concretely to the mission,” Hopper explained. “We’re helping our suppliers’ employees achieve more by doing impact work. So it is mission aligned with us and it’s just the right thing to do.”

SOCIAL IMPACT

“The social impact is a benefit on top of doing the good business work,” said Hopper. “I can’t think of anything more rewarding than to focus on the topic and have a social impact.”

WE HAVE A PROGRAM WITH OUR SUPPLIERS LOOKING AFTER OUR REAL ESTATE FACILITIES IN WHICH 10%-15% OF THE PEOPLE HIRED ARE PEOPLE WITH DISABILITIES.

WE’VE ALSO CHOSEN TO WORK WITH SUPPLIERS THAT EITHER EXCLUSIVELY HIRE PEOPLE WITH DISABILITIES OR HAVE ADDED THOSE TO THE CURRENT BUSINESS ENGAGEMENT IN AREAS LIKE APPLICATION DEVELOPMENT, CODING, TESTING AND MARKETING SERVICES.

WE THINK THE CONCEPT OF IMPACT SOURCING IS REALLY ABOUT INTENTIONALLY BRINGING PEOPLE WHO HAVE BEEN MARGINALIZED FROM THE WORKFORCE INTO THE WORKFORCE SO THAT EXTENDS THOSE OPPORTUNITIES BEYOND BPO SERVICES.

TIM HOPPER, MANAGER OF RESPONSIBLE SOURCING INITIATIVES AT MICROSOFT

WHY BUYERS VALUE IMPACT SOURCING

<table>
<thead>
<tr>
<th>SUPPLIER PERFORMANCE</th>
<th>STABLE SUPPLIER WORKFORCE</th>
<th>SUPPLIER INCLUSION</th>
<th>CORPORATE CITIZENSHIP</th>
<th>SOCIAL IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access suppliers with responsible hiring that compete on quality, service and price</td>
<td>Lower attrition and higher motivation</td>
<td>Meet supplier inclusion and diversity goals</td>
<td>Promote responsible supply chains, social equality and diverse workforces</td>
<td>Create positive impacts for impact workers, their families and communities</td>
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SOCIAL IMPACT AT ONE OF MICROSOFT’S SUPPLIERS: SUTHERLAND GLOBAL SERVICES

Sutherland Global Services operates BPO services across Jamaica and has grown from 24 employees in 2012 to 5,000 employees in 2018 through inclusive employment initiatives.

Through the Sutherland Community Technology Center’s (CTC) three day Microsoft Digital Literacy course, people can become certified in the use of Microsoft products. Sutherland Jamaica has made a commitment to directly hire or find employment for at least 10 percent of graduates from its CTC programs.

Employees at Microsoft are able to see that the suppliers they are working with are having a positive social or environmental impact. Impact Sourcing suppliers share stories of how impact workers lives have been changed for the better which is rewarding for the purchasing teams to hear.

ADRIAN MICHAEL KNIGHT, MICROSOFT XBOX CONSULTANT AT SUTHERLAND

AT THE TIME, I WAS UNEMPLOYED AND I SAW AN AD ON SOCIAL MEDIA FOR THE THREE DAY CTC COURSE. ONCE YOU HAD COMPLETED THE COURSE, YOU COULD APPLY FOR A JOB AT SUTHERLAND. I THOUGHT IT WAS A GREAT IDEA AND SO I WENT FOR IT.

After Knight completed the course, he was successful in getting a job and now receives recognition from his manager for his work. In five years he hopes to be managing a portfolio on the Xbox program as a team manager. Adrian recommends programs like this for unemployed youth. “It gives unemployed youth a chance of securing your first job and it also gives you an opportunity to be who you are,” he said.

TIPS FROM MICROSOFT’S IMPACT SOURCING JOURNEY:

IDENTIFY SUPPLIERS
Identify which of your suppliers are already Impact Sourcing service providers (ISSPs) or offer Impact Sourcing.

JOIN GISC
Join GISC to collaborate with other companies, find Impact Sourcing suppliers and use the Impact Sourcing Standard to explain minimum requirements.

DEFINE OPPORTUNITIES
Identify which BPO and other processes Impact Sourcing could apply to.

COMMUNICATE SOCIAL IMPACT
Tell purchasing employees about the social impact they are having on impact workers around the world by their purchasing decisions.