07162018 Inspire Brad Smith

**Inspire 2018**

**Brad Smith**

**July 16, 2018**

**BRAD SMITH:** Good morning. Good morning. It's my pleasure to be here this morning. Many of you joined us last year at Inspire in Washington, D.C. I had the opportunity last year to be the first speaker on the third day, and as Judson just mentioned, like today it started out with music, in fact there were dancers, there were poets, and then somebody tapped me on the shoulder and said, run onto the stage.

There was only one problem, I didn't realize I was standing on a step. So as soon as I ran, I fell flat on my face. In fact, I knew I had just two seconds before the spotlight came on. Believe me, you never saw anybody hit the ground and bounce up as fast as I did a year ago. It wasn't until 45 minutes later when my keynote was over that I realized that my knee needed to be iced. And, believe me, when I arrived yesterday, the first thing the production crew did was point out all the steps so that I could take them very carefully.

But this is such an important event for us at Microsoft every year. It's our opportunity to connect with all of you. I think at our heart, Microsoft is not just a company, we're part of a community. And you all are the people that really define that community. Every year this is the one week, this is the one event that gives us the opportunity to look back, talk about what has happened in the last 12 months, but more important use what we've learned to move forward.

As we think about the year we just had and the year we're embarking upon, it's a pretty amazing time when we think about the world as a whole. And that's what I wanted to talk about, how we fit into the world as a whole. We obviously are a company, we are a community that has a mission to serve the world. That's what our mission is all about, empowering every person and every organization on the planet to achieve more.

Let's think about the world today. We made technology that is global, but the world is increasingly focused on the borders that divide nations rather than the technology that connects them. And even when people think about technology, they have a lot more questions than they did a year ago. Every day we see headlines about the anxiety people have about technology. We see people questioning whether they can trust technology.

And I think for all of us who are part of this community, it really raises a fundamental question, how do we navigate these difficult times? How it starts with great products and services, and partners, and sales people around the world. But in the world today we actually need more than that. We need to engage in conversations with people around the world, and we need to back up those conversations, not just with words, but with deeds.

That's what I want to talk about this morning, because there are three conversations and sets of actions that we're focused on pursuing. The first is about trust on a global basis. The second is about opportunity in every country in which we do business. And the third is about how we can use technology to help better solve some of the world's greatest problems. But if we're going to be successful in navigating the challenges of the world, we actually need to address each of these three.

I think more than ever, the issues on people's minds today starts with the question of trust. We need to earn the world's trust every day. And when we think about this issue today, it's actually a little bit different from the way it was discussed a year ago. A year ago people talked a lot about security and privacy. But at Inspire last year, we did not talk about ethics for artificial intelligence. Today all three of these issues fit together.

But still I think it's important to start with security. What we need to keep doing, not just as a company, but as a community to protect the security of our customers. Every time we think about this and every time we talk about it we start with the same proposition that we as an industry and we as a company have the first responsibility to keep the world secure. You see this in the constant pace of innovation and new security features coming from Microsoft, improvement in our ability to secure people's networks, improvements in our ability to protect their information, improvements in protection against threats, improvements in overall network management.

And we recognize increasingly that this is a responsibility that we have to pursue not by ourselves, but with you and with customers, with a sense of shared responsibility where we're constantly focused on making it easier for customers to benefit from the latest in security advances. But there's another part to this conversation, as well, because one thing that has become increasingly clear over the past year is that the private sector cannot solve this problem by itself.

Why not? Well, in a sense it's simple. Cybersecurity is no longer just about threats from hackers and criminal groups; it has increasingly become a situation where we're facing a cyber weapons arms race. We are seeing governments attacking users around the world. And if there's one point that we have worked to drive home over the last year in the wake of the WannaCry attack and then the wake of the NotPetya attack, as we talk to government official after government official, it's this. This is not a situation where machines are attacking machines. This is situation where governments are attacking people.

And to bring that to light we have felt it's important to show people around the world what it means to be victims of these kinds of nation-state attacks. What it means to live in Ukraine or in the United Kingdom and be a victim of an attack like NotPetya or WannaCry, to capture that, to highlight that, we sent a team and a film crew to Ukraine and the U.K. so we could put together and share this video.

(Video segment.)

This is one of the important topics the world needs to talk about. It's a conversation that we're working to advance. It's why we're calling on governments around the world to recognize the need for a new generation of arms control to address a new generation of weapons. It's why we are working to remind the world that one of the great lessons of the 20th century, one of the advances of the 20th century, was an agreement by governments around the world that even in times of war and especially in times of peace, governments have not just a moral responsibility, but a legal duty to ensure they protect civilians, and that now needs to extend to cyberspace.

It's why we've called for existing international law to be strengthened and new international law to be added, in the form of a Digital Geneva Convention. But we're not just calling for new laws, we're taking action. It's why last December Microsoft and Facebook and others came together and on December the 12th we literally acted in unison to dismantle the malware capability of the North Korean group that was responsible for the WannaCry attack.

It's also why we've been working to help organize the industry. As you all know we work in an amazing industry. There are great companies across our industry. Getting organized, that's a little harder. That's why it was such an important milestone this March when at the RSA convention we came together, initially 34 companies, today now 44 companies, agreeing to a new cybersecurity tech accord, an accord in which we all pledge that we will help protect every customer, regardless of nationality, where we each pledge that we will refrain from helping governments attack innocent civilians. But it's more than that.

It's a foundation on which we are building to take coordinated action, to work with all of you and many others to strengthen the resilience of the ecosystem from customer to customer and to work together and help each other in the wake of cybersecurity attacks. All of these need to continue to advance, and over the next 12 months that is what you will see us do. We will take more steps, together with you and many others to continue to better protect our customers.

But there's a second issue that remains important, as well. It's all about privacy. We've long recognized that privacy is a fundamental human right. And in many years 2018 is a year about privacy. One of the most important days of the year was the 25th of May. That is the day that the European General Data Protection Regulation, or GDPR, took effect. It was a day that was important not just in Europe, but around the world, especially since we at Microsoft announced the week before that we would extend the rights to data subjects to know what information we have about them, to allow them to access that information, to delete it if it's inaccurate, to move it to another provider if they want. We would do all of that not just for customers in Europe, but for customers around the world.

And it's why we said that day that it wasn't a one-day wonder, that this is a continuing process. The law will continue to evolve. People's needs will continue to evolve and we will continue to change to meet those needs in the future. That's our fundamental value proposition for our customers, not just as a company, but as a community, that we will help them better protect the privacy of their customers. And if anybody had any doubts that this was some issue that was confined only to Europe, those doubts should have been laid to rest just a couple of weeks ago, because the California legislature enacted what was the most sweeping privacy law in the history of the United States.

And we'll see over the next 12 months more state legislatures consider similar bills. This is an issue that's here to stay. It's an issue of our time. It's an issue that we need to work together to help address. But as important as that piece is, it's only part of the privacy issue because the other part involves access to data by governments, governments prevailing.

That's why we at Microsoft sued the United States government not once, but four times. We took a case this year to the Supreme Court and then we were able to resolve it through new legislation passed in Congress. And it's why we can stand here today and share with you and share with the world the principles we'll continue to fight to defend under this and laws around the world. We will stand up and fight for the rights of people to have their privacy protected, pursuant to independent judicial review under a universal rights notice and with the kind of complete legal process that ensures that people are protected.

We'll continue to advance, as we already have in the United States, modern rules that protect enterprise data; that ensure that when the U.S. Government comes to us seeking the data of an enterprise we can redirect the government to the enterprise itself. And now we're working to enshrine these principles in a new generation of international agreement and we're working to adhere to a firm commitment to transparency so the public knows how data is being managed. We have been at the forefront of this issue for half a decade and you can count on us to remain at the forefront in the years ahead.

And then there's the new issue of 2018, if you will, the issue that has burst into public conversation in national capital after national capital, the ethics for artificial intelligence. We published a book on this topic in January. We called it the *Future Computed*. Harry Shum and I co-authored the foreword. And in some ways I think one of the most important questions for our time for our generation of people working in technology is a question that we talked a little bit about in that forward. As we said then, ultimately the question is not only what computers can do, it's what computers should do.

As the generation that is bringing AI to the world, it is up to us to be the first generation to answer that question. It really requires that we seize the initiative as we've sought to do by defining ethics for AI. In the book we identify six, the importance of ensuring fairness or avoiding bias, of ensuring public safety and reliability, of protecting privacy and security, of ensuring that AI is inclusive and meets the needs of everyone on the planet.

When you think about those four principles, they all rely on the other two. The first is transparency, because without transparency the public, customers, governments, can't actually know whether we're doing a good job. And ultimately there is, I think, the defining question for our time. It's a question of accountability. I think it's up to us to ensure that computers remain accountable to people, and the people who design these new systems remain accountable to other people and to society at large.

These are not simple questions. They certainly don't have easy answers. That's why just last Friday we took the initiative again. We published a blog that called on the world to start to address head-on the issues associated with facial recognition. The technology offers enormous benefit, but it is also subject to great abuse. We said that this is an issue that will require governments to step forward. That it will call for a new generation of laws, but it will also call for the tech sector, and companies like Microsoft, to exercise more responsibility as well.

In some ways, this is the first of a series of complicated issues. And in some ways, it connects to a broader question that we've posed in the book. We ask this: Could we see a Hippocratic Oath for coders like we see for doctors? After all, doctors pledge first that they will do no harm. What would it mean for people who create artificial intelligence systems to adopt a similar pledge?

Our goal is to spark a conversation, and that's why we're encouraged to see others answering that question. We're seeing in universities teams of faculty and students come together and offer their own answers as they put their grasp of a Hippocratic Oath for AI on a piece of paper. But the other thing we recognize is that this is not a topic for one part of one country, it's fundamentally a topic for the world, because when we're talking about the ethics of AI, we're really talking about ethics for humanity now applied by computers.

We live in a world with rich tradition, rich philosophical tradition in the East and West. In essence, we sort of need Confucius to meet Socrates as we think together about the ethics for AI. In effect, we need a global conversation, because that’s the only way we'll ever build a global understanding and we will need some kind of global understanding if we're going to establish industry standards, and then do what the world is going to need from us, offer our ideas for what will need to be a new generation of laws to protect people and advance technology.

As we think about all of that, I think there's one other aspect of AI that is worth pausing and reflecting upon as well. It's the importance of diversity because, think about it, we are empowering computers to make decisions that previously were always made by a human being. The only way we're going to create systems that serve the world is if we have a workforce that reflects the diversity of the world.

And yet today, if you look at any tech company, if you look at Microsoft, or you look around this arena, the good news is there are more women here than a year ago, but let's be honest -- (applause) -- yeah, it's good news that there are more women here than a year ago. But all you have to do is look around, we have a long road ahead of us before we truly build an industry and ecosystem that is as diverse as the world we serve. And we're going to have to stay focused to do that. It's an imperative if we're going to create technology the world can trust.

If we can do all of that well, it helps us as we address the second issue, which is the importance of building local opportunity everywhere. Here it's a matter of taking a number of new steps, and we're focused on doing just that. It really starts with working with customers in new ways. And it's interesting, I think, to reflect on some of the steps we've taken over the past year. The truth is digital transformation is creating new opportunities for every customer, every business, every government, every nonprofit. We can help make them better.

But it's also calling on us to create technology in new ways. We're actually co-creating technology with customers. That's why two months ago in Singapore we announced our new shared innovation initiative. What we announced was a simple value proposition, if you will. When we work with a customer and we co-create technology, they will own the patent, and they will own the design rights, not Microsoft. We'll get a license back so we can incorporate certain advances in our underlying platform technologies.

But in a world where people increasingly ask about the future of, say, the auto industry, where cars are going to have more and more of their value represented in computing technology, or in a world where grocery stores are increasingly going electronic, this is one of the many things that we're doing to tell the world that here at Microsoft we're not going to be producing a self-driving car. We're not going to enter the grocery business, but we will do this: We will work to make every car company and every grocery business a more successful customer. That is our pledge to the world.

It's not just working with customers on proprietary solutions. We're also continuing to do more and more to support open source development. And, let's face it, this has been a journey for Microsoft. No one would have said at the start of the century that Microsoft was open source's best friend. But today it's 18 years later, and in many ways, I think the GitHub acquisition is not just important in terms of the benefits that we can create for developers, it's a symbolic crossing of the Rubicon for our company.

When we started as a company 43 years ago, our very first product, Bill Gates and Paul Allen launched Microsoft, in fact, to create this product. It was a tool for developers. It was Basic. GitHub brings us back to our roots, but it takes us far beyond anything that we've ever done before, because in effect we're taking on new responsibility. We're taking on the responsibility to serve as the steward for developers around the world, open source developers, proprietary developers, even developers who create software for our competitors that we will be the steward and the protector of their home, of the place where they store their code.

And we have worked to create better tools and services for them. What we learned from the LinkedIn acquisition is that when we invest our resources to help somebody do an even better job of what they were doing already, they can grow faster. As Jeff Weiner has said, LinkedIn has grown faster in the 18 months since the acquisition closed than in the 18 months before it was completed. We have the opportunity to help GitHub be a better GitHub. And that's precisely what we're going to do.

But it's not just about working with customers in new ways. Local investment in countries means creating products and services in new ways, as well. It means creating local solutions that meet local needs. As we've done increasingly in our global development centers. It's what we did with Pearson when we took their Longman service and created a new AI service to help people in China learn English in a much more natural and intuitive way.

It's what we did when we created XiaoIce, a chatbot that has over 100 million users, users in China who typically have a conversation that lasts for almost a half-hour. It's what more recently we've done in India, as we've created a local solution for their local needs, an app and a service called Kaizala, a service that is addressing the needs of people across India, as you can see in this video.

(Video segment, applause.)

That kind of work to develop local solutions for local needs is fundamental to our ability to meet the needs of different countries, as is our work to work with customers in new ways. But those two things, even put together, don't do everything that we need to focus on addressing. What we've thought more about and what we've taken more action to address is our needs as a company and as an industry to take new steps to help close the digital divide.

When you think about it, in country after country around the world there are people asking why are some people doing well and why are others being left behind. More often than not the topic quickly turns to things like globalization and trade. But as we've thought more about it, we concluded that there are two technology divides that also are fundamental to what's happening in the world. There's a digital skills divide and there's a broadband divide and we need to help address both of them.

It really starts with the digital skills gap. It's interesting, when you look at what's happening with jobs, what you see is that jobs increasingly are becoming digitized. What that means is that the tasks that workers perform increasingly involves a computer or a phone or some other kind of computing device. This shows the change of that in jobs in the United States. We're seeing this around the world and it's not only that, as it turns out, jobs that are more digital pay more. So that if we want to create a path to prosperity for more people we have to help more people acquire digital skills.

But some of the data in the world is pretty sobering. Look at these figures from OECD countries. The dots at the top show the percentage of computer science degrees being earned by men and the bars at the bottom show the percentage being earned by women. So, in fact, at a time when digital skills are becoming more important, the digital skills divide is exacerbating the gender divide.

It's not just a divide that affects different genders. It affects people of different races and different income levels and people who live in urban areas versus rural areas. That's why we've been increasingly focused on building a movement for computer science education. It's a global movement. In the United States we've taken computer science into over 300 schools this past year and over 500 schools in the coming year as part of Microsoft Philanthropies and our Technology Education and Literacy in Schools program. But we're bringing in a global focus.

That's why we were one of the first founders and the biggest funder of Code.org and have been such a champion and supporter of its Hour of Code, a program that has now reached 100 million individuals around the world. It is representative of the kinds of things we're increasingly focused on doing. But we recognize another issue, as well. We live in a world where broadband has, in effect, become the electricity of the 21st century. The future of education, the future of medicine, the future of job creation all increasingly requires access to a broadband connection.

Look at the world today, we still live in a world where half of the people on the planet cannot get access or connect to the internet at all. And when we look at broadband we have even farther to go. The countries in green are the countries where a solid majority of people have broadband access. It's hard to find them on the map they are so few in number. Unless you live in South Korea or Japan, or Northern Europe, you live in a country that has a long ways to go.

Even here in the United States there are over 25 million people, most of whom are in rural communities, who lack broadband access. That's why a year and a week ago we launched a new initiative, our Airband initiative. We're partnering with telecommunications companies across the country and increasingly around the world to help bring new technology to advance broadband connectivity.

We took action in these countries in the year that just ended and we're already focused on expanding. You'll see us do even more in the year ahead. If we can do a good job in bringing broadband to more people, in bringing digital skills to more people, in creating better solutions for local communities and working with customers in ways that help them grow their business, we will serve the needs of country after country around the world. And that, in fact, is what we need to do.

All of that will help us with our final goal. To show and to act in a way that uses the newest advances in technology to help address the biggest challenges in the world. We live in a world with big problems, but increasingly we appreciate that technology is one tool the world can use to address those problems. And over the last 12 months we have taken two initiatives that you're going to see grow in size and importance in the year ahead. The first is what we call Technology for Social Impact and the second is AI for Good.

Now, tech for social impact is all about using technology to better serve the world's nonprofits. Nonprofit organizations play an important role around the world. There are 4 million nonprofits eligible to get donations from Microsoft. They employ 20 million people. They're spread around the world. It was just 11 months ago that we took a new step. We created in Microsoft Philanthropies what's called TSI, Tech for Social Impact. For the first time we created in a single team the ability to better serve nonprofit customers, by bringing together our ability to donate software, our ability to sell software, and our ability to provide support for solutions.

But it's not just about providing technology. It's about working more deeply with nonprofit customers to help them use technology to better manage their programs, strengthen their operations, add to their capability to work with donors, and better harness the energy of their volunteers. And we've built a new business model. It's a business model where we take those profits that we generate and we reinvest 100 percent of that money back in either strengthening our capability to better serve that community or adding to our financial contributions budget.

And already what is more inspiring for those of us that work at Microsoft is the impact this is having. It's the impact of a group that really is literally saving lives, Medical Teams International. It's a group that works with refugees around the world, including many of the 1.5 million refugees who have fled South Sudan. Many of them have come to Uganda. And using our technology and partnering more closely, they are using new digital technology for more immediate diagnoses of patients, so they can be treated and brought back to health more quickly.

It's not just saving lives. It's changing lives. It's improving lives, when we get to work with a group like Operation Smile. This is a nonprofit that helps people with cleft pallet or cleft lip and other facial deformities. They have 300 employees working with 7,500 volunteers. They're providing surgery and dental care. Last year they helped 21,000 people in 28 countries around the world.

Now they're not only using our technology to improve their ability to be more productive and work faster, they're using new AI solutions so that surgeons can better analyze the results of their operation. They're getting post-surgical facial symmetry data and they're using that to improve their work. This is just a taste, an example of what we have the opportunity to pursue, increasingly with all of you in the months and years ahead.

It connects with our other initiative in this space, what we call AI for Good. People who have been following Microsoft for a long time know that we're a company that sometimes likes to create suites, like Microsoft Office. It was a suite built from Word and Excel and PowerPoint and eventually Outlook. Well, we've taken that philosophy of suites for software and we're using it now to create suites of not products, but programs to better serve the world.

Over the past year we launched the first two programs of our new AI for Good suite. The first was launched late last summer. It was called AI for Earth. It focuses on four big environmental challenges: biodiversity, water, agriculture and climate. When we announced it last August, it immediately garnered attention around the world.

As a result, last December, we bet bigger, and we announced that we would put $50 million behind this program over five years. We would make seed grants in programs around the world. We would identify the projects that had the most promise. We would invest even more in them. And ultimately, we would work with groups to identify new platform tools that could bring the best of environmental science and computer science together so that AI could better address the world's environmental challenges.

It's amazing to see the progress that we're starting to make. I think one of the best examples comes from Tasmania, south of Australia, with a firm we've been working with called The Yield. You can see first-hand what they're doing every day when you watch this video.

(Video segment.)

Inspired by that work, we have become the only company in the tech sector to create a team that combines environmental sciences and computer sciences. We have now given out over 110 grants to universities, to startups, to nonprofits in 28 countries around the world, including a new grant announced just hours ago, a million dollars to team up with National Geographic to further support other explorers around the world, explorers that are on a quest to find new steps to build a better planet.

And inspired by that work, we moved in the last couple of months to launch our second program, AI for Accessibility. It will focus on better using technology, artificial intelligence, to help people with disabilities in three focus areas: employment, daily life, and communications and connections. I think it's always worth reflecting on a fundamental fact that we don't think enough about. We live on a planet where over a billion people, one in seven of every individual, has some kind of disability. Maybe it's permanent, maybe it's temporary. But we can make a difference. Using technology, we can have a profound impact in changing people's lives, in adding to the quality of their lives.

When you think about that, it's an opportunity to think about everything that we do from building trust to creating local economic opportunity to helping address big problems around the world. We are living our mission every day. We're living it not just as a company, we're living it as a community. We're living it not just in this building, and not just in this one place, but literally in every corner of the world.

Thank you very much.

(Applause.)

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