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Microsoft and AI: Advancing Sustainability in the Era of Data Center Dominance

Amid the rapid proliferation of artificial intelligence (AI) applications and increasing scrutiny of environmental impacts, Amara Chenⁱ pondered what the best path forward could be for Microsoft. Entering her second year as Microsoft's vice president for environmental advancement, she prepared for a pivotal end-of-year 2024 board meeting where she would likely be asked to address a critical question: How could Microsoft reconcile the growth of its AI operations with its ambitious 2030 sustainability commitments?

Microsoft had long been applauded for its ambitious environmental goals and clean energy commitments, including pledges to become carbon negative and water positive and to achieve zero waste by 2030. However, Microsoft's AI technological advancements were driving a significant increase in energy usage, looming as a clear contradiction. A scathing recent article in *The Atlantic* accused the company of being hypocritical, specifically regarding its AI partnerships with legacy fossil-fuel providers.¹ Questions arose about the feasibility of Microsoft's prior sustainability commitments.

Chen knew she would need to propose a strategy that addressed the sustainability challenges posed by the company's expansive cloud infrastructure and AI-driven operations. Additionally, she knew it would be important to leave the Microsoft leadership team feeling confident that they could still remain competitive at the forefront of AI innovation. Decisions made at this board meeting would determine whether Microsoft could sustain its position as a leader in both technology and sustainability or risk losing credibility in both areas.

Microsoft Background

Founded in 1975 by Bill Gates and Paul Allen, Microsoft began as a small venture to create software for personal computers. The company's early success with the Microsoft Disc Operating System (MS-DOS) in the 1980s established it as a dominant player in the personal computer operating system market. The

ⁱ Amara Chen is a fictional character.

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