white paper

Accelerating the Sustainability Journey

How to accelerate financial benefits from Corporate Sustainability Programmes: a Siemens and CA Technologies best practice guide

ca technologies

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1. How important is Corporate Sustainability?

You want to be more sustainable and you have initiatives in mind to achieve this. And with legislation now making this obligatory, you don't have a choice. But if you don't know where you started, or how far you've come, how can you assess your success?

With the right sustainability and carbon reporting software, accurate, consistent information can be available as frequently and in as much detail as the business wants. With the tools to compare and analyse this information on a frequent basis, it becomes possible to measure and model the environmental benefit and cost-effectiveness of a range of green projects.

This paper examines a five-step approach, focusing especially on how ICT can accelerate your progress, as well as the practical considerations surrounding implementation.

Corporate Sustainability and its impact on climate change continue to rise on the corporate agenda across all sectors. This is evidenced by the numerous surveys and reports on this topic published this year by all of the leading management and technical consultancies. A review of the major corporate reporting schemes – e.g. GRI, CDP, DJSI, FTSE4Good, etc. – shows that in the top 500 largest companies, the organisational maturity, relative achievements and progress towards corporate sustainability performance all vary quite significantly.

Specifically in the UK, the agenda becomes ever more pressing when the timelines for the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme are taken into account.

Under this scheme, sustainability is no longer an option: it's an obligation! See the DECC web site for further details.

In particular, with the UK Government's recent announcements concerning revenues raised from the CRC, effectively turning it into a carbon tax, there is now a pressing imperative to get this issue clearly articulated and managed. Carbon has become a 'second currency' that needs serious measurement and control, since this change will fundamentally affect your organisation's financial models.

It is vital therefore that consideration is given in any corporate risk register to the penalties for non-compliance with these (or other countries') legal obligations.

The track records of business leaders (see section 2) show that sustainability and climate change in business cannot be approached with a short term mentality.

Although many initial sustainability programmes can deliver short term ROI – often called the 'low hanging fruit' - it needs to be acknowledged that a long term strategy can deliver much improved and sustained value to both the corporate reputation and bottom line of the financial accounts.

The experience at both CA Technologies and Siemens has shown that encouraging innovation in cost-saving – through applying sustainable technologies and processes – can rapidly build momentum and focus across the whole organisation. Invariably, these successful programmes are led by the Executive Board and are properly cascaded through the whole enterprise. They engage all staff and often most visibly influence the behaviour of members of employees and their sense of stewardship, for example their use of the building facilities.

Adding to this impetus, employees and investors now want to know that companies are actively engaging in projects and programmes to deliver improvements in environmental and social performance, with auditable progress reports. If executives are going manage this new business imperative, then business processes and management systems have to become responsive, transparent and accessible to all stakeholders.

"We are honored to be among the top 50 of the Newsweek Green Rankings. Over the last two years, we have accelerated our sustainability activities by streamlining our business operations, lowering our environmental impact and saving costs. This recognition is a testament of our commitment to be a responsible corporate citizen and we will continue to look at ways to advance our sustainability efforts."

Cynthia Curtis, Head of Sustainability, CA Technologies

2. How mature is your organisation?

The journey towards achieving sustainability will be a long one given the starting point of many companies; where a history of (relatively) inexpensive raw materials and energy has allowed wasteful and inefficient processes to evolve. The corporations who are now leading in the sustainability agenda, like BASF, Siemens and Tesco, have been actively implementing energy and raw material efficiency programmes for at least the past five years and in some cases much longer.

Such organisations are at an advanced level of maturity in their drive to reduce operating costs, achieve CSR and environmental sustainability and to comply with current and emerging legislative requirements.

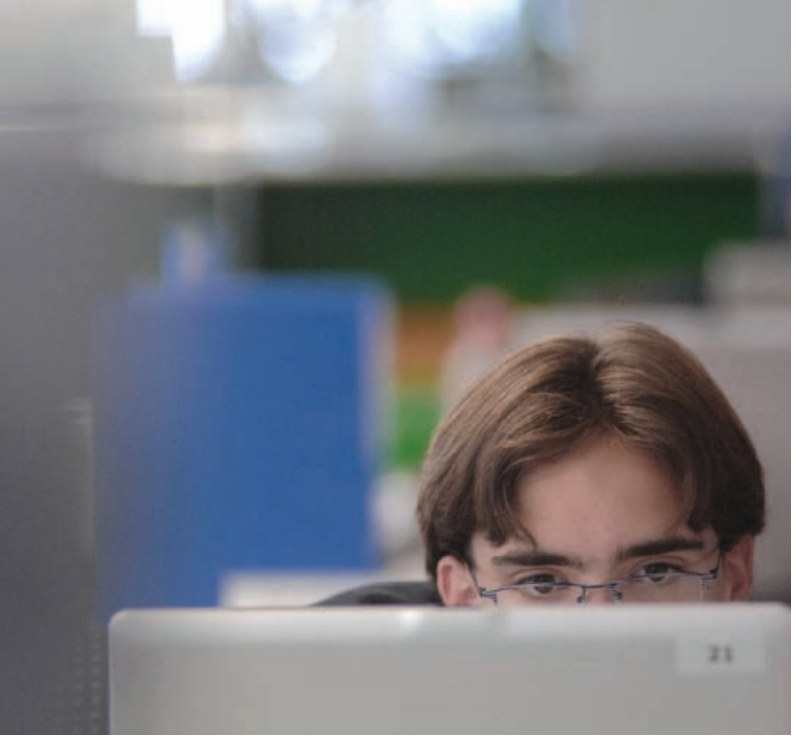
By contrast, some European companies are less well prepared. Features of organisational maturity are characterised by:

- a robust governance structure being in place including CSR and specific environmental and social targets embedded in the organisation's overall business strategy;
- high quality, real time frequent resource consumption and activity monitoring;
- appropriate alerts and escalations arising from 'business as usual' operational dashboard reporting suites, to actively manage resource use and performance;
- embedded processes to implement corrective actions and address matters arising; and
- a clearly defined and prioritised programme of projects and investments, as well as carefully managed behavioural change and infrastructure improvements, to continually drive down resource costs, use and environmental impact.

Conversely, some companies exhibit very few of these 'ideal' characteristics, but for the majority of organisations, maturity of thinking and action will see them part way along the journey.

Do some of the following statements resonate with your current experience?

- *I know there is a challenge, but I cannot yet quantify the balance of risk and reward.*
- *I am getting conflicting messages from the Board about their focus upon this topic.*
- *I have lots of data but precious little actionable information because it is fragmented and disconnected from business metrics.*
- *Investment is available to improve performance, but there is no means of comparing and contrasting competing projects to ensure I select the best sustainability initiatives across the business units.*
- *Employees are concerned about sustainability and want the business to do more, but they are unsure about how to contribute to the company's objectives.*
- *A large part of our impact is in the supply chain, but trying to engage them to improve performance is time consuming.*
- *Our approach to sustainability is still silo driven across the organisation – everybody is responsible, but no-one has a mandate for action.*



3. A five-step plan for progress

There are five steps by which you can clarify your present position and plan your future progress:

3.1 Does our business have clear business and compliance objectives, and do they reinforce each other?

3.2 How efficient and accurate is our data collection, process management and automation?

3.3 How effective is our reporting? For example, do we have clear metrics and targets against which the reports can be assessed? Are they tracked and communicated across the business so that we can identify performance outliers?

3.4 What action do we then need to undertake? How do we ensure that we maximise the returns from any investments that are required?

3.5 What structures and processes are in place to provide governance of risk and opportunity?

The remainder of this paper examines these steps in more detail.

3.1 Business and Compliance Objectives

In the immediate term, Board members need to align and embed sustainability compliance within the overarching objectives of the enterprise. There are some interesting observations by analysts about the relatively low number of companies where the role of Chief Sustainability Officer (or similar title) has a voice at the boardroom table. Smarter companies will naturally embed improvements in resource efficiency into each operational silo, whilst ensuring there is 'steady forward progress' in meeting compliance by overseeing the interdependencies between resource 'ownership' and resource 'consumption'.

3.2 Data Collection and Process Management

Once you have established both the Business and Compliance objectives, the next step is selecting and securing a robust baseline of consumption of resources (energy, water, travel etc) that reflect the nature of operations within your company and their financial impact on the business. Critical to this process is capturing this information in a single repository where all the values, currencies and reporting intervals are consistent.

In many organisations, the process of collecting data is often manual (based on disparate and locally owned spreadsheets and utility bills). Even more worrying is the fact that any spike of consumption may not be reviewed until days, weeks or even months after the event. The aim is to work as closely as possible to real-time reporting as is practicable.

3.3 Reporting

Principles: acknowledging the need and taking it seriously

The next step is to present the data that is available, noting that which is yet to be collected. This will enable a nominated leader in your organisation (preferably at Board level) to determine how this information should be reported, and at what frequency, to provide the very best information set and presentation format for decision making.

For many organisations, environmental reporting has developed well over the past few years, but is still a long way from the standards applied to financial reporting. Perhaps now is the time for all companies to treat carbon as a 'second currency' – and to apply similar levels of granularity, accuracy and auditability when measuring and managing it as they would expect to apply when reporting their financial position.

Even in companies in sectors such as the chemical industry or power generation, where the level of environmental reporting is relatively high, the frequency and granularity of this reporting often does not meet these high expectations. Therefore it is vital that an organisation adapts its processes and policies to raise the profile and relative importance of the capture and delivery of resource, environmental and social impact reporting.

Practice: using ICT to accelerate progress

Based on these challenges, an appropriate management information tool should be selected. Below is a suggested checklist of attributes that a Sustainability and Carbon Management enterprise-wide reporting suite should have:

a) It should be IT agnostic so that it can be integrated with a variety of existing systems, such as energy management databases, financial databases, ERP systems and time sheet/HR systems.

b) The suite should ideally be web-enabled so that it can be accessed by any suitably authorised personnel and contributions made from any location.

c) Access and reporting permissions should be role-based so that different users can see different levels of information.

d) Data should be collated in a centralised database to provide a 'single version of the truth' view of the business with new data being updated in real time.

e) Where existing manual tasks can be automated, such as data analysis in spreadsheets, this should be done to minimise the effort spent on data collection and manipulation.

f) The 'business as usual' metrics should be provided as a single out-of-the-box view and the suite should offer the ability to project future scenarios based on prioritised programmes of improvement activity.

g) The suite should support both the CSO's Programme Management Office as well as individual business units in managing their data collection, reporting and resource use.

h) There should be sufficient flexibility to meet the changing demands of corporate sustainability objectives over time and to allow users to locally filter and translate information reporting to reflect changing conditions.

i) The suite should offer more than just reporting on historical performance; users should be able to prioritise and select the best sustainability initiatives to meet corporate goals in the most cost-effective way.

j) Communication of performance is key and the suite should use the same information to manage the business and to communicate with internal and external stakeholders, comparing actual performance against targets.

3.4 Taking Action

Planning the next steps

Gathering baseline information is the most common corporate challenge, but it is not an end in itself! This is often where current reporting suites seem to end. A suitable management solution should be able to take a company forward to improve on that baseline performance and not just report on it.

As a further checklist:

a) Can I automate data collection and reporting processes so that I can focus my time on performance improvement and impact reduction?

b) How can I collect the raw data at a lesser cost and greater accuracy, year on year?

c) Will this reporting dashboard be able to keep pace (or even anticipate) the impacts of future legislation or corporate imperatives?

d) How can I plan, implement and measure the impact of projects and programmes that are intended to reduce costs and environmental impact?

e) How will requirements change for the content and quality assurance of Corporate Sustainability reporting?

Implementation

The vendor and services community in Carbon and Sustainability management solutions need to recognise that no organisation has Environmental Sustainability as its only and over-riding priority. The provision of 'actionable information' and the oversight of mitigating actions, plans, projects and programmes are simply a small part of the day job of most board-level executives.

Client companies simply need the confidence that their supply partners can not only help them 'raise their game' but also deliver consistent and ongoing improvements in environmental and cost performance. To ensure that delivery is successful, suppliers need to ensure that there is clear alignment between CSR targets and the overarching business processes - and that they are fully utilising ICT to best effect.

Broadly speaking, once a company has a robust baseline, it can then launch a cohesive Sustainability Programme. Armed with this starting point, it then has to choose a programme of candidate projects, which are, in priority order:

a) Affordable, with a demonstrable ROI.

b) Attainable in an acceptable timeframe, remembering that some projects could involve the rationalisation of the whole building estate or location of production plants and will be within a 2 – 3 year, or even longer ROI horizon.

c) Actionable either by internal staff or via suitably skilled partners.

d) Aligned to corporate business and sustainability goals.

At this juncture, organisations might choose to segment their prospective actions between:

- improvements to the current ICT estate and infrastructure
- improvements to 'other infrastructures' where using ICT based reporting is simply an enabler
- staff behaviour and process changes, e.g. 'switch off' or videoconferencing in lieu of travel.

Actions that might be candidates across your ICT estate may include:

- data centre rationalisation
- virtualisation
- cloud solutions
- lean desktops
- applications rationalisation
- energy usage cross-charging and innovation on micro-power generation
- Business Process Outsourcing.

Candidates for action across your other infrastructures are likely to include:

- Building Management Systems
- Energy Management and Reporting
- Lighting Control Systems
- water management
- waste collection/segregation and recycling
- multifunctional print devices (MFDs)
- Smart Grids
- renewable and low carbon energy.

3.5 Governance

Returning to this issue, we recognise that insightful leaders will be able to identify the appropriate level within their organisation where the levers of influence can have best effect when overseeing of resource efficiency. There is no prescriptive correct answer, but - considering the future risks of regulatory non-compliance and seismic changes to the cost base of the organisation for energy and other resources - somewhere on or near the managing board would be the best place to start.

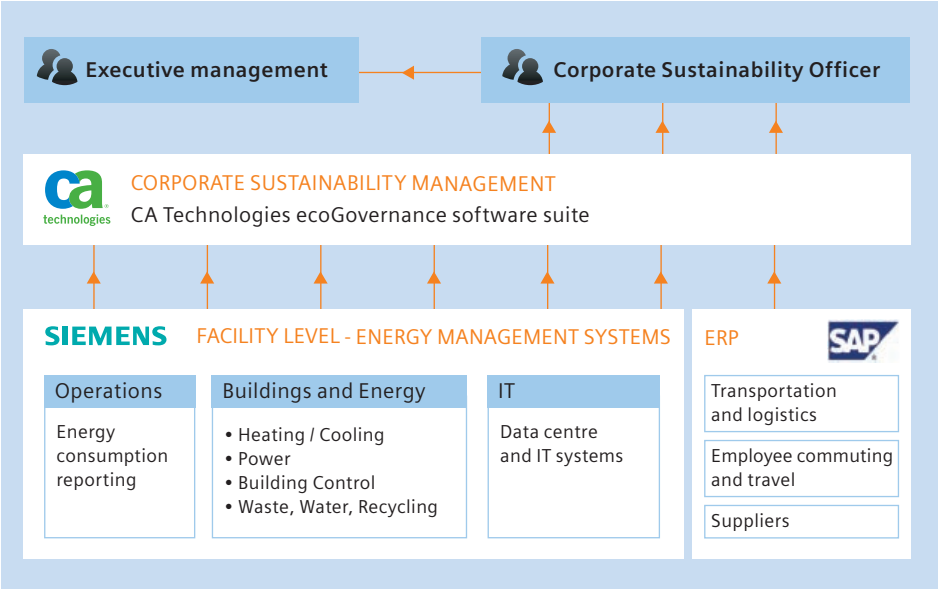
This is why both Siemens and CA have senior officers who are responsible for sustainability. We would be happy to discuss our experiences with you and how this decision has focused all our activities in this important area.

"We at Siemens have made a clear commitment to aligning our business activities with the interests of the generations to come. For example, the utilisation of energy-efficient technologies has a simple economic logic: procurement costs can be recouped in a short time through the savings they generate. Consequently, green technologies will be a strong growth driver for Siemens in the future. Our customers will also profit from significant CO_2 reductions and cost savings, and – what is particularly important to me – we'll be making a valuable contribution to protecting the climate and the environment."

Barbara Kux, Chief Sustainability Officer and Member of the Managing Board, Siemens AG

(Siemens AG Annual Report, 2009)

Bringing data collection, reporting and governance together



4. Conclusions

Using a swathe of disparate and disconnected sustainability initiatives can lead to a loss of momentum. When stakeholders cannot see the whole picture and cannot relate it back to business value, a radical overhaul is needed. Experience shows that a connected approach has much greater impact - and any leader in the organisation's sustainability work needs to win the confidence of the Board by providing rigour, transparency and clarity.

Data capture and reporting needs to be aligned to a structured programme of improvement projects and programmes. The Siemens and CA Technologies approach is not designed to be a point solution for a specific public or private sector enterprise, but is applicable to every industry and sector. This approach builds support from within the company, whilst allowing the business to deliver on its overarching business goals more efficiently and more successfully.

In the 21st Century, Corporate Sustainability and Climate Change are going to be issues of business competitiveness, so starting on this journey now is crucial to business success in the years ahead. Both Siemens and CA Technologies are drawing on their experience to deliver end-to-end sustainability management solutions and services that are business relevant and cost effective. These two companies understand how to combine technologies with processes to ensure high sustainability performance and a rapid return on investment. We would be pleased to explore how we could work together with you to help you achieve the same outcome.

Footnotes:

About CA Technologies

CA Technologies (NASDAQ: CA) is an IT management software and solutions company with deep expertise across all IT environments—from mainframe and distributed, to virtual and cloud. CA Technologies offers a practical approach to innovation with reliable solutions that empower our customers to better control the growing complexity of their diverse IT environments, with products that provide the insight and control essential to power business agility, manage and secure IT environments, and deliver more flexible IT services. Relied on by the majority of the Global Fortune 500 to manage their evolving IT ecosystems, CA Technologies makes business agility possible.

Further information at: www.ca.com/gb/ecosoftware

About Siemens IT Solutions and Services

Siemens IT Solutions and Services is an internationally leading provider of IT solutions and services. It covers the entire IT service chain from a single source, from consulting to system integration, right through to the management of IT infrastructures and the provision of outsourced business services. In addition, it complements and supports the portfolio offerings of the Siemens Industry, Energy and Healthcare Sectors – and especially the substantial Siemens environmental portfolio. With its comprehensive know-how and industry-specific knowledge, Siemens IT Solutions and Services creates measurable added value for its customers. It has also been acclaimed as an 'exemplar' sustainable organisation by CAESER (www.caeser.org: Corporate Assessment of Environmental, Social and Economic Responsibility, a UK supplier assurance programme primarily adopted by public sector procurement specialists).

Further information at: www.siemens.co.uk/it-solutions

Siemens IT Solutions and Services Ltd
Sir William Siemens Square
Frimley, Camberley
Surrey GU16 8QD
Tel: (01276) 696000

Email: info.it-solutions.gb@siemens.com
FAO Steven Barker
www.siemens.co.uk/it-solutions

CA Technologies
Ditton Park,
Riding Court Road, Datchet
Berkshire SL3 9LL
Tel: (01753) 577733

Email: ukmarketing@ca.com
FAO Sonny Masero
www.ca.com/gb/ecosoftware

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