Economic impacts across the value chain

As a leading information technology (IT) company operating in countries worldwide, HP advances Economic Progress in many ways. Our business contributes to economies globally through the value we create for our customers, our direct financial transactions, and the indirect impacts that result when the money we spend circulates through economies. We produce economic impacts across our value chain, advancing sustainable growth and delivering lasting gains for HP and the millions of people who benefit from our products and operations around the world. For more on the scope of our value chain, see HP profile.

Supply chain

HP's far-reaching supply chain, which spans six continents and comprises hundreds of production suppliers and tens of thousands of nonproduction suppliers, supports local economies around the world by providing investment and jobs.

Most suppliers that manufacture our products are based in developing economies, where the IT industry plays a central role in economic development. Of our 63 final assembly sites, 44 are located in Asia, including 29 in China. For more on the geographical distribution of our suppliers, see the map at right.

Visit our map to find out

Purchasing impacts

Globally, in 2014 our supply chain purchasing supported hundreds of thousands of jobs at supplier sites audited through our Supply Chain Responsibility program alone, in addition to many more at nonaudited locations. Our procurement activity also generates significant indirect benefits since our suppliers and their employees pay taxes and support local economies. Suppliers may also pay dividends to investors or reinvest income from HP to improve or expand their business.

HP strategic purchasing decisions can benefit regional and local economies as well as our business. For example, we increased resiliency in our supply chain by locating a manufacturing facility in Chongqing, Central China, an area of underemployment compared to the coasts. This move created much-needed jobs, helped open the door for other businesses and commerce to enter the region, and improved our operating margin, driving value back to shareholders.

Supplier and worker capability building

HP's supply chain responsibility objective is to continuously improve our suppliers' Social and Environmental Responsibility (SER) performance. Strong SER performance not only helps a supplier secure contracts with HP but also benefits their business by increasing worker productivity, engagement, and retention. See Benefits of supply chain responsibility for more information.

HP strives to enhance the skills, knowledge, and economic circumstances of the people making our products. In 2014, we conducted worker-empowerment programs at 18 sites in China, South America, and Southeast Asia, reaching more than 87,000 workers and managers. These worker-centric programs cover areas such as financial literacy, occupational health and safety, personal health, and parenting skills, as well as support programs tailored for foreign workers. We deliver these programs through collaborations such as HERfinance, a BSR program that improves financial inclusion and literacy by connecting workers to financial services and using peer-training modules to reach a larger, broader group of factory workers. During 2014, we piloted HERfinance at a Flextronics factory in Brazil. Learn more in Supply chain responsibility.

Supplier diversity

Engaging diverse suppliers supports the economic strength of local communities while enhancing innovation and competitive advantage in our supply chain. For 45 years—through our Global Supplier Diversity Office—HP has encouraged and supported small businesses and companies owned by women, minorities, veterans, aboriginal or indigenous people, as well as lesbian, gay, bisexual, and transgender (LGBT) individuals to compete for our business. We have supplier diversity programs and partnerships in Australia, Canada, China, South Africa, the UK, Ireland, and the United States.

In 2014, our spend on small businesses declined by 13% to approximately $3.4 billion compared to the prior year, primarily due to a decline in overall global procurement spend. In 2014, our U.S. diversity spend on minority-owned and women-owned businesses rose 7%, totaling $1.5 billion.

To further improve our inclusive sourcing process for small and diverse businesses in the United States, we introduced an automated supplier diversity locator tool in 2014. It significantly increased our ability to provide our small and diverse businesses maximum practical opportunities to compete for our business and also expedited our purchasing process.

We are piloting a program to further expand our global scope and report local, country-level spend in the UK and Ireland, as well as Canada. In the UK and Ireland, we spent $231 million in 2014 with diverse small- and medium-enterprise (SME) suppliers. Our success there is due to the SMEngage program, established in 2012 to develop an ongoing supportive relationship with small and medium enterprises. With a dedicated business office, the program helps SMEs offer their skills, innovation, and entrepreneurial abilities to benefit HP's public and private sector customers. Improved reporting also supports our expanded efforts in this area. In 2014, we spent $1.2 million with Canadian diverse suppliers in that country.

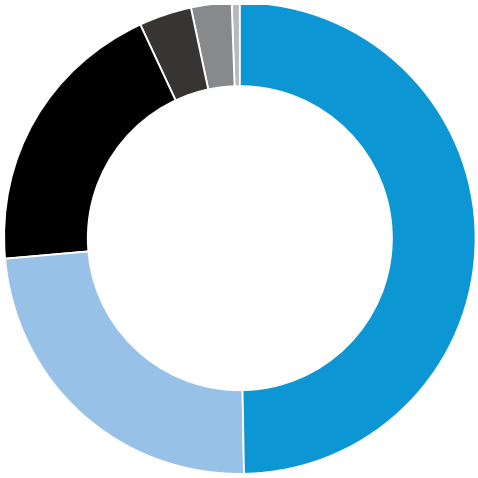
We also support diverse suppliers through mentoring and development activities that can play a pivotal role in their growth. For example, after three years of HP mentoring, teamrecruiter.com won the Canadian Aboriginal and Minority Supplier Council's Supplier of the Year Award. This small Canadian recruitment company, a long-standing HP supplier, now enjoys international success and plays an important role in our North American staffing activities.

Each year, HP requests that our strategic suppliers report their annual spend with small and diverse businesses. In 2014, the number of our strategic suppliers reporting this spend increased by 19%, achieving our 2014 goal.

Operations

Our operations and resulting financial performance provide the foundation for our wide-ranging economic impacts and social investment activities. In FY14, we reported net revenue of $111.5 billion and generated $12.3 billion in cash flow from operations. We support a global workforce, with approximately 65% of net revenue in FY14 coming from outside the United States.

Net revenue by segment, fiscal year 2014*
[$million]



Printing and Personal Systems	$57,282	49.8%
Enterprise Group	$27,723	24.1%
Enterprise Services	$22,398	19.5%
Software	$3,933	3.4%
HP Financial Services	$3,498	3.0%
Corporate Investments	$302	0.3%

* Net revenue by segment for FY14 is based upon an organizational change implemented by HP at the beginning of its first quarter of FY15. Please see our Form 8-K filed on February 24th, 2015 for additional information. The total segment net revenue, $115,136 million, includes intersegment net revenue and other of ($3,682 million). Total HP consolidated net revenue in FY14 equaled $111,454 million. Segments do not add up to 100% due to rounding.

Economic impacts on employees, governments, and shareholders

Given our global scale, HP's operations have major, direct and indirect economic impacts on local economies. We provide 302,000 employees[1] worldwide with compensation and benefits, and they in turn pay taxes and generate further economic activity through their spending. In addition, we offer wide-ranging development opportunities to help employees advance their careers, boosting their incomes and spending power. In 2014, employees completed approximately 5.3 million training hours through HP University, improving their skills and knowledge. See Building careers for more information.

HP paid net cash income taxes of $1.3 billion in 2014, contributing to government spending and programs around the world. We also returned $3.9 billion of capital to shareholders in the form of dividends and share repurchases potentially increasing their spending and taxes.

For more detail, see Data at the end of this section. For more details about HP's financial performance, please see our financial statements, interactive stock chart, and Annual Report on Form 10-K.

Products and solutions

HP is a leading global provider of technology to individual consumers, small- and medium-sized businesses and large enterprises, including customers in the government, health, and education sectors. HP is the world's largest vendor of servers, laptops, commercial PCs, and printer ink and toner[2]. Our products and solutions, including cloud services, security, big data systems, and mobility help customers become more agile and efficient, meeting their requirements while lowering costs. This in turn drives economic growth.

Some examples of our products and solutions that drive Economic Progress include:

Actionable analytics Our big data solutions can help customers and nonprofits create positive social change. For example, we are working with the Akshara Foundation to analyze the impact and effectiveness of school education programs in the state of Karnataka, India, generating information to help prioritize educational investments. Using HP's Actionable Analytics Services and Data Labs, in 2014 we consolidated disparate data sources across more than 46,000 schools and 800,000 students. The solution went beyond mathematical algorithms, presenting the results in clear and easily understood formats that were key to the project's success. For example, HP built a custom dashboard that provided insights including the optimal pupil-teacher ratio and the ideal number of books per child for the best educational outcomes. Akshara is working with the Karnataka government to use these findings to pilot initiatives that improve retention and literacy and implement educational best practices, which in turn drives Economic Progress.

Highly efficient data centers Rising data demands place increased pressure on the space and resources required by businesses and other organizations to house their IT equipment. The groundbreaking HP Apollo 8000 System, launched in 2014, supports up to 144 servers and operates at up to four times the teraflops[3] per square foot of data center than traditional air-cooled servers. The heat transferred to the cooling water can in turn be used for other purposes. Customers have experienced savings of up to an estimated $1 million in energy costs over five years for each MW of IT in the data center compared to air-cooled systems. See Servers, storage, and networking for more information.

[1] As of October 31, 2014.
[2] As of Q4 2014.
[3] Flops (floating-point operations per second) is a measure of computing performance. One teraflop is equal to 1,000,000,000,000 flops.

HP Managed Print Services HP Managed Print Services (MPS) combines our innovative hardware, supplies, software, and services to help organizations optimize, manage, and improve printing and digital workflows, saving money and resources. MPS has brought multiple benefits to our customers[4], including decreases in imaging and printing costs of 10–30%, reductions in printing-related energy usage of 20–40%, and reductions in paper waste of 25% or more.

Remanufactured products HP Renew offers customers an extensive portfolio of completely remanufactured products and solutions, with the same reliability and performance as new HP products, but for at least 15% less cost.

Accessibility HP strives to create products, solutions, and online materials that are accessible to everyone, including persons with disabilities and seniors with age-related limitations. Our product design teams explore ways to enhance usability, productivity, user comfort, and accessibility. Examples of accessibility features on HP products include buttons identifiable by touch, ports and switches positioned within easy reach, and large adjustable displays. Our customer support programs incorporate assistive technologies such as Telecommunications Relay Service, Video Relay Service, and Web-Captioned Telephone Service to help users who are deaf or hard of hearing. We also participate in the development of worldwide standards and policies through industry and government efforts to improve the accessibility of information and technology for persons with disabilities. Learn more at HP Accessibility & Aging.

Cyber security In the last five years, the annual cost of cybercrime has roughly doubled and the number of such attacks has risen by nearly 180%.[5] With adversaries evolving and collaborating on tactics, it's important for all organizations, including government agencies and businesses, to take a risk-based and adversary-centric approach to security by focusing on protecting what matters most and prioritizing resources based on risk. This calls for educating users, accelerating detection, securing critical data, and having a plan in place to mitigate potential damage.

Future Cities: citizen-centered growth

Through HP Future Cities, we support citizen-centered government that delivers public value and drives human and economic progress. From the United States to Europe, Asia, and Australia, HP is using innovative IT solutions to help cities put the needs of local citizens and businesses at the center of decision making—from setting budgets to delivering public services. By deploying products and solutions that support big data collection and analysis, cloud services, mobility, and security we also help improve the services local governments deliver and reduce public costs.

Our approach includes using big data to develop a detailed understanding of local constituencies, identify trends, and target services to citizens when and where they need them. We also install systems that manage public services from the cloud, improving efficiency and responsiveness. These innovations enable governments to be more agile and resilient, improve quality of life for citizens, and drive economic growth. Examples of Future Cities partnerships and projects include:

- Integrating and improving the delivery of IT services for Norfolk County Council in the UK by migrating to cloud services with a $15 million savings over five years. HP also helped the council create actionable knowledge and insight from big data across multiple agencies to better protect vulnerable citizens and focus resources on early help and prevention.
- Improving transportation services in Auckland, New Zealand, by using HP's integrated big data platform, HAVEn, to analyze traffic patterns and trends. It in turn generates information that public agencies and emergency providers use to improve safety for pedestrians, cyclists, and motorists, optimize traffic flow, and enforce traffic laws.
- HP improved city management and situational awareness by creating an Enterprise Virtual Operations Center (EVOC) for the City of Anaheim in California, United States. EVOC is a virtual online command center for incident management and situational awareness that consolidates safety information systems and presents it in a portal interface that gives public safety officials a near-time presentation of police, fire, and EMS activities in the city. EVOC handles fire and emergency medical service calls for Anaheim and the surrounding cities of Fountain Valley, Fullerton, Garden Grove, Huntington Beach, Newport Beach, and Orange.

[4] The following examples and figures are typical of those reported by leading industry analysts and HP client engagements. Estimated energy and paper savings based on analysis of select HP Managed Print Services customers' imaging and printing operations using data gathered on devices and paper consumption and comparing with post-MPS actuals or projections. Results depend on unique business environments, the way HP products and services are used, and other factors. Overall printing costs are unique to each company and should not be relied on for savings one may achieve.

[5] Based on internal analysis of results from the 2010-2014 Cost of Cyber Crime Study: United States reports from Ponemon Institute. http://www8.hp.com/us/en/software-solutions/ponemon-cyber-security-report/index.html.

HP enables organizations to protect sensitive data and economic assets by taking a proactive approach to security, disrupting the life cycle of an attack through prevention and real-time threat detection. With market-leading products, services, and innovative research, HP Enterprise Security Services (ESS) enables organizations to integrate information correlation, application analysis, and network-level defense. We help customers securely implement new technologies, such as cloud computing, as well as support compliance with complex regulations governing data security and privacy.

With 10 Security Operations Centers worldwide and more than 5,000 credentialed security professionals on staff, ESS manages 23 billion security events a month, enabling our customers to defend themselves against increasingly sophisticated cyber threats. Our security services can detect intrusions within 12 minutes of arrival and resolve 92% of major incidents within two hours of identification.[6]

For more about our solutions, see www.hp.com/go/esp, and for additional information about how we help customers manage risk and compliance, see HP Security Services.

HP also conducts innovative, industry-leading research into evolving cyber threats, publishing monthly Security Briefings. Our annual HP Cyber Risk Report 2015 revealed that well-known issues and misconfigurations contributed to the most formidable threats in 2014 and offered recommendations to mitigate risk.

For information on HP's public policy positions and engagement related to data security and cyber resilience, including our partnership in this area with the World Economic Forum, see Public policy.

View full data for Economic impacts across the value chain.

Goals

Supplier diversity

2014 goals	Progress
Increase the number of HP strategic suppliers reporting diversity spend by 10%, compared with 2013.	Achieved.
Increase the number of HP suppliers participating in our mentorship programs by 10%, compared with 2013.	Achieved.

[6] http://www8.hp.com/us/en/business-solutions/security-overview.html.

Social investment

HP makes strategic social investments that enhance Economic Progress worldwide.

With more than 74 million young people jobless or underemployed, and technology forecast to be one of the five fastest growing sectors by 2020, our approach fosters entrepreneurship, skills development, and education as drivers of economic opportunity. In partnership with nonprofits, educational institutions, governments, and international agencies, we deploy our people and technology in innovative programs that help reduce the global skills gap.

Investing in entrepreneurs

A thriving global economy depends on thriving local communities. When individuals and micro and small businesses have opportunities to succeed, the effect can be far-reaching. HP investments support such progress by helping current and aspiring entrepreneurs to access capital and build information technology (IT) and business skills.

Matter to a Million

About 2.5 billion people, including many would-be entrepreneurs, lack access to mainstream banking services. In 2014, the HP Company Foundation launched Matter to a Million, a global employee engagement program to address this challenge, partnering with Kiva, a nonprofit microlender that connects low-income entrepreneurs to capital. This five-year, $7 million collaboration supports farmers, shopkeepers, and other small business owners in more than 85 countries. In 2014, each HP employee received a $25 credit to loan to Kiva borrowers who use the money to buy essentials such as tools, livestock, and supplies.

Matter to a Million has triggered a strong response from HP employees worldwide. In the first month after the program launch, 26.6% of employees took part, generating $2.2 million in loans. Participation reached almost 120,000 through December 2014, with 43.5% of HP employees using their credits. Teams often pooled loans to maximize their impact. For example, 22 employees from Boston and Southborough, Massachusetts, supported Mariam, an Armenian farmer, to renovate a family-owned greenhouse and purchase potato seeds and fertilizer. The Matter to a Million homepage has received the second-most comments of any other page on our internal platform, HP News Now (HPNN).

Combined with HP Company Foundation contributions, more than $5.9 million in loans was extended to entrepreneurs through this partnership by December 2014.

HP LIFE e-Learning

HP LIFE e-Learning is a global online learning program, deployed on our cloud-hosting solution, HP Helion, that equips people with the 21st century business and IT skills to start, build, and manage their own business. It offers users 25 interactive learning modules as well as features such as certification, support from HP experts, and global community discussion forums. With the addition of Hindi and Simplified Chinese in 2014, the program is now available in seven languages. By December 2014, more than 480,000 users from more than 200 countries and territories were registered on the platform.

In 2014, we launched a dedicated Educator virtual resource area, providing resources and tools for teachers and coaches to combine face-to-face and online learning. More than 5,000 educators registered through December 2014. Educator registrations were driven through strategic

partnerships with organizations working at the secondary school and college level, and with small business advisory networks. Global highlights in each area included:

- Connecting aspiring high school entrepreneurs to HP LIFE e-Learning through our collaboration with SkillsUSA and the global Social Innovation Relay competition, in partnership with Junior Achievement Young Enterprise.
- At the postsecondary level, developing an entrepreneurship ecosystem in the United States centered on community colleges through our partnership with the National Association for Community College Entrepreneurship. By year end, at least 120 community college faculty were using HP LIFE e-Learning. Enactus, an international nonprofit that empowers undergraduates to solve social and environmental problems through entrepreneurship, now uses the program to teach professional skills to students in China.
- Piloting HP LIFE e-Learning in the UK through the national job center network, targeting registered jobseekers who described themselves as entrepreneurs. Run in partnership with the government's Department for Work and Pensions, the program offers additional tools, training, and resources for jobseekers planning to start their own businesses.

The ability of institutions to integrate HP LIFE e-Learning into the offerings of their students and clients has opened up new opportunities for HP business units to connect this online resource to customers around the globe, increasing the business relevance of this program.

Investing in digital skills

Employees with a strong command of digital skills are critical to realizing the potential of the 21st century economy. However, companies are struggling to find such talent, especially in the IT industry. To address this challenge, we support digital skills development including through the following programs:

Investing in women's IT skills

HP works to reverse the underrepresentation of women in technology. Our efforts support the IT industry's talent pipeline and broaden young women's career horizons. In the United States, we have committed $1 million over four years to support the National Center for Women & Information Technology's (NCWIT) Aspirations in Computing Collegiate Program, which serves women studying undergraduate computing at the Center's Academic Alliance schools. For more information about how we focus on female talent, see Diversity and inclusion. We also provide HP scholarships and internships in support of the Scholarship for Women Studying Information Security run by the nonprofit Applied Computer Security Associates.

In the UK, HP is a platinum sponsor of Tech Future Girls, a national after school club for girls aged 10–14 to learn IT skills including coding and cyber security. Run by the nonprofit Tech Partnership, the teaching programs are available free, via license, to all schools in England, Wales, and Northern Ireland. In 2014, HP invested approximately $120,000 in the program, and we encourage our employees to volunteer at participating schools. Our cyber security experts also contribute software content.

Investing in STEM education

HP Institute: Today's technology skills gap hinders global Economic Progress and affects HP as a leading IT employer. In response, HP Institute has developed an industry-accredited IT skills learning program and certification exam that enhances students' employability. Developed with Certiport, the program is delivered in 230 high schools, technical colleges, and universities in 36 countries, with 17,500 certifications awarded to date. While HP Institute programs are for-profit, its personnel also support our social investment programs, lending their expertise in 2014 to co-develop an HP LIFE e-Learning module on IT strategy.

HP CodeWars: Since 1998, we have sponsored this high school computer programming competition to spark student interest in science, technology, engineering, and math (STEM). CodeWars challenges novice and advanced teams of students from grades 9–12 to tackle 20 programming problems in just three hours. Initiated in Texas, the competition spread to California, India, and Taiwan in 2014, with plans to expand to other countries. More than 1,200 students around the world took part in during the year.

Assessing technology-driven learning outcomes

To help educators and education systems take full advantage of the impact that education technology can have on learning and society, we launched a major new initiative in 2014. The HP National Education Technology Assessment includes three elements—a framework for integrating technology into learning, a service to evaluate national education technology readiness, and an analytics data ecosystem (NET[A]) that informs teachers, schools, and school systems. Three schools in Silicon Valley, Delhi, and Johannesburg are developing and testing NET[A] in pilots that combine analytics tools, hardware, software, and professional development for participating teachers. The program builds on decades of HP collaboration with schools on teaching with technology, and includes HP mobile devices and HP software.

We also launched a free, online self-paced course called HP Teaching with Technology, that provides educators with fundamental techniques for effectively integrating technology into the classroom.

View full data for HP social investments.