



# Microsoft Unlimited Potential

Enabling Sustained Social and Economic Opportunity  
for the Next Five Billion People



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## Microsoft Unlimited Potential

### Introduction

Economists and policymakers agree that investments in technology are crucial to economic growth and development. This view is supported by extensive research that clearly demonstrates the impact of such investments in areas such as

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business productivity, competitiveness and job creation—and by the millions of people who have benefited from technology's transformative power. Yet, the vast majority of the world's population—some 5 billion people—still lack access to technology or the opportunities it offers.

No two parts of the world are alike—and, as many nations and institutions have learned, technology is not a "magic bullet" for economic development. Nor is any single company able to deliver on the complete range of factors that must be addressed—from basic physical infrastructure to market openness and efficiency. If any one of these falls short, economic growth can stop as quickly as it started.

Nonetheless, technology in all its forms has tremendous potential to connect communities, address crucial pieces of the global economic

development puzzle and facilitate healthy, sustainable growth. The key to realizing this potential is to apply it strategically and thoughtfully, in a way that suits each country's unique needs.

Building on decades of business experience, research and development, corporate citizenship efforts and an ecosystem of more than 750,000 partners around the world, Microsoft continues to strengthen its commitment to enabling social and economic empowerment. For example, the company recently committed to bringing the benefits of technology to a quarter billion people by the end of this decade. Through technology skills training, software and hardware donations, and a variety of programs aimed at increasing community access to technology, Microsoft is on track to meet this goal well ahead of schedule.

Microsoft began with a mission to put a computer on every desk and in every home. Now, through Microsoft® Unlimited Potential™, the company is further expanding its vision by weaving together new business models, technology solutions and advanced research to help solve critical pieces of the economic development puzzle. This broad range of offerings—built on partnerships with businesses, governments and developmental organizations—extends the company's previous goals for expanding the reach of technology. It aims to bring the benefits of relevant, accessible and affordable software to 5 billion more people, with an initial milestone of reaching the next 1 billion by 2015.

Microsoft Unlimited Potential brings together the company's business strategy and citizenship



goals in a coordinated effort to help address the diverse social and economic issues faced by those who currently receive little or no benefit from technology. It aims to catalyze communities in a meaningful and relevant way in order to help create an environment that allows people to make the most of their skills and abilities. And it can empower people to become innovators, to create new businesses, and to teach and inspire others—in short, to realize their full potential.

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### The Economic Growth Puzzle

When ranking the economic strength of nations, the World Economic Forum's Global Competitiveness Index considers nine factors that are critical to promoting productivity and supporting national competitiveness. First are the basic requirements: functioning, credible institutions; healthy macroeconomic conditions; adequate infrastructure (from roads to telecommunications); and health and primary education systems. Once these basics are in place, growth is increasingly driven by factors that enhance productivity: secondary and higher education, market efficiency and technological readiness, and a regulatory and business climate that promotes growth and encourages new ideas.

Measured by these factors, many emerging countries still face significant challenges in achieving substantial and sustainable economic development. The barriers to growth are often not what they seem, and they vary significantly from country to country. For example, despite India's impressive recent growth, its economy ranks 43rd in competitiveness among the world's nations—held back by challenges in infrastructure and primary education. Similarly, Russia ranks below its economic peers in primary education, while China and Mexico fall behind in higher education, despite high rankings in other areas. Similar patterns emerge in other countries. These complex

and diverse challenges require sophisticated approaches to development that are tailored to each nation's unique needs.

Technology can play a key role in promoting progress in each of these critical areas. It can enable government institutions and services to become more efficient and transparent. It can help promote productivity, market efficiency and more effective business practices. Widespread deployment of computers, software and telecommunications can help increase efficiency and reduce transaction costs across all segments of the economy. Computers, mobile devices and software can vastly improve the quality and efficiency of healthcare, and they can help improve and increase the availability of quality education at every level.

### Evolving the IT Business Model

Today, most of the IT sector's revenue comes from businesses, consumers and governments in the developed world. Most consumers and businesses pay the full price up front for PCs and packaged software. Software and online services are largely designed for use by individuals on PCs and devices that they use exclusively. Products are generally priced to appeal to consumers with significant disposable income or businesses with sufficient resources to make large and continuing investments in technology.

This business model works well for a relatively thin slice of customers—the approximately 1 billion people living near the top of the economic "pyramid." Yet, there are billions of other people living in underserved communities throughout the world—in both developing and developed countries. Microsoft's founding vision of "a computer on every desk and in every home" is a reality for the nearly 1 billion people who use PCs today, but what about the majority of the world's population who haven't yet benefited

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To better reach those underserved by technology, the IT industry must dramatically revise its assumptions about what customers need, and business models must evolve to better address specific challenges. For example, the industry can build on technologies and business models that are in widespread global use, such as mobile phones. Approaches to licensing should in some instances evolve from the "pay up front" model to more flexible (and commonplace) subscription or installment plans that are better suited to individuals and businesses with little up-front capital or less predictable income. The increased use of advertising-supported software can lower costs for individuals and small businesses, while also creating new opportunities to reach customers in local markets. The industry should also embrace the concept of shared access: software and solutions that enable students, families and communities to share costly or limited technology resources. And the industry should focus more on how its contributions can help people achieve substantial and sustainable economic advancement.

**Microsoft's approach to these challenges is based on three fundamental principles:**

- **Relevance.** Technologies and services that work well in the developed world might not be appropriate elsewhere. The IT industry must strive to offer software and services that are in local languages and dialects and are adapted to the local culture. This includes software interfaces that use graphics and sounds rather than text, to better serve the needs of young children and populations with low literacy rates. Technology solutions must truly address the social and economic needs that are central to people's

lives, such as improving children's educational opportunities, offering skill-building solutions for adults and enhancing communication with friends and family.

- **Access.** Ensuring that every individual has their own computer is just one of the many effective ways to bring the benefits of technology to all. Shared access through Internet cafés, libraries, schools and community centers is already common in many areas. By helping to make it easier for students, families and communities to use technology together, the IT industry can help lower costs to users and provide additional value from shared computing resources.
- **Affordability.** The IT industry must work harder to reduce the cost of technology and develop flexible, sustainable business models that make technology available and affordable to all. This includes lowering the cost of hardware by developing new, inexpensive devices, as well as by making use of the tens of millions of donated and refurbished PCs that become available each year. It also includes addressing the needs of people who have little disposable income or access to credit by offering flexible payment methods such as installment plans, pay-as-you-go cards and subscription-based services.

Reaching underserved populations requires a sustained commitment to communities and partnerships. The IT industry's role should be not only about delivering technology solutions but also about catalyzing communities to develop new ways to achieve sustainable development. This means participating in ongoing dialogue with people in these communities and tapping into the knowledge and unique capabilities of governments and NGOs that have a deep understanding of local needs and practices.

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## Microsoft Unlimited Potential: Empowering the Next Five Billion

Through a combination of advanced technologies and strong partnerships with governments, partners, NGOs, educators and academics, Microsoft Unlimited Potential takes an innovative approach to helping enable new avenues of social and economic empowerment for the majority of the world's population. Built on the principles of relevance, access and affordability, Unlimited Potential focuses on delivering solutions in three interrelated areas that are foundational drivers of economic opportunity: *transforming education*, *fostering local innovation*, and *enabling jobs and opportunities*. In this way, Microsoft can have the greatest possible impact in creating a virtuous cycle of sustained social and economic development.

### Sustained Social & Economic Opportunities



### Transforming Education

Education is the cornerstone of economic opportunity, so any efforts to help young people realize their full potential must begin there. Yet, increased demand for secondary and higher education around the world has strained infrastructures and created significant shortages of qualified teachers. To help address this challenge, Microsoft is working with partners, educators, governments and NGOs to broaden access and

improve the efficiency of education systems, enable student-centered learning, create more powerful software tools and nurture strong learning communities at all levels. The company is delivering on this vision with a comprehensive offering of customizable education solutions, targeted where the need is greatest.

- **Partners in Learning.** The Partners in Learning program broadens access to technology and helps educators transform teaching and learning through a range of specially developed tools and curricula, teacher training programs and low-cost software. The program is active in 101 countries and has already reached over 4 million teachers and more than 90 million students. Microsoft has renewed its commitment to Partners in Learning—committing in January 2008 to increasing the company's investment to nearly \$500 million (U.S.) over 10 years.
- **Microsoft Student Innovation Suite.** Through Partners in Learning, Microsoft offers this affordable software package to governments that purchase Microsoft Windows®-based PCs for primary and secondary students to use at home and for schoolwork. The suite includes Windows XP Starter Edition, Microsoft Office Home and Student 2007, Microsoft Math 3.0, Learning Essentials 2.0 for Microsoft Office and Windows Live™ mail desktop. Microsoft offers this suite for US\$3 to qualifying governments that purchase and supply PCs directly to students.
- **Advanced tools for teaching and learning.** Microsoft's investments in education include new tools and services that help enable high-quality, motivating learning experiences. These efforts include Microsoft Math, a set of tools and tutorials to help students visualize and solve math and science problems; Digital StudyHall, which distributes DVD courses created by skilled educators to teachers in rural or low-income areas; and a new set of education authoring tools

that enable publishers to create and assemble vibrant local learning content that can be adapted to individual learning needs.

- **Expanding access to limited technology resources.** Many communities need to find ways to make the most of limited computing resources. One example of maximizing shared resources is Windows MultiPoint™, a project developed by Microsoft Research India that enables up to 50 students to use a single PC simultaneously by using multiple mice or other peripherals with color-coded cursors. Initial research has shown that children are comfortable and engaged when sharing a PC in this way. The project is currently undergoing a pilot program in partnership with Thailand's Ministry of Education. Microsoft has also released a software development kit to enable new applications and curricula using MultiPoint. This kit also was used in the Microsoft 2007 Imagine Cup, where student developers from around the world competed to develop innovative new

Windows, Office and other familiar, widely-used software and take advantage of the broad range of specialized education software available for the Windows platform. Microsoft is also making significant contributions to Intel's Teach to the Future initiative, which helps to improve global teaching and learning through the integration of technology in education via innovative teacher training programs.

### Fostering Local Innovation

Once a community has a strong education system, it can develop a better-prepared workforce, further laying the groundwork for economic growth. Opening the world of computing to other languages and cultures and enabling creative technology solutions that meet unique local needs can lead to new opportunities for underserved communities around the world. Microsoft aims to foster local innovation through knowledge transfer—empowering individuals and businesses with technology skills and supporting a healthy local software ecosystem—as well as by providing tools and technologies that broaden access to technology, build local skills capacity and enable new businesses.

- **Supporting local software economies.** Microsoft Innovation Centers support the growth of healthy local software ecosystems by helping customers and partners plan, research and develop new products and services. In 60 countries worldwide, Innovation Centers in 100 communities offer students, developers and IT professionals access to world-class facilities, consultants and resources. The centers focus on developing skills and intellectual capital; supporting industry, academic and government partnerships; and offering hands-on technology experience. They also help to connect a worldwide network of software developers across the full spectrum of development approaches

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- **Low-cost laptops for education.** Microsoft is working with a variety of companies and organizations to lower the cost of hardware and software for education. For example, the company is partnering with Intel on the Classmate PC, an affordable new laptop computer designed for primary-school children in underserved communities. These highly capable machines are equipped with Microsoft

and business models, combining diverse locally-driven innovation with opportunities for shared learning. Microsoft plans to extend its investment in these centers over the next two years and anticipates opening 200 centers in an additional 25 countries by 2009.

- **Starter editions of Windows.** Designed for first-time PC users in developing countries, Starter editions of Windows are now the fastest-growing editions of the operating system, providing users who are new to computing with an affordable operating system and a set of essential features. They include localized and customized support, step-by-step guidance and interactive video demonstrations that help users perform essential computing tasks. Windows Vista Starter edition is available in 72 languages in 140 countries. The company is also working to make Windows available on other low-cost hardware platforms through partnerships with Intel and other companies and organizations.

- **Localization.** People benefit more from technology when it works in their own language. Lowering this barrier to usage can greatly improve productivity and help enhance teaching and learning. It can also help nurture new businesses—in technology and many other fields. For more than two decades, Microsoft has worked with local communities to make software and services accessible and available to the broadest possible audience, via standard localization of its products into widely spoken languages, an IT skills training curriculum available in 21 languages and Language Interface Packs that help local developers more easily extend the reach of computing to less common languages. Today, Microsoft's products, services and training cater to speakers of more than 100 languages, ranging from Quechua-speaking Native Americans in South America to Nynorsk-speaking Norwegians and Gaelic-speaking communities in Ireland.

- **Mobile phones.** It is not always practical to own a PC in areas with unreliable electrical power or high crime rates. By comparison mobile phones are relatively inexpensive to acquire, highly portable and easy to recharge, and they take advantage of a reliable network infrastructure that is already in place in most countries. Mobile phones are one of the simplest entry points to computing for underserved communities, and future developments can build on their strengths to create further opportunities. For example, Microsoft Research India has developed technology that enables a PC to function as an SMS (Short Message Service) server, so individuals can perform basic computing tasks by exchanging text messages with a centrally located PC. In the Indian village of Warana, for instance, this technology powers a service that enables farmers in a local sugarcane cooperative to manage their accounts, check prices and schedule harvests via their mobile phones. As a result, tasks that once took days to accomplish in person can now be done remotely in minutes.
- **Rural computing.** Many of the greatest opportunities for technology to spark growth and development lie in rural areas. But these areas are also among the most difficult to serve because they are often economically challenged and lack adequate electrical power and telecommunications infrastructure. Many of the programs and solutions described in this paper are uniquely suited to serving rural markets, and Microsoft is embarking on further efforts to help these communities increase productivity and do business in global markets. In China's Henan Province, for example, Microsoft has contributed two Infowagons—high-tech buses loaded with more than a dozen PCs that can travel to rural areas and offer training that introduces people to the benefits of information and communications technology (ICT).

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## Enabling Jobs and Opportunities

A strong technology infrastructure makes communities more appealing to local, regional and global businesses and investors, which in turn helps bolster economic growth and global competitiveness as well as stimulate jobs and personal achievement. Through technology access programs and support for local software economies, Microsoft is committed to helping increase growth and economic development through effective use of technology as well as supporting local hardware, software and service companies.

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- **Partnerships for Technology Access.** Implemented in collaboration with local governments and NGOs, this program delivers affordable PCs to small businesses and underserved communities through innovative financing programs. In Egypt, it is helping many of the working poor to acquire PCs through low monthly payments and to improve their skills and get better jobs. In Nigeria, it is helping government workers pay for new computers using their paychecks as collateral.
- **Community Technology Skills Program.** Unlimited Potential greatly expands on Microsoft's previous efforts to broaden digital inclusion and support workforce development by helping to provide technology skills through community technology centers. More than

37,000 community technology centers in 102 countries have been supported through grants of cash and software, a specialized curriculum available in 21 languages, and support for telecentre.org, an organization that connects, supports and invests in these centers.

- **Alternative business models for technology access.** Until recently, many customers in underserved communities have not been able to acquire their own PC, due to a lack of available consumer credit or unpredictable incomes. Microsoft FlexGo™ is one example of the company's efforts to explore innovative business models that enable middle-income customers to acquire PCs using affordable subscription or pay-as-you-go methods.
- **Donated and refurbished PCs.** As companies invest in new technologies, they are creating a vast pool of older but still usable PCs that can be redeployed to serve communities in the developing world. The technology analyst firm Gartner estimates that two-thirds of used PCs are discarded or stored. The Microsoft Authorized Refurbisher (MAR) program and the company's Digital Pipeline initiatives (currently being piloted in Europe and Africa) help organizations put their used computers to work in underserved communities around the world while also reducing the environmental impact of discarded equipment and mitigating the cost and regulatory burdens of recycling old computers. As part of Microsoft's Partners in Learning initiative, the Fresh Start for Donated Computers program is helping to ensure that computers given to schools and community centers stay secure and up-to-date with genuine Microsoft software. Additionally, through a partnership with the United Nations Industrial Development Organization (UNIDO), Microsoft is distributing refurbished computers to promote the development of small and medium-sized businesses in Africa.

- **Shared access.** Through the publication of *Making the Connections: Scaling Telecentres for Development*, Microsoft and telecentre.org are helping provide frameworks and best practices to guide sustainable approaches to developing shared computing facilities. This partnership has also built the Telecentre Knowledge Network community Web site to serve as a forum for sharing findings and best practices on the reach and benefits of ICT worldwide.

## Conclusion

Helping more of the world's people to seize new opportunities and realize their potential requires only two raw materials: intellect and imagination. Technology is a powerful amplifier for these factors, and although it is only one piece of the solution to the economic growth puzzle, it supports nearly every aspect of development and is a critical investment for any country seeking to promote growth and create new opportunities.

Microsoft Unlimited Potential aligns the company's technologies, partnerships, business and corporate citizenship efforts in a concerted effort to bring the benefits of information technology to people who are under-served today—and to help enable sustained social and economic opportunities for communities around the world. Through a comprehensive and complementary range of technologies and programs built on strong partnerships with governments, businesses and local communities, Unlimited Potential will help people from all walks of life to participate fully in the benefits and opportunities of the global knowledge economy.

To learn more about Microsoft Unlimited Potential, please visit [www.microsoft.com/unlimitedpotential](http://www.microsoft.com/unlimitedpotential).

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- **Windows SteadyState™.** Although community centers, libraries and Internet cafés are popular venues for computing access in the developing world, operators often struggle to keep systems updated to ensure security, privacy and reliability—as well as to address community concerns such as access to violent games and pornography. Windows SteadyState is a free download that hundreds of thousands of community centers, schools, libraries and Internet café operators are using to prevent unauthorized access and changes to system settings and to offer a consistent, familiar and private experience for users. In India, the toolkit is helping rural villages build PC-based kiosks to connect residents with education, health and government services. In other countries, including Turkey and Ukraine, it is helping Internet café operators to improve reliability, safety and security.

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