

**SUPPLIER DIVERSITY
ECONOMIC IMPACT
REPORT
2018**





A critical piece of Harvard Pilgrim's Inclusion Initiative is to expand partnerships with a diverse range of suppliers. We recognize the importance of diverse suppliers to the region's economic vitality. We acknowledge the challenges diverse suppliers encounter and strive to identify suppliers that can provide innovative solutions, competitive pricing and high-quality goods and services.





Michael Caron
Chief Executive Officer

“Diversity, Equity and Inclusion is part of Harvard Pilgrim’s DNA. For the last 25 years our company has been a local leader in advocating for, and supporting, the voices of all. It’s how we live our not-for-profit mission, how we serve our members, and what sets us apart in the marketplace. Our partnerships with minority-owned businesses not only serves our business strategy, but also makes a positive impact on the local economy.”



Charley Goheen
Chief Financial Officer

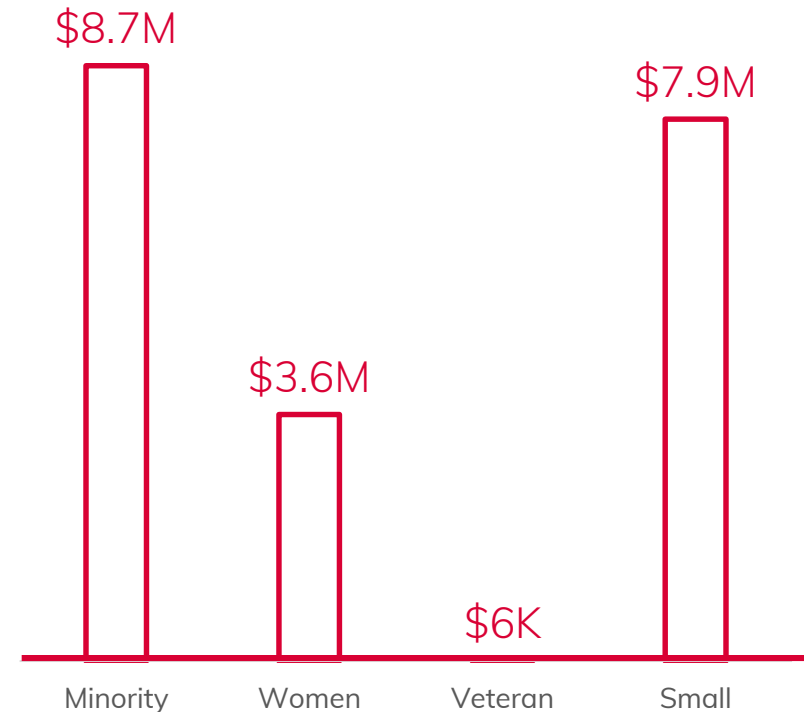
“At Harvard Pilgrim Health Care, we understand the direct benefits and value we receive from our relationship with diverse suppliers. Not only do we receive innovative and cost-effective services, working with minority suppliers creates economic growth in the communities we serve.”

Harvard Pilgrim operates with the belief that suppliers should represent the diversity of the communities that we serve. Our commitment to diversity means providing opportunities for diverse suppliers to work with Harvard Pilgrim.



\$15.2 million

SPEND WITH SMALL AND DIVERSE SUPPLIERS IN 2018



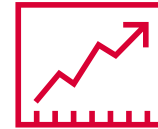


Jane Comeau
Director of
Procurement

“We recognize our diverse suppliers drive innovation and value for Harvard Pilgrim Health Care. Our strong commitment and connection to the community helps to enable Procurement to build a strong Supplier Diversity program.”

Harvard Pilgrim’s spending with diverse suppliers supports jobs and economic growth at our suppliers’ businesses and in their communities. Purchases from these businesses creates a multiplier effect in their local economies through additional purchases and spending by their employees.

Total Impact through our Supplier Diversity Spending



\$29.6 million

US GDP CONTRIBUTION



223

JOBS SUPPORTED



\$12.9 million

SUPPORTED WAGES



\$4.9 million

TAXES GENERATED

Making an economic impact through Supplier Diversity

Supplier diversity programs help foster jobs and economic activity in underrepresented segments of the business and customer community. Inclusive procurement practices provide opportunities to diverse businesses, that in turn provide greater representation, employment and economic advancement for minority, women, veteran and LGBT communities.

Economic Impact Metrics

1. Production

Production measures the cumulative revenues of all businesses impacted through the program.

2. Jobs

Jobs measure the jobs created within Harvard Pilgrim's supply chain and in the suppliers' communities.

3. Wages

Wages measure the cumulative earnings of the employees in the jobs supported through the supplier diversity purchases.

4. Taxes

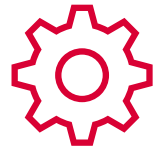
Taxes measure the federal, state and local tax revenues that are generated through the economic activity.

Economic Impacts Explained

Harvard Pilgrim's spending with its suppliers generates economic activity in entire its supplier chain and in their communities. These impacts can be categorized into three types. First, the **direct impacts** are the jobs and payroll directly supported at the members' diverse suppliers. Next, there are additional spin-off impacts. **Indirect impacts** occur in the lower tier suppliers and **Induced impacts** occur at the local businesses that supply products to the employees and their families in the jobs supported in the supply chain.

Impact Channels

Harvard Pilgrim's supplier diversity purchases trigger a ripple effect of economic activity through their supply chain.



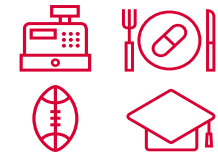
Direct Impact

Immediate suppliers who employ people to support their sales.



Indirect Impact

Lower tier suppliers who also employ people and hire other suppliers



Induced Impact

Employee spending generates sales and jobs at business in their communities.

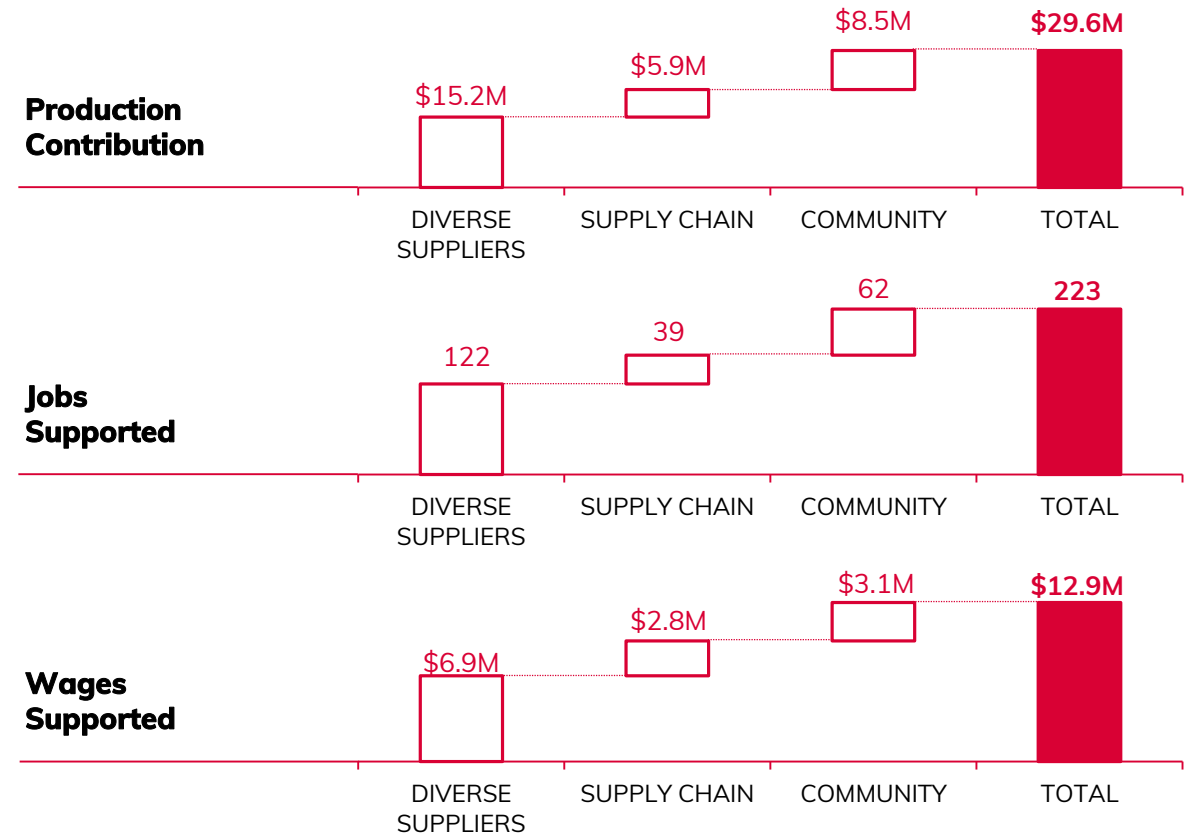
Multiplier Effect of Harvard Pilgrim's Spending

Direct impact at Small & Diverse Suppliers: Harvard Pilgrim purchased \$15.2 million from diverse suppliers. This supported 122 jobs at the suppliers and \$6.9 million in wages through these jobs.

Indirect / Supply Chain Impact: These diverse businesses purchased an additional \$5.9 million from their suppliers, and supported an additional 39 jobs and \$2.8 million in wages.

Induced / Community Impact: The employees in Harvard Pilgrim's supply chain spent their wages in their communities. This spending generated \$3.1 million in additional economic activity and supported 62 jobs and \$8.5 million in wages in their communities.

Economic Impact through our Supplier Diversity Program





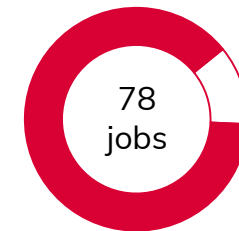
Keith Marion
Center for Inclusion Program Manager



“Supplier Diversity Equity & Inclusion (DE&I) is a critical business strategy for Harvard Pilgrim. We believe that our members, employers, brokers and supplier partners all bring unique perspectives that can help us to continue to provide the high quality of products, benefits and services that has led to our being consistently ranked among the nation’s highest-rated health plans.”

Impacts at Harvard Pilgrim’s small and diverse suppliers.

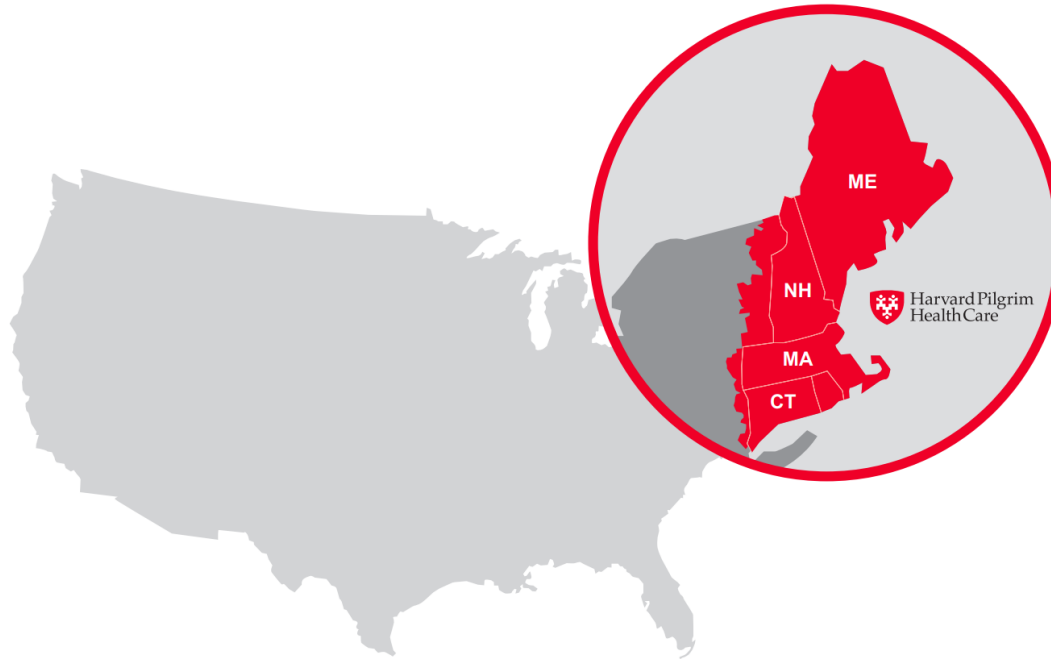
	Purchases	Jobs	Wages
Minority owned businesses	\$8.7 million	78	\$4.5 million
Women owned businesses	\$3.6 million	15	\$1.0 million
Veteran owned businesses	\$6.4K	-	\$4K
Small businesses	\$7.9 million	49	\$2.7 million

Jobs at minority owned firms



 69 jobs @ Asian American businesses
 9 jobs @ African American businesses

Our program supports local jobs in our communities



36

Jobs at Small and Diverse Businesses

56

Total Jobs

\$2.9 million

Total Incomes

\$6.9 million

Total Production

Appendix: Economic Impact Modeling

Economic impact modeling is a standard tool used to quantify the economic contribution of an investment or company. This modeling uses an “Input-Output” economic model to estimate the number of times each dollar of “input,” or direct spending, cycles through the economy in terms of “indirect and induced output,” or additional spending, personal income, and employment.¹

There are several Input-Output models used by economists to estimate multiplier effects. supplier.io employed the IMPLAN input-output model in developing estimates of spending, income and employment impacts. This model, initially developed by the U.S. Department of Agriculture, examines inter-industry relationships in local, regional, and national economies.

An Input-Output model uses a matrix representation of a nation’s interconnected economy to calculate the effect of changes in spending by consumers, by an industry, or by others, on other industries and the entire economy. This matrix representation and the related Input-Output tables ultimately measure “multiplier effects” of an industry by tracing the effects of its inter-industry transactions – that is the number value of goods and services that are needed (inputs) to produce each dollar of output for the individual sector being studied. In essence, an Input-Output model is a table which shows who buys what from whom in the economy.²

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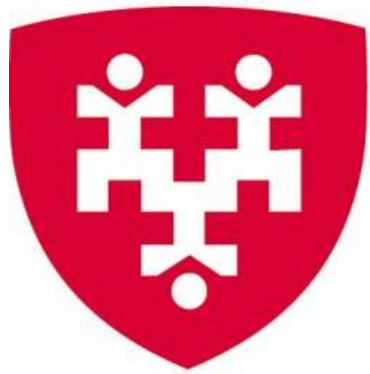
This report is based on an analysis of data provided by Harvard Pilgrim using IMPLAN's Input-output multipliers, and the supplier diversity information in supplier.io's database of nearly 1.6 million active certifications.

ABOUT SUPPLIER.IO

SUPPLIER.IO is redefining supplier diversity solutions. By providing comprehensive, accurate data in near real time, we help our customers get information they need when they need it to help make accurate business decisions. Customers rely on our data, insights, and analytics. To learn more, visit <https://supplier.io>.

References:

1. US Government Revenues: http://www.usgovernmentrevenue.com/total_2014USrt_17rs1n
2. United States GDP: <http://www.tradingeconomics.com/united-states/gdp>



Harvard Pilgrim
Health Care

