

Driving sustainable transformation

Explore how IBM Consulting can accelerate the sustainability journey for SAP customers

Highlights

Sustainability has become a strategic imperative for business around the world, but many struggle to turn their vision into action.

The time is now, and IBM Consulting is today helping SAP customers accelerate their evolution to intelligent and sustainable enterprises.

IBM Consulting enhances “out of the box” SAP capabilities with IBM and partner solutions to deliver measurable sustainability improvements across the organization.

Introduction: Making the connection between vision and execution

Sustainability has become a strategic imperative for more businesses around the world. In a global survey of over 1,900 executives by the IBM Institute for Business Value (IBV) and Oxford Economics, 73% of surveyed executives said their organizations have set a net-zero carbon emissions goal¹. At the same time, however, only 50% of those organizations that see sustainability as a top priority are effective in achieving their sustainability goals².

This neatly encapsulates the current dilemma facing many organizations: their intentions are good, but they are struggling to make the connection between vision and execution.

Sustainability is also a strategic imperative for IBM and SAP. Drawing on its 50-year journey in sustainability and long partnership with SAP, IBM has developed environmental, social, and governance (ESG) frameworks, value-driven approaches, and solutions to get companies started.

86%

While 86% of companies have a sustainability strategy, only 35% have taken action on that strategy³

Reaching sustainability’s full potential requires concerted action across the enterprise. It means strategic and operational implications for how you create value, position your organization in the marketplace, and tap into the transformative potential of digital technologies.

IBM Consulting's perspectives on sustainability

Consumers care

Consumer attitudes toward sustainability are driving change. They see environmental sustainability and social responsibility as two sides of the same coin and seek brands aligned with their values. 84% say that environmental sustainability is at least moderately important when choosing a brand⁴, and is also a key consideration when investing, seeking employment, or selecting a mode of transportation. Paradoxically, though, companies see customer resistance as one of the top barriers to sustainability.

Build trust with metrics

Transparency builds trust. Even though 48% of consumers say they trust statements companies make about environmental sustainability, more than three-quarters of this group say they also do their own research before deciding⁶. By offering clear, transparent information about their sustainability and social responsibility initiatives, companies can help consumers make informed choices.

Figure 2
Off the charts

Transformation Trailblazers excel in revenue growth

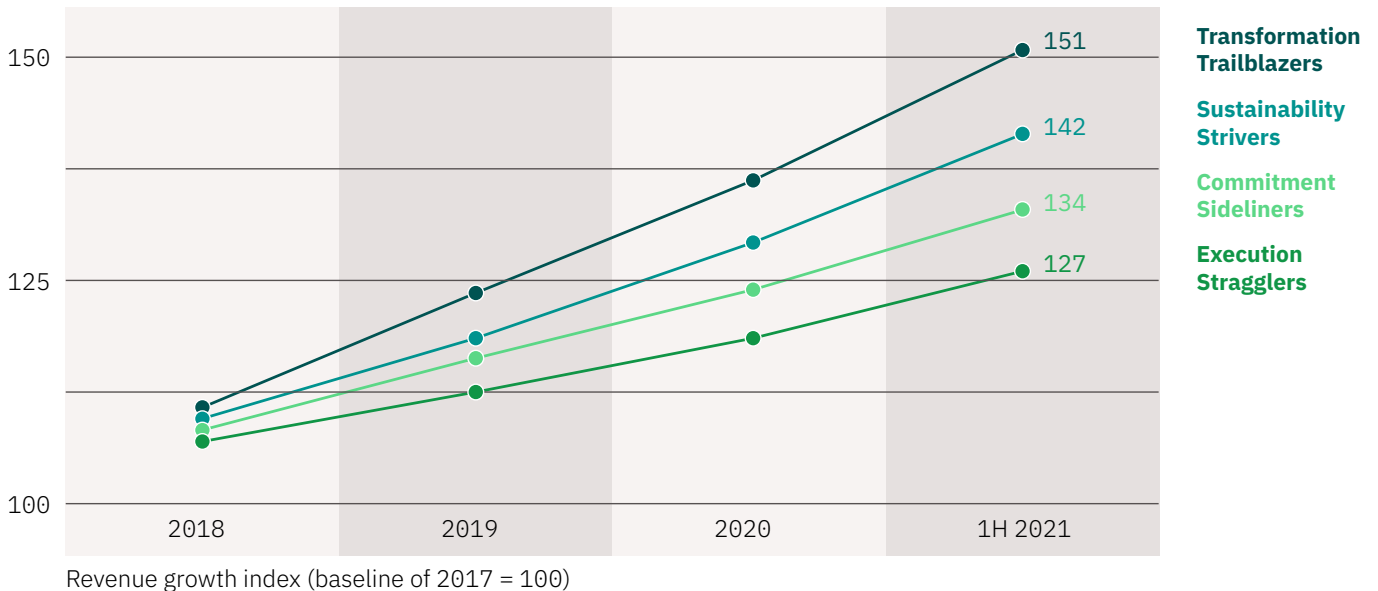


Figure 1
Challenges to changing

Biggest roadblocks to progressing environmental sustainability objectives

- 1 Resistance from customers
- 1 Technological barriers
- 3 Regulatory barriers
- 4 Lack of data and insight

Sustainability for growth

In the past 12 years, brands with perceived positive sustainability impact have grown in brand value at a faster rate compared to those with a low perceived impact. But while much corporate attention is still focused on reputation and compliance, more companies are viewing sustainability as a viable path to operational improvement and business growth.

This is borne out of our research. “Transformation Trailblazers” are committed and effective on execution of sustainability. As a result, they stand out in their ability to achieve significantly better environmental outcomes combined with superior business performance.

>43%

Of consumers will pay a 100% premium for products that are evidenced to be sustainable⁵

>79%

Greater consumer loyalty to purposeful brands⁷

7 in 10

Of executives say their sustainability development goals can improve operational effectiveness, agility, and drive business results⁸



Helping you turn ambition into action

The UN has set a framework of [17 Sustainable Development Goals](#) (SDG) to help guide a path to a “a shared blueprint for peace and prosperity for people and the planet.” Those goals come with a complex and interconnected 169 targets and 5,483 actions. Faced with a challenge of this scale and complexity, businesses and governments are struggling to know how to act effectively.

Focusing on one SDG over another belies the interconnected nature of the targets and actions. Organizations need to address supply chain transparency challenges as well as new energy consumption models in order to achieve the net-zero target necessary to keep climate increases below the 1.5 degree levels necessary to preserve a liveable climate, the focus of COP26.

So, sustainability is an ongoing journey in an ever-changing world of regulatory requirements and climate variation. Many companies have made good progress on decarbonizing their facilities, operations, and purchased energy, the “Scope 1” and “Scope 2” emissions. The key challenge now is that for some companies, up to 97% of their overall emissions are “Scope 3” that sit outside their direct control. Although far more complex, these offer the greatest opportunity for GHG emission reduction.

Technology will play a pivotal role in leveraging sustainability as a catalyst for change. Transformation Trailblazers are significantly more likely to take advantage of emerging technologies such as AI and blockchain while also tapping into hybrid cloud capabilities. This ability to explore the technology frontier is underpinned by strong data management and governance that are critical to driving digital innovation for improved sustainability outcomes.

Figure 3

Advancing sustainability objectives with technology

Cloud, analytics, mobile, and AI lead the pack

	Transformation Trailblazers	Sustainability Strivers	Execution Stragglers	Commitment Sideliners
Private cloud	71%	60%	57%	45%
Hybrid cloud	70%	51%	50%	53%
Advanced analytics	63%	60%	45%	40%
Public cloud	63%	52%	55%	52%
Mobile	61%	52%	59%	49%
AI	60%	50%	37%	37%
ERP	57%	58%	51%	36%
IoT	57%	51%	59%	52%
Robotic process automation	52%	42%	36%	22%
Geospatial data layering	34%	25%	16%	14%
Blockchain	20%	12%	14%	12%
5G	19%	16%	14%	10%
Edge computing	18%	14%	15%	16%
Quantum computing	15%	7%*	10%	9%

*Results using low counts are statistically unreliable but can be considered directional. Q. What is the importance of each of the above technologies in advancing your sustainability objectives? Percentages show responses of 4 and 5 on a 5-point scale where 1=not at all important and 5=critical.

IBM Consulting is committed to helping customers address this next level of challenge by aligning sustainability into their SAP-based business transformation programs to forge a stronger and credible link between strategy and operational execution as they make the move to become intelligent enterprises.

For consumer and B2C industries, the primary focus is on supplier risk, protecting the brand, and preserving the social license to operate. In manufacturing, the focus is more on emissions reporting and compliance.

Our approach broadly follows two key steps:

IBM Garage™ for sustainable business transformation

First, companies can clearly define the problem and opportunity using IBM Garage, an end-to-end model for accelerating digital transformation. It helps companies generate innovative ideas and equips them with the practices, technologies and expertise to rapidly turn those ideas into business value. When used in conjunction with IBM’s Green Compass framework (see figure 1), it enables companies to view sustainability more holistically and understand areas to track, report, farm, and innovate to meet tomorrow’s sustainability requirements.

IBM sustainability solutions

Having identified their sustainability priorities and goals, companies can then choose from a growing range of IBM sustainability solutions covering key business areas including

finance, asset management, supply chain and logistics, manufacturing, procurement, and the business network.

With these solutions, we enhance “out of the box” SAP capabilities that leverage not just the best of IBM but in addition our evolving sustainability partner ecosystem to deliver tangible sustainability improvements across the organization that are measurable against the 17 Sustainability Development Goals.

Iberdrola: Providing greener energy

To achieve its mission of providing clean, affordable energy to more people around the world, Iberdrola aimed to increase the efficiency and sustainability of its supplier ecosystem. Working with IBM Consulting, Iberdrola built automated digital procurement process using SAP Ariba.

Today Iberdrola is better able to assess the environmental impact of each of its suppliers allowing them to secure the best price possible on sustainable materials, products, and services.

“With IBM and SAP at our side, we are even better placed to play a key part in building a more sustainable world for future generations.”

Ramón Zumárraga,
Director of Purchasing Services,
Iberdrola

Figure 4
The IBM Green Compass Framework





Conclusion: The time is now

The need to address climate change and its associated inequities with tangible and decisive action has become an urgent imperative for the entire world. We believe that every company must act now to infuse sustainability into every part of its business operations. Not only will this help to save the planet, but it will also deliver better quadruple-bottom-line performance.

Of course, different companies are at different stages of their sustainability journey, but there are concrete actions they can take depending on materiality, maturity, and the best first next step, starting where they are.

Businesses can start by co-creating a vision and a roadmap to execution, follow through by lowering risk and optimizing business operations, and engage with the ecosystem to accelerate the sustainability agenda.

Each action needs to be clear, measurable, and bold if it is to be effective.

IBM Consulting is today helping SAP customers plan and execute a sustainable and profitable path forward, accelerating their evolution to intelligent and sustainable enterprises with open, AI-powered solutions and deep industry expertise. Don't wait, come join us on the *purpose revolution*.

Sources:

1. "Sustainability as a transformation catalyst," IBM Institute for Business Value, Research Insights, January 2022.
2. Ibid.
3. Ibid.
4. "The last call for sustainability," IBM Institute for Business Value, Research Insights, August 2021.
5. Ibid.
6. Ibid.
7. Ibid.
8. "Sustainability as a transformation catalyst," IBM Institute for Business Value, Research Insights, January 2022.

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1 Technology CEO Council Report, One Trillion Reasons, October 2010
(www.greenbiz.com/research/report/2010/10/25/one-trillion-reasons)

