2015 ANNUAL REPORT
DDD was founded to transform lives by creating opportunities to engage in outsourced work for disenfranchised populations. Our mission is to create better futures for the people we employ, enabling them to find a lifetime of opportunity through education and work experience.

We’ve made dramatic progress using business to improve lives over nearly 15 years. And, we’ve learned that the path to further growth and stability requires a focused approach to commercial practices. We have recently taken an important step toward commercialization by hiring a successful BPO executive to run the business side of DDD. Frank Heitmann began as Managing Director of DDD Kenya earlier this year. We’ve since appointed him as President. He is guiding DDD on a path toward higher productivity and quality, by rethinking work processes, organization and controls. Frank’s deep experience in our industry and respect for our people and mission, have already made a positive difference in financial results and staff accountability. Our goal is to become a world class BPO, capable of competing in our service and product areas, with the best commercial BPOs—while transforming the lives of people who work in our organization. I (Jeremy) continue as CEO, now focused on our overall vision, business development and fundraising.

This year marked our first full year in the US BPO market, with the establishment of our Liberty Source subsidiary in Virginia. Liberty Source’s mission is to build a successful on-shore outsourcing business, staffed by military spouses and veterans. We now have more than 100 staff delivering finance and accounting support to our initial client, AOL (now part of Verizon), and expect to add new clients in the coming year.

The increasing focus on our business means that we find ourselves transforming work for our clients. DDD delivers higher productivity services with superior quality to clients by improving how we perform this work. Clients such as AOL and Pixelz benefit from allocating their work to us. Over the past year, the way we perform this work has exceeded their quality requirements. In the case of Liberty Source and AOL, in particular, we were not only able to exceed Service Level Agreements (SLAs), but we also increased the volume of services we delivered as their business grew.

In this report we celebrate some of these changes that improve lives and strengthen our business as well as transform the industry segment we pioneered, called Impact Sourcing. This year, the International Association of Outsourcing Professionals (IAOP) recognized DDD among their Global Outsourcing 100 as a World Class provider. We are the first Impact Sourcing organization—and only non-profit—to merit inclusion. In addition, IAOP’s Pulse Magazine ran a cover story calling Impact Sourcing “the new norm” for the industry.

Highlights for FY2015 include:

• Achieved earned revenue of $8.7 million
• First year of operation of Liberty Source in the U.S.
• Established image processing as a new service line
• Strengthened our management team

Your relationship with DDD enables us to continue to make these transformations—and we are deeply grateful for your partnership.

Sincerely,

Irving Levin, Board Chair
Jeremy Hockenstein, CEO and Co-Founder

www.digitaldividedata.com
DDD is empowering an untapped, global talent pool—youth from very low-income families in Asia and Africa as well as military spouses and veterans in the U.S.—to take charge of their future and participate in the global economy.

Touring Angkor Wat in 2000, Jeremy Hockenstein, then a business consultant trained at McKinsey, was struck by the mixture of poverty and progress in Cambodia. He saw young people with limited opportunities. While there were computer schools offering youth training, there were only a few jobs available to students following their graduation. After that visit, Jeremy together with a group of friends resolved to bridge the gap between disadvantaged youth and economic opportunity. Jeremy established Digital Divide Data (DDD) to enable young people to leave poverty behind.

In 2001, DDD started as a small data entry operation with ten people in Phnom Penh, Cambodia. Today, DDD delivers a wide range of digital services to hundreds of clients worldwide, employing over 1,000 staff from our offices in Cambodia, Laos, Kenya, and the U.S.

DDD’s model enables talent from underserved populations to access professional opportunities and earn lasting higher income. In Asia and Africa, DDD recruits highly-motivated youth from poor families and trains them to perform digital work while offering them an opportunity to earn university degrees. Graduates from our program are moving up the career ladder, occupying middle and top management positions, and earning more in professional jobs than they ever imagined. DDD’s investment in growing these young professionals has a multiplier effect on the surrounding community, benefiting not only their immediate families but society as a whole.

Most recently in 2014 DDD introduced another innovative BPO model that harnesses the skills of military communities to deliver onshore finance and administrative functions. Through Liberty Source, our U.S. based operation center, we create a means for American military spouses and veterans—a talented yet underemployed resource—to launch and sustain gainful careers despite the frequent relocation and solo parenting demands placed on military families.

Today, DDD is recognized as an industry leader in the field of Impact Sourcing. DDD is the largest technology-related employer in Cambodia and Laos and has won Kenya’s Vision 2030 Award for the Best BPO. The company has been consistently on The Global Journal’s list of Top 100 NGOs worldwide, and is a recipient of the Google Award for Innovation in Business Process Outsourcing and in Education.

DDD’s Impact Sourcing model is transforming how the BPO industry works while changing the lives of thousands of people who otherwise have limited opportunities for work: transforming youth from street peddlers to knowledge workers—and enabling military spouses without career options to participate in the global economy. DDD will build on this global success to continue its mission to create better futures that transforms lives.
Milestones & Achievements

- **2001**: DDD launches in Cambodia with the Harvard Crimson newspaper as a first client
- **2003**: World Bank recognizes DDD with the Development Marketplace Award
- **2004**: DDD opens an office in Laos
- **2005**: Thomas Friedman profiles DDD in his bestseller, *The World is Flat*
- **2008**: The Skoll Foundations recognizes Jeremy Hockenstein and Mai Siriphongphanh with their Award for Social Entrepreneurship
- **2011**: DDD celebrates its 10th Anniversary and opens an office in Kenya
- **2012**: DDD grows to more than 1,000 staff worldwide
- **2013**: The Rockefeller Foundation’s Digital Jobs Africa initiative validates DDD’s work and spurs the Impact Sourcing movement
- **2014**: DDD opens a US-based operation, Liberty Source, to create opportunities for military spouses and veterans
- **2015**: The International Association of Outsourcing Professionals (IAOP) recognizes DDD as a Rising Star among the Global Outsourcing 100
OUR IMPACT

As our graduates move into new positions, they have a deep and meaningful impact on their families and communities, creating opportunity and hope across Cambodia, Laos and Kenya.
Measuring Our Impact

Today, DDD youth enjoy the benefit of a work experience and a college diploma: They move up professionally, occupying middle to top positions in IT companies, nonprofit organizations, banks, and government offices, among others. Unlike most of their peers, who are unemployed or subsist in informal jobs that pay $2-4 per day, DDD graduates are productive and capable of supporting their families. They are able to pay the bills, renovate family homes, send siblings to school and pay for family members’ healthcare. DDD’s impact multiplies as youth and their families break the cycle of poverty and the country develops a pool of talented, skilled professionals to boost the economy.

DDD’s impact measure system assess trainees, operators, and graduates annually. These evaluations are conducted by independent third party firms using a survey, as well as through managers’ evaluations of our employees’ skills. We look at the results versus comparison groups who are peers to our trainees, representing what our employees might be doing if they had worked at DDD. Our impact measure process considers socio-economic development, professional skills and personal development.

Based on survey data, we estimate that DDD graduates will each earn $175,000 over their lifetimes, an increase by eight times. For our 892 graduates, this translates into over $156 million of increased lifetime earnings. Including our current 1,200 employees, that’s a total of over $350 million in increased lifetime earnings.

Projected Lifetime Earnings

Survey data came from the first six years based on actual incomes of DDD graduates since 2006. A 3% increase in salaries is used for future years. The baseline is from the Cambodian census data for the income of high school graduates.

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A Stepping Stone to Professional Careers

Program graduates in Cambodia and Laos work in a variety of different occupations, strengthening the local talent base. We anticipate our first graduates in Kenya shortly.

WHERE DDD GRADUATES ARE TODAY

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<th>Sector</th>
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<td>Manufacturing</td>
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<td>Education</td>
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<td>Nonprofit Sector</td>
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<td>Services</td>
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<td>IT &amp; Communication Technology</td>
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<td>Banking &amp; Finance</td>
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Our Mission: Economic Empowerment

Through employment and education, DDD opens the door to a lifetime of career opportunities that would not otherwise be possible. Since our inception in 2001, we have enhanced the economic and career development of disadvantaged youth across three countries. Our program begins by recruiting young people from the following population groups:

**Youth born into poor families**

In poor families, many youth are not able to complete secondary school because their families can't afford schools fees or need them to work in subsistence agriculture. An opportunity to work at DDD provides an incentive to finish school.

**First time job seekers**

Most employers will not give an opportunity to a young woman or man who has never had a job. DDD provides the first employment in the formal sector for most of our operator staff, empowering them with skills and experience that improve their career prospects.

**People with disabilities**

Persons with disabilities make up about 10% of our workforce. In Cambodia and Laos, we recruit youth with physical disabilities, including those with polio and who have been in landmine accidents. In Kenya, we seek out youth who are deaf or hearing impaired.

**Rural migrants and urban slum dwellers**

DDD recruits staff from remote and slum areas where employment opportunities are particularly limited.

**Orphans**

Prior to employment, some of our operators struggle to survive without parents. DDD provides a nurturing environment where young people belong—and can thrive.

**Women**

DDD believes in equal opportunity for women in the workplace, and 50% of the youth hired as associates are young women. DDD believes in equal opportunity for women in the workplace.
Our Work-Study-Career Development Model

DDD’s model is about much more than just creating jobs—it empowers disadvantaged youth with the knowledge and skills to secure professional jobs, earn lasting higher incomes—and become leaders in their family and community. We offer a long-term, intensive work-study program that allows youth to grow as they learn basic skills, develop technical capabilities and contribute to teaching others:

Recruitment

We partner with secondary schools and other organizations who serve youth. Working with these partners, we identify motivated high school graduates whose families are trapped in poverty. They come from remote villages in the province or slum areas in the city. We commit to hiring young women as half our recruits and an additional 10% are youth with disabilities.

Training

Youth undergo training to develop the computer and English skills required in our workplace. Once training is complete, DDD hires those who show promise to work as associates in our business.

Employment and School

Operators work six hours a day performing digital work for local and global clients. After a probation period, they have the opportunity to start higher education. DDD structures the work schedule to allow for study. Youth pay a portion of their tuition from their own earnings. DDD ensures that higher education is affordable, supplementing this with partial scholarships, and sometimes loan programs. Youth typically earn a degree in about four years.

Outplacement and Internal Promotions

As operators prepare to graduate from university, DDD supports them with their job search, including help with writing resumes and preparing for job interviews. A select group of staff who exhibit strong performance and commitment are promoted internally.
Chantheng Heng: International Development Leader

Transforming a life with limits to a world rich with possibility—one woman at a time

As a young woman from a poor family living in Phnom Penh, Chantheng Heng had limited career opportunities. Today, following her DDD training, Chantheng is a leader in the international development sector, serving as the Deputy Chief of Party for USAID’s Civil Society Partnership Project in Thailand.

Chantheng is now considered a trailblazing accomplished professional living and working in Thailand. As she puts it, “I believe women must have their own skills and a better education to get the career they want.”

At 18, Chantheng began work at DDD. Her innate computer aptitude and strong work ethic led to swift promotions from data entry-level work to managing the office helpdesk. While working at DDD, she attended university, studying computer science. After graduation, she worked for Cambodia’s Ministry of Education to develop a computer education curriculum for the nation’s high schools. She furthered her education through a scholarship to study for a Masters degree in comparative local development at Universita degli Studi di Trento in Italy.

After completing her Masters, Chantheng returned to Cambodia, first to work on research dedicated to gender issues, and then in managing large USAID-funded projects that ultimately led to her current leadership role with USAID in Thailand.

Chantheng, through DDD’s support and her own tenacity, is leading a transformed life—rich with possibility.

“I believe women must have their own skills and a better education to get the career they want.”
Korthao Xaipor: DDD Alumnus turned Software Engineer

DDD alumnus Korthao Xaipor embodies the values of diligence and ambition that make our youth succeed. He is now a software engineer at a telecommunications company, supporting his family and his siblings’ education.

Born in Laos’ northeast Xiengkhouan province, Korthao is the eldest in a family of nine children. His parents wanted to send all of them to school, but providing for such a big family was difficult. Determined to get a good education, Korthao and his siblings sold lemongrass and bananas to pay for school fees.

In his second year at the University of Laos, Korthao heard about DDD’s work-study program through his friend Kingthong, who was working as a project manager at DDD. Encouraged by Kingthong’s experience, he immediately applied for the program. He was thrilled to learn he was selected. “I felt that this was a big achievement for me to learn real work experience and reduce the cost of school fees for my family.” DDD gave Korthao hope that he would fulfill his dream of completing his Business Computer and Programming course.

Korthao completed six months of training, then worked at DDD Laos for three more years as an associate and then as a team leader for the American Jewish Joint Distribution Community’s digitization project. He honed his typing and communication skills, improved his English proficiency, and experienced leading a team. His work enabled him to support his university education while learning employable skills.

When Korthao graduated in 2013, he quickly found a job and he credits his DDD experience for his employability. “My friend and I graduated from the same university in the same year. Because of my three years’ work experience at DDD, I was able to get a higher position of Network Engineer while he was hired as an Assistant Engineer because he didn’t have any working experience.”

Today, he is an Application and Software Engineer at Huawei, a Chinese multinational telecommunications provider. He is responsible for the online charging system of major telecommunication networks Beeline, ETL, and LTC. He feels his work at DDD prepared him well for his current job’s demands of communicating with customers, delivering presentations, meeting deadlines and managing stress and pressure.

Korthao is living proof of how DDD transforms lives. At 25, he is financially independent and supports his family and his siblings’ education. His experience at DDD enabled him to fulfill his dreams—to develop employable skills, earn an income, complete his education, and get into the promising field of software engineering.

“I want to say that we are the luckiest people to be given the opportunity at DDD to learn, to gain work experience, and to develop ourselves, because nowadays, companies want to hire people who have the knowledge and good working experience.”
Mary Wakarindi: The Best Opportunity

Joining DDD has been a life-changing opportunity for many of our youth. Mary Wakarindi, age 24 joined DDD in December 2013, after learning about DDD from a friend.

“I’m from a humble background. After high school, I could not afford the fee to go to university. My family could not support me and I don’t have parents. But I always wanted to go to university,” Mary said. “So when my friend recommended I join DDD, it was the best opportunity that I could get,” she added.

As an orphan, Mary had limited opportunities before DDD. She is now working at DDD on a team for Nor1, which is a technology leader in travel merchandising. Mary uploads content to their site, providing hotel descriptions, pricing and images, while also helping maintain their client database. Previously she worked on a handwriting project, did image editing and has enjoyed working for different teams and clients within DDD. She is in her second year of university, studying public policy and administration and expects to graduate in December 2017.

Mary has also struggled with the challenges of being a woman in what she still sees as a very male-dominated field of study in Kenya. She remarked how it has only been in recent years that Kenya is “trying to integrate women into the government” as part of Kenya’s devolution process. She explained that, “in Kenya, these are the kinds of courses and jobs that are left to the men, making our country’s policies, making the laws. As a result, they only make decisions that favor them. We don’t get a chance to make rules and laws that favor women. But with my university course, I’m in a better position to handle these jobs.”

Eager to work in the Kenyan government, Mary sees real possibilities for change. She hopes to inspire other women to grow and learn. And while she knows it won’t be easy, she is ready for the challenges ahead. She said, “I think it’s going to be exciting. I will face many trials, but it will be good learning. And with me being there, I can help others grow and help them.”

In the meantime, Mary continues to work full-time at DDD while attending university courses. She is grateful to DDD for offering her this important combination of skills and scholarship support. Without DDD, she would not have had the support to attend university. At age 24, Mary has been through a lot but with determination and optimism, she will continue fighting for gender equality—in Kenya’s government and beyond.

“When my friend recommended I join DDD, it was the best opportunity that I could get.”
Given how much Liberty Source accomplished in its first year, we can’t wait to see where this relationship will go over the next years.

Ned Worthington
AOL / Liberty Source Director and Account Manager
Outsourced Services

DDD helps clients monetize their content, reap the full value of their business data—and collect proprietary data to more effectively manage their businesses and serve their customers. DDD offers digital content and data solutions to businesses and institutions worldwide. Clients gain a competitive advantage through our project management excellence, our deep commitment to staff training and development—and our top-notch onshore customer service. Our services include:

Digitization & Conversion Services
- Content & eBook Conversion
- Newspaper & Archive Digitization
- Editorial

Data Services
- Data Entry & Data Verification
- Database Content Support / Data Hygiene
- Records Management

Research Services
- Internet Research
- Field Research
- Market Research
- Data Collection & Analytics

Image Processing
- Image Enhancement
- Photo Retouching
- Cropping and De-Skewing

Business Process Services
- Finance and Accounting
- Human Resources
- Industry-Specific Processes

Our Clients Include:

Publishing
- Amazon
- Fossil
- Harvard University
- National Library of Australia
- Readers Digest
- nor1
- Stanford University
- The World Bank

Corporate
- MobiTel
- nor1
- Yale
- NZ Post

Academic
- Stanford University
- Yale

Government
- UNICEF

Institutional
- LibreDigital
- The World Bank
- DKMS
Over the past year, Liberty Source has successfully delivered high-quality finance and accounting services to AOL by leveraging the unique talents of military spouses and veterans, providing them with commercially sophisticated skills-based on-ramp careers.

Ned Worthington, AOL Director and Account Manager of the Liberty Source relationship, outlined the two main reasons AOL chose to work with Liberty Source. “First, Liberty Source offered the value proposition of a cost-effective and flexible onshore BPO company we were looking for,” he said. “Second, Liberty Source uniquely harnesses the talent of the military community, in particular military spouses and veterans, a community we at AOL have been striving to engage with and serve,” he added.

Flexibility is key to the success of the AOL-Liberty Source relationship. AOL needs a service provider that can pivot, scale and is easy to work with in support of AOL’s growing and changing business, while providing a cost-effective solution. AOL currently engages Liberty Source to deliver 15 different finance and accounting services. In each of these service areas, teams at Liberty Source have looked at ways to improve our process to make them more productive—and ensure that AOL receives quality deliverables. With an eye on continuous improvement, we are transforming the work we do for AOL. In addition, the way in which we perform this work needed to change when AOL was acquired by Verizon earlier this year, requiring us to meet an earlier monthly closing date. Liberty Source rapidly adapted its systems and processes to meet our client’s need. In addition, over the past year, AOL added new tasks to the set of services performed by Liberty Source.

Liberty Source has also met its social mission goals. By developing a talented, under-tapped pool of highly-committed military spouses and veterans, Liberty Source is helping underemployed members of the military community onto the first rung of the career ladder in the civilian economy. Of Liberty Source’s first 100 employees, 72% are direct military affiliates—and over 80% are women.

AOL is committed to continue working with Liberty Source. “Given how much Liberty Source accomplished in its first year, we can’t wait to see where this relationship will go over the next years,” Worthington said.

Changing and growing with AOL
Learning from the Best: Delivering e-book conversion services to Amazon.com

It started off as a small business operated out of Jeff Bezos’ garage in the 1990s, but today, Amazon.com is one of the top web domains and largest businesses worldwide. Amazon never ceased to innovate, from pushing consumer good shipping to lightening speeds to the Kindle that enables instantaneous access to 3.6 million e-books. At DDD, we are proud to serve such an immensely successful and influential business.

Few people remember that Amazon actually began with the tagline “Earth’s biggest book store,” but with the introduction of the Kindle, Amazon secured its place as a world-class market place for e-books. As one of Amazon’s vendors, DDD delivers ebook conversion services for the Kindle, covering both, the fixed format and reflowable ebook formats. DDD was able to meet the same delivery criteria as other commercial BPO vendors being competitive in terms of quality, pricing and delivery schedules. DDD also works with Kindle Direct Publishing team, helping smaller publishers and self-publishers format their books to sell on Amazon.

“We actually included DDD in our resources guide of trusted and certified vendors who can help publishers with conversion needs,” John Hambacher, Director of the Kindle Selection and Quality division at Amazon, said. “We are confident that DDD is capable of providing publishers and authors the same quality level they provide to us,” he added.

We are excited about this partnership and look forward to learning from Amazon and its talented employees.

Saving Lives — Delete Blood Cancer DKMS

Since 2004, Delete Blood Cancer DKMS has been working to find suitable bone marrow donors for patients in need worldwide. Delete Blood Cancer DKMS is part of the world’s largest network of donor centers. Operating in five countries, the global organization has registered more than 5.5 million potential donors and facilitated more than 52,000 transplants around the world.

Only 30% of patients who need a transplant find a donor within their families, which is why most patients must search for an unrelated donor. The more people register as potential donors, the better the odds.

To register as a donor, you visit DeleteBloodCancer.org and fill out a form. That’s where DDD comes in. DDD’s team helps Delete Blood Cancer DKMS digitize all necessary information to process a donor. DDD uses a double blind process, entering all the information twice and comparing the results, to ensure accuracy of this critical data. Then potential donors receive a swab kit in the mail with which they can swab the inside of their cheeks and send back with the enclosed prepaid postage. When a potential donor is called as a match for a patient, Delete Blood Cancer DKMS pays for all costs related to the donation and the donor gets the opportunity to give the patient a second chance at life.

“We are proud to work with DDD on processes so vital to our business,” says Carina Ortel, CEO of Delete Blood Cancer DKMS. “We look forward to continued success in maintaining the integrity of our ever-growing database.”

DDD is proud to support Delete Blood Cancer DKMS in its mission to fight blood cancer around the world and is grateful for the opportunity to support them in saving lives. And we encourage you to consider registering as a potential donor!
Office Highlights

Working around the world, all DDD offices are committed to building the skills of underserved individuals and helping them connect with the global economy. The investment in human potential has a transformative effect, not only for individuals but also for families and the local communities. DDD is providing a critical investment in the local economies in which it operates.
Providing partners with key services
DDD Laos continues to provide digitization and conversion services to a range of clients. Among our biggest clients over the past year were the University of California, Riverside and the National Library of Australia. These two clients are developing Internet-based searchable databases of historical newspapers and magazines. The comprehensive and important undertakings push us to improve our digitization capabilities and increase our specialization. Equally important are the projects beneficiaries, who can now access digital versions of important documents.

Further illustrating our commitment to exemplary work and client satisfaction, DDD Laos now offers multilingual desktop publishing to clients, in partnership with EQHO Globalization. Singapore-based EQHO specializes in language services. They translate and localize important documents and manuals, which DDD associates format so that they look and feel like the original source materials.

Strengthening the team leads to growth
Our strong commitment to capacity building and internal development has spurred the success of our business in Laos. The Vientiane-based local office employs more than 300 disadvantaged youth—and provides them with scholarships and other social benefits. By focusing on larger, long-term, and recurring projects, we have grown our operations.

Over the past year, we implemented several improvements in our operations. We established a quick-response quality control and training team to address production issues in real time. Another step was upgrading the production leadership structure so that we could better monitor performance of the various workgroups.

DDD Laos conducted a number of management training and team building sessions to develop team skills and strengthen relationships. The Laos office organizes sports leagues, with soccer games and other outdoor activities to give employees a chance to have fun together and deepen relationships with each other. For the year ahead, DDD Laos looks forward to installing more hooks on our Client Wall of Fame.

More Frames on the Client Wall of Fame
For Laos, 2015 was a year of hanging up new framed letters from happy clients on our Client Wall of Fame. Each is a symbol of recognition of client satisfaction and for completing projects in an exemplary manner.
We achieved our highest profit margin ever. We built inward and outward, creating programs for developing our people and enhancing our client services.

Cambodia’s Economic Growth Leads To Opportunities

DDD opened in Cambodia nearly 15 years ago to address the lack of employment and educational access for youth. Since then, the economy has grown considerably, creating more opportunities and changing the landscape. In fact, according to the World Bank, Cambodia has accomplished the Millennium Development Goal of reducing poverty by half. But there are still many poor families who are challenged to meet their basic needs of food, water and decent shelter.

For DDD, this means there is a competitive environment that offers more opportunities to the talented low-income youth that we recruit. In addition, we see some youth in our program leave to pursue more economically rewarding alternatives, even before they complete their college degrees.

Designing the BEST Program

These circumstances created the opportunity for DDD to innovate our human capital approach to focus beyond recruitment and retention. It became clear that only providing English and basic computer skills is not enough to stay competitive. Therefore, we transformed our training curriculum to incorporate business skills and soft skills development, focusing on interpersonal relations and personal development in a professional environment: the BEST program, Business, English, Soft Skills, and Technology. The BEST program prepares our young employees to adapt to the shifting demands of work in the 21st century, builds persistence in our work-study program toward college completion and strengthens our business operations.

The training incorporates a learner-centered classroom with self-learning modules. At the end of the training, trainees exhibit improved attitudes, business skills and a heightened sense of maturity.

Training with DocWorks

Along with the innovations of the BEST program, we also added training in DocWorks, a web-based document processing application. Specialization in DocWorks allows DDD to undertake more digitization projects. We now have

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115 operators skilled in DocWorks, while 76 more are undergoing training. We use this application especially for newspaper projects, including those for clients at Cengage, Creekside Digital-University of Maryland, Kent State and Vassar.

**Expanding services with Image Processing**
Over the past year, DDD Cambodia developed a full image processing service line in partnership with our client Pixelz, a leading product image editing service. We invested in building significant new capacity in this area. Meeting Pixelz’ image enhancement requirements allowed us to recruit more youth and develop their skill set to deliver image editing services for product images, ranging from electronics to baby products.

**Highest gross margin ever**
Over the past fiscal year, DDD Cambodia achieved a gross margin of 20%, its highest ever. We realized this growth by investing in the right people, training them with the right skills, and providing them with a solid technology infrastructure so they could do their best work. We are especially grateful to donors at Adobe, Boeing and Cisco Systems for their support of these investments.
LIBERTY SOURCE

Going Beyond the Green

Liberty Source PBC, DDD’s most recent start-up and only U.S. subsidiary, opened its doors just over a year ago.

Built upon the foundation of DDD’s impact sourcing experience, it was structured as a fully commercial and viable company, designed to ensure ongoing and sustainable opportunities for underserved veterans and U.S. military spouses.

Liberty Source’s Employees and Military Connections
The transition back into civilian life is challenging for veterans and military spouses alike. Nearly two thirds of new veterans say they faced a difficult transition to civilian life, partly because of the difficult economic environment but also because they seem to be speaking a different language than the business leaders who might hire them. There is a disproportionately high number of unemployed and under-employed veterans—and more will be returning from their service in coming years.

Additionally, military spouses are a talented yet underserved demographic—totaling over 750,000 across the United States. Despite above average levels of educational achievement and professional qualifications, they regularly relocate due to the deployment of their partners. Military families may need to move once or twice every five years, requiring military spouses to find, secure, and acclimate to a new job in each new location—or raise a family on a single salary. As a result, they struggle to secure long-term employment that effectively utilizes their skills and builds a fulfilling career with a steady income and professional progression.

Liberty Source as a Next Generation BPO
Liberty Source is the first of its kind onshore Business Process Outsourcing (BPO) operation in the United States that offers core services such as finance and accounting, human resources, client-specific functions and digital technology services by leveraging local talent from the military community. Liberty Source is becoming a Next Generation BPO operation that delivers on the promise of continuous improvement by harnessing existing, abundant local talent. All of this is done while creating upwardly mobile employment opportunities for veterans and military spouses.

In addition to providing finance and accounting services to our foundational client, AOL, a Verizon company, Liberty Source recently began offering similar services to Discovery Communications, the world’s #1 Pay-TV programmer, reaching 3 billion cumulative subscribers in more than 220 countries. With the Discovery account, Liberty Source is expanding its skills and service offerings beyond traditional outsourcing of labor and processes into robotic process automation (RPA). LS delivers this work through a partnership with Genfour, an industry leader in RPA. This not only expands what Liberty Source can do for current and future client companies, but also increases the range of skill areas.

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for hiring and developing our employee base. “We just finished dusting ourselves off from an exciting year of designing and building a delivery platform for our first client, AOL. What we found is that the spouse and veteran community has translated into one of our biggest market differentiators,” said Steve Hosley, Liberty Source President and CEO.

**Going Beyond Green**

In its first year of operations, Liberty Source took over more than fifteen complex finance and accounting processes from a nine-year incumbent provider to AOL. Liberty Source is proud to be delivering at and above the expected levels of performance in every area for our client. Accomplishing this so soon after onboarding an account as large as AOL has little precedent among US onshore BPO companies. One secret to that success is Liberty Source’s General Manager, Mike Ohmsen. With over 25 years of experience in banking and finance, Mike brought a fresh perspective to Liberty Source plus a desire to motivate employees to bring their best ideas for solving the client’s stated challenges. He regularly talks about “going beyond the green” to exceed client expectations — and not being satisfied with just meeting benchmarks. Since his arrival, Liberty Source has introduced 30 process improvements that improve the client’s bottom line. These wins demonstrate the firm’s unique value proposition — and how it is more agile than many others in the industry.

In its second year of operations, Liberty Source is poised to take on additional clients. As the company grows, it will launch and sustain the careers of members of the military community — and continue to go beyond the green.
DDD increased its total earned revenue in Fiscal Year 2015 and made operational improvements and investments in our business and impact.
DDD significantly increased its total earned revenue in FY15. This past year we launched a new office in the United States, Liberty Source PBC, based in Hampton Roads, Virginia. The addition of Liberty Source contributed to a total increase in earned revenue of 58%, compared to 17% growth in the previous fiscal year.

Revenue by our individual country offices mirrored our FY14 development, albeit in a less marked way. Our African office grew by 13% (compared to 84% last fiscal year), supported by growth in the handwriting service. After rapid start-up growth during our first few years in Kenya, FY15 was marked by somewhat slower growth as we focused on stabilizing our operations and developing new businesses that we expect to contribute to growth in the future. In Asia, we expanded our image editing service, but also had some challenges with client workflows and a reduced local client revenue, resulting in a decrease in earned revenue by 8% (compared to -8% last fiscal year). For the first time in DDD’s history, we produced revenue in the U.S. as we successfully ramped up Finance and Accounting BPO services for our client AOL-Verizon from Liberty Source.

As a result of our increased cost base to invest in growing our service base and operational capabilities, the share of business expenses covered by earned revenue fell in FY15 to 80%, compared to 85% last fiscal year. Liberty Source exited the last quarter of the fiscal year on a positive EBITDA margin, but due to start-up expenses, resulted in a loss for the full year.

Net income benefitted from strong support on the philanthropic side that we received to increase our impact in the offices through investing in growth and through providing training, scholarships, healthcare and subsidized meals. We are grateful to our generous community of supporters and donors whose confidence in our work has helped us continue our social programs and expand our social impact.

Our outlook for FY16 is positive. With an even stronger focus on margins, our new service lines will add to profitable growth and Liberty Source will start widening its client base after solidifying service delivery to its foundational client.
## Financials (for fiscal year ending June 30, 2015)

**All numbers in 1,000 US$**

### Statement of Activities

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2015</th>
<th>FY2014</th>
<th>YoY</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Group</td>
<td>Organic</td>
<td>Group</td>
<td>Group</td>
</tr>
<tr>
<td>Business revenue</td>
<td>8,721</td>
<td>5,579</td>
<td>3,142</td>
<td>5,513</td>
</tr>
<tr>
<td>Business expenses</td>
<td>10,929</td>
<td>7,357</td>
<td>3,572</td>
<td>6,529</td>
</tr>
<tr>
<td>Net income (loss) from business activities</td>
<td>(2,208)</td>
<td>(1,778)</td>
<td>(430)</td>
<td>(1,016)</td>
</tr>
<tr>
<td>Fundraising revenue</td>
<td>2,851</td>
<td>2,802</td>
<td>49</td>
<td>2,370</td>
</tr>
<tr>
<td>Non-profit expenses</td>
<td>1,137</td>
<td>1,050</td>
<td>87</td>
<td>1,382</td>
</tr>
<tr>
<td>Net income (loss) from non-profit activities</td>
<td>1,714</td>
<td>1,753</td>
<td>(38)</td>
<td>987</td>
</tr>
<tr>
<td>Gain on divestment, net</td>
<td>48</td>
<td>48</td>
<td>-</td>
<td>45</td>
</tr>
<tr>
<td>Net income (loss) for the year</td>
<td>(445)</td>
<td>23</td>
<td>(468)</td>
<td>17</td>
</tr>
</tbody>
</table>

---

### Additional Information to the Statement of Activities

- **Earnings before interest, taxes, depreciation and amortization (EBITDA)**
  - FY2015: 1,826
  - FY2014: 1,221
  - YoY: > 100%
  - YoY: > 100%

Fundraising revenue consists of:

- **Unrestricted contributions**
  - FY2015: 1,307
  - FY2014: 1,258
  - YoY: 49
  - YoY: -5%
  - YoY: -8%

- **Release from temporarily restricted contributions**
  - FY2015: 1,544
  - FY2014: 1,544
  - YoY: -
  - YoY: 999
  - YoY: 55%
  - YoY: 55%

**Total fundraising revenue**

- FY2015: 2,851
- FY2014: 2,801
- YoY: 50
- YoY: 20%
- YoY: 18%

Non-profit expenses consist of:

- **Program expenses**
  - FY2015: 359
  - FY2014: 359
  - YoY: -
  - YoY: -365
  - YoY: -2%
  - YoY: -2%

- **Expansion / planning expenses**
  - FY2015: 184
  - FY2014: 97
  - YoY: 87
  - YoY: 374
  - YoY: -51%
  - YoY: -74%

- **Organizational expenses**
  - FY2015: 389
  - FY2014: 389
  - YoY: -
  - YoY: 442
  - YoY: -12%
  - YoY: -12%

- **Fundraising expenses**
  - FY2015: 205
  - FY2014: 205
  - YoY: -
  - YoY: 201
  - YoY: 2%
  - YoY: 2%

**Total non-profit expenses**

- FY2015: 1,137
- FY2014: 1,050
- YoY: 87
- YoY: 1,382
- YoY: -18%
- YoY: -24%

*excluding Liberty Source*
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>1,223</td>
<td>951</td>
</tr>
<tr>
<td>Software</td>
<td>962</td>
<td>1,556</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>349</td>
<td>88</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td><strong>2,534</strong></td>
<td><strong>2,595</strong></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>883</td>
<td>937</td>
</tr>
<tr>
<td>Trade accounts receivable</td>
<td>1,486</td>
<td>1,418</td>
</tr>
<tr>
<td>Other current assets</td>
<td>634</td>
<td>401</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>3,003</strong></td>
<td><strong>2,756</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>5,537</strong></td>
<td><strong>5,351</strong></td>
</tr>
<tr>
<td>Unrestricted net assets</td>
<td>1,624</td>
<td>2,597</td>
</tr>
<tr>
<td>Temporarily restricted net assets</td>
<td>1,318</td>
<td>1,165</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>2,942</strong></td>
<td><strong>3,762</strong></td>
</tr>
<tr>
<td>Long-term debts</td>
<td>419</td>
<td>410</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>81</td>
<td>66</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td><strong>500</strong></td>
<td><strong>476</strong></td>
</tr>
<tr>
<td>Short-term debts</td>
<td>496</td>
<td>92</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>636</td>
<td>188</td>
</tr>
<tr>
<td>Trade accounts payable</td>
<td>247</td>
<td>279</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>716</td>
<td>555</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>2,095</strong></td>
<td><strong>1,113</strong></td>
</tr>
<tr>
<td><strong>Total net assets and liabilities</strong></td>
<td><strong>5,537</strong></td>
<td><strong>5,351</strong></td>
</tr>
</tbody>
</table>
This year we strengthened our leadership team. A stronger board and new members of our senior management staff have positioned DDD for growth for 2016 and beyond.
Board of Directors

DDD’s diverse and experienced Board of Directors brings passion and expertise in business, finance, and philanthropy, which fuels our growth as a global company and strengthens our social impact in the countries in which we work. They provide strategic direction, sales and fundraising support, and financial guidance to ensure that DDD reaches its goals and fulfills its mission. The Board meets in-person twice a year, once in the U.S. and once in a country office. We thank them for their leadership and commitment.

Management Team
THANKS

DDD is grateful to the many institutional and corporate donors, family foundations and individuals who support our mission. These generous donations provide core operating support, investments to grow our business, and critical funding for scholarships that enable more youth to create better futures for themselves and their families.
WE THANK OUR DONORS FOR THEIR GENEROUS SUPPORT TO DDD THIS YEAR. DDD HAS RECEIVED DONATIONS FROM BOTH COMMITTED AND NEW INSTITUTIONAL AND CORPORATE DONORS, FAMILY FOUNDATIONS, AND INDIVIDUALS.

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Bohemian Foundation
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