

# Why IT Should Lead an Organization's Green Movement

OCTOBER 2009

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# Executive Summary

## Challenge

The causes, scope and impact of global climate change may understandably be subject to a divergence of opinion, but it is now virtually impossible to deny that climatic changes are occurring. Likewise, it is no longer possible for organizations to ignore the significant environmental pressures that face them today. Volatile energy costs, limitations on available energy, imposed rules/legislated regulations, and a general desire for transparency into an enterprise's operations, including its supply chain, are all realities organizations must address. And they must do so while continuing to be responsive to the needs of stakeholders.

## Opportunity

Unquestionably, organizations must act to deal with all of these issues, lest they put themselves at risk of extinction. However, to date, those actions have all too often proven to be reactive rather than forward-thinking, isolated rather than coordinated, department-centered rather than business-wide. An organization's response must be more comprehensive and systematic in order to maximize resources and focus energies on successful outcomes for the business overall.

## Benefits

Current conditions create a perfect opportunity for IT to step up and play a critical role in helping shape the organization's responses to the environmental challenges it faces. IT can do this by working in concert with business units and by utilizing technology across the enterprise to help reduce cost, mitigate risk and also seize opportunities.

## Sustainability Challenges Facing Organizations Today

Energy, carbon and sustainability issues are putting tremendous pressure on organizations today. One could argue that energy costs and capacity limitations alone are enough to put this on the agenda of C-level executives in an organization. But there are even more factors at play, as stakeholders, within and without the organization, play an increasingly active role.

Consumers are showing a growing interest in more eco-friendly products and services. They are also looking at the reputation and image of the organization in terms of environmental issues as a determinant factor in buying decisions.

Governments are taking a harder stance on the reduction of carbon emissions and implementing cap and trade systems, as witnessed by the European Union Emission Trading Scheme (E.U. ETS), the U.K. Carbon Reduction Commitment (CRC) and the Australian Carbon Trading Scheme. In the United States, the American Clean Energy and Security Act of 2009 contains legislation that would implement a cap and trade system in America.



The suppliers' role continues to be an important one, but in a different way. In the case of suppliers, it is all about transparency. In an effort to both minimize risk and identify opportunities, organizations now need to have greater visibility into the operation of their suppliers. The epitome of this is Wal-mart's recent announcement of its plans to query each of its 100,000+ suppliers on what they are doing to address environmental issues in their operations.

Investors are also asking for transparency from an organization. An example of this is the Carbon Disclosure Project (CDP), a Non-Governmental Organization (NGO) that requests information on a company's carbon footprint, energy usage and climate change strategies. This information is then being fed to Bloomberg and added to the profile of the organization, allowing investors to have insight into the carbon and climate change risks of the firms in their portfolio.

The above context doesn't even take into account the needs of other stakeholders such as the organization's employees and its board of directors. Clearly, then, environmental pressures on any organization are considerable and undeniable. Responding to these pressures brings costs and risks, to be sure, but they can also present opportunities for savings, growth and improvement that organizations would be foolish to ignore.

## Organizational Silos

Now that we have a better understanding of why an organization needs to act, the question is how best to address the challenges. What is clear is that these challenges cannot be treated in isolated departmental silos. Departments should not be left to their own devices to determine how to address them. If they are, they may very well do what's in the best interest of their department even to the detriment of the enterprise. Instead, it is critical to put in place a systematic approach that cuts across the silos and ensures that the best choices for the organization as a whole are made, and not simply what benefits the department.

A telling example of the siloed mindset can be seen when looking at the conflict that exists between IT and facilities in many organizations. To illustrate, consider a recent discussion with an organization that has a very prominent corporate sustainability program. This program was strongly supported and directly endorsed by the board and CEO. One of the mid-level managers within the IT department had an interesting reaction to a discussion about some of the newer technologies on the market that help reduce energy consumption and cost in data centers. He laughed, and then explained that while he understood the value that some new technologies could provide, his management would not support them because energy cost savings were not important to the IT department. The reason: the facilities department paid the energy bill!

Simply stated, despite the CEO-led sustainability program, energy cost savings were not something these IT managers cared about, since they weren't paying the energy bill. On the flip side, it is not unusual for IT to express an interest in having access to information that facilities maintains within their building management systems, because it might provide valuable insight to enhance their operations. Yet such cross-department communication rarely materializes.



## Strategic Role of IT

There needs to be a single department in the organization with the capability of driving change across the enterprise to address these issues in a systematic fashion. The department best suited to lead this effort is IT. Let's look at three reasons why this is the case.

First and foremost, the IT department is already engrained into every part of the business and has the ability to cut across the silos. What other part of the organization has a touch point into every other department in the enterprise? The IT department is pervasive across the business and, therefore, is best suited to deal with the challenges that cut across the enterprise.

Secondly, the IT department in almost all organizations is already looking into "Green IT" technologies to help itself optimize the energy consumption of its data centers. It may or may not be for the purpose of energy cost reductions as noted above; it may be due to energy capacity limits that are impacting the services being provided to the business, or it may be part of a plan to reduce the organization's carbon footprint. These efforts should give IT a basic understanding of how technology can help deal with issues around energy, carbon and overall sustainability. This provides the IT department with the opportunity to leverage what it is currently learning in helping itself and apply that knowledge across the enterprise in new and innovative ways.


Finally, the IT department is ever looking to play a more strategic role for the organization, seeking to provide a competitive advantage. For the last few years, IT has been preaching its desire to improve its alignment with the business units. Well, what better way to do this, than to play a strategic role in addressing the energy, carbon and sustainability challenges, not only within IT, but also across the scope of the enterprise.

### WHAT CAN IT DO?

The environmental challenges facing organizations are by no means insignificant, and they could be quite costly without technology. By taking an active role, IT will put itself in a key strategic position that ultimately will illustrate how it is truly aligned to the business. IT should coordinate with the business in identifying areas where technology can be applied to help the enterprise reduce expenditures, mitigate risk and seize opportunities. To help cut costs, IT should look to provide technologies that improve energy management and automate manual processes. Carbon management and compliance monitoring solutions can help the organization to mitigate its risk. However, the focus is not only on preventative measures, it is also on capitalizing on opportunities. Therefore, technologies that give insight into the portfolio of opportunities and assist the organization to choose the right initiatives, implement them, validate the results and report fact-based information to stakeholders, constitute an important part of any successful program.

### EXAMPLES OF IT LEADERSHIP

Many examples already exist where technology is being used to address energy, carbon and sustainability challenges across the enterprise. Below we will look at two examples where IT is providing technology to address an organization's environmental challenges.



Tesco is a great example of IT taking a leadership role in helping the organization address its environmental challenges. When it analyzed its carbon footprint baseline, it determined that IT made up just 4% of the company's total carbon footprint. However, it also determined that IT could help reduce the company's total carbon footprint by approximately 20% by providing technology to help manage energy across its entire real estate portfolio.

BT is another example of IT applying technology business-wide to assist in implementing its environmental program. BT made a concerted effort to use its teleconferencing capabilities to reduce business travel. A case study on the efficacy of their efforts found that they not only reduced consumption of CO<sub>2</sub> by nearly 100,000 tons, but they also reduced their costs (time and travel) by almost £240M annually.

## Conclusions

Whether the driver is addressing energy costs, energy capacity limitations, consumer pressures, environmental regulations, supply chain transparency or an increasing need for investor disclosure, organizations are faced with significant challenges. These challenges cut across the enterprise and require a systematic approach to address them efficiently, comprehensively and successfully. IT has touch points into every department, it is already utilizing technologies that improve its own environmental issues and it has a desire to play a more strategic role in the business. Therefore, now is an opportune time for CIOs to seize the moment and take a leadership role in addressing these challenges. In so doing, it will exhibit once again how IT can be strategic in solving critical business problems for the enterprise.

## About CA ecoSoftware

CA ecoSoftware can help organizations meet corporate energy and sustainability goals such as reducing carbon emissions, managing consumption and cutting energy costs. They can become more efficient when using power and natural resources by providing valuable up-to-date information captured from its environment and by supporting its efforts with a systematic governed approach. This information can be communicated to stakeholders and used to drive continuous improvement.

CA ecoSoftware offers a broad range of sustainability management capabilities to help manage an organization's sustainability program from strategy to execution. It also includes a robust suite of carbon and natural resource management to measure, calculate and report on energy use, water, waste and the associated GHG emissions across the enterprise. One can measure the environmental performance of sites, facilities and suppliers through assessments, which provide a method and process for capturing the information more efficiently via web-based questionnaires. With operational energy management, organizations can gain greater visibility into energy and other environmental resources in the datacenter and across the enterprise to visualize, monitor and better manage the use of energy. To learn more about CA ecoSoftware, visit [www.ca.com/ecoSoftware](http://www.ca.com/ecoSoftware).



## About the Author

Terrence Clark is a senior vice president and general manager of CA's ecoSoftware Business Unit. His vision is to help organizations evaluate their portfolio of green choices, while showing them how they can reduce their carbon footprint, save costs, seize on opportunities and be both creative and effective in pursuing a sustainability strategy.

In defining CA's innovative approach in this area, he has worked with a team of experts to develop software solutions uniquely addressing sustainability strategy, reporting, assessment and program management, as well as enterprise carbon accounting, environmental monitoring, and environmental risk and compliance management. In addition, he is leading CA's efforts to enable companies and service providers to keep closer tabs on the energy use, capacity and reliability of their datacenters and facilities with a centralized view of detailed energy-related information, allowing them to minimize waste, reduce energy costs and decrease carbon emissions.



## About CA

CA is a leading software company with expertise and vision aimed at helping organizations govern, manage and secure IT. CA has leveraged its capabilities in areas such as systems management, project and portfolio management, and governance, risk and compliance management to create CA ecoSoftware. CA ecoSoftware is focused on providing innovative solutions to the energy, carbon and sustainability challenges faced by organizations.

