# Let's get serious about sustainability

## Sustainability isn't just the ethical path; it's the profitable one.

### *Passion drives action.*

Consider the professional accomplishments you're most proud of – were they checklist-style assignments, or passion projects that crept across the line that divides your personal life from your career? It's almost certainly the latter, and that same sense of passion is what fuels sustainable technology solutions.

Of course, there are government regulations and corporate motivations for embracing sustainability. But all of this can be traced back to citizens of Earth who care deeply about preserving the planet so future generations can surf the Pacific under an azure sky, traverse the dusty Serengeti in search of the Big Five, and drink in the clean air of a redwood forest.

Sustainability invokes passion – and as the green wave grows, green initiatives can bring along people who aren't at the same stage thanks to the positive business impacts incurred.

# Why IT sustainability is a top business imperative

A recent Gartner® study identified that: "By 2026, 75% of organizations will increase business with IT vendors that have demonstrable sustainability goals and timelines and will seek to replace vendors that do not."

This means that organizations that don't embrace sustainability – and don't show their work – are going to start bleeding customers.
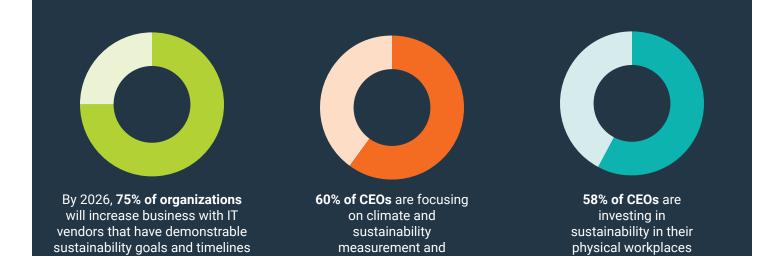
But this isn't the only business reason to go green. Sustainable business practices are good for growth. Studies have shown that organizations that go green realize increased profitability and efficiency. At SHI's Sustainability Summit in November 2023, Jim Gowen, Verizon's SVP of Global Supply Chain & Sourcing and Chief Sustainability Officer, noted that investments like electric vehicles and renewable energy are savvy financial moves *and* help the environment.

Sustainability-minded organizations also inspire customer loyalty and are more attractive employers to rising talent. The Harvard Business Review found that Gen Z and millennial customers "are 15% more likely than older generations to spend more money with the brand and choose it over its competitors." With elder millennials now approaching their mid-forties, this is a formidable cohort.

It's no wonder, then, that 60% of CEOs are focusing on climate and sustainability measurement and reporting, and 58% of CEOs are investing in sustainability in their physical workplaces, according to a Fall 2023 Fortune/Deloitte CEO Survey.

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# *Sustainability is a team sport*

Sustainability is revolutionizing IT. If you're looking for an entry point, it starts by embedding people who are enthusiastic about environmental concerns across your entire organization. For instance, an accounting major with a sustainability minor should be an accountant, rather than a member of a dedicated sustainability team. They'll make an impact on sustainable initiatives within their own department and help contribute to overall buy-in across the organization.

With buy-in across functions, an ESG committee comprised of senior employees and sub-teams that span the organization can propel change and spark game-changing initiatives, like these examples:

### ZS Associates

An electric vehicle commuting initiative in India saved 127,000 hours of travel and 45 metric tons of $CO_2$ emissions.

### Bristol Myers Squibb

By partnering with SHI and Lenovo to switch from air transport to ocean and truck procurement, and by shifting to bulk packaging with ten laptops per box, they reduced carbon emissions and landfill contributions.

### SHI International Corp.

SHI reduced $CO_2$ emissions by 100 metric tons by investing in sustainable initiatives, including light fixtures, recycled cardboard, dark Fridays, hybrid work, 7,000 solar panels, and an employee community garden.

Annual sustainability training for all employees can help with quick wins and bring more internal champions on board. But your ESG committee will spearhead more formal activities.

> ## Passion usurps everything. They're delivering because they know what they want to see happen.
>
> *Jim Gowen*
> *SVP of Global Supply Chain & Sourcing and*
> *Chief Sustainability Officer, Verizon*

# *Lead sustainable innovation from the inside out*

Jamila Cowan, Global Director of Customer and Regional Sustainability & ESG at Dell Technologies, recommends completing a materiality assessment to understand which ESG issues and risks are most important to your organization. For instance, a manufacturing company might be highly attuned to supply chain risks, while a professional services provider focuses on other concerns.

Once you're clear on where your organizational interests lie, Chrissa Pagitsas, Principal and Founder of Pagitsas Advisors and a Senior Advisor to McKinsey & Co., recommends leading sustainable innovation by setting an audacious, long-term goal.

An ambitious goal that changes the way we think, expands capabilities, has a long-term horizon, and can be explained with a short phrase can serve as your north star as you begin to integrate sustainability principles into your organization's DNA. It's a mindset shift and a leadership leap of faith, but the positive impact will echo for years to come.

## Roadmap for setting sustainability goals

Define your goal: "I want to make xxx more sustainable."

Once you've articulated your desired outcome, it's time to build your roadmap.

| TINKER | PERSEVERE | SCALE |
|---|---|---|
| **Work through ideas to develop solutions.** | **When you crash, you have to keep trying.** | **Figure out how to replicate wins.** |
| Use available tools. Adapt adjacent ideas. Enroll internal allies. | Partner unconventionally Seek critique. Adapt fearlessly. | Engage competitors. Expand infrastructure. Build demand. |

Alternatively, if you're starting with a grassroots strategy, begin with your procurement team. Ask, "What do we require of suppliers in terms of environmental performance and sustainability standards?"

# Procurement in the eco-friendly age

When you're building a sustainability plan, keep in mind that your key stakeholder list includes customers, employees, shareholders – and society at large. That's why a sustainable supply chain and sustainable procurement measures are vital.

Gowen explained that Verizon leverages technology to achieve net zero emissions and drive sustainable innovation. During climate-induced disasters, the company focuses on keeping its network up to support first responders, enabling life-altering communications to get through. They also consider communication frequency when building infrastructure. For instance, at large venues, 5G networks can be put into sleep mode when a concert or sporting event is not taking place.

Verizon also relies on sustainable materials to build infrastructure and equipment. This includes augmenting networks with fiber, which is more than 100 times more efficient than copper, and using ocean plastics to craft approximately 60% of the materials required for consumer routers.

At SHI, we built an internal emissions application following a conversation with a customer about carbon reduction. Now, every SKU we purchase lists the measurable emissions tied to it, based on total inventory – alongside suggested carbon credit projects to offset our emissions.

The aforementioned Gartner® study states that: "By 2026, 70% of technology sourcing, procurement, and vendor management leaders will have environmental-sustainability-aligned performance objectives for their functions."

## Key questions for suppliers should include:

- What actions have you taken to reduce carbon emissions?

- Have you set targets to support the United Nations Global Compact and the Science Based Targets initiative?

- Where do you source materials from? Do you check the sustainability practices of your suppliers?

- Do you use eco-friendly or recycled materials for your packaging?

- Can you provide examples or case studies regarding working conditions and safety standards for your factory workers?

This is procurement in the eco-friendly age: thoughtful, ethical consideration of the planetary impact of our actions. It's time for organizations to question suppliers to ensure they're abiding by all federal and local standards and pushing the envelope as we move toward a greener future.

It's also vital to build resiliency into your supply chain. Just as you shouldn't rely on a single source for manufacturing, you also should not rely on a single country. Mitigate risks by diversifying your network of eco-conscious suppliers, and require transparency and reporting of each organization you do business with to ensure their sustainability goals align with your own.

# Actions to reduce your carbon footprint

Even for the most enthusiastic green champions, it can be daunting to determine the "right" sustainability steps to take today. But here's the secret – just as every step brings a runner closer to the finish line, every sustainable action helps reduce your carbon footprint.

In no particular order, here's some recommendations you can action immediately:

### IDENTIFY LOW-HANGING FRUIT

Are you optimizing power settings? Scheduling lighting to turn off when your facilities are not in use? Using energy-efficient equipment? By establishing baseline metrics for your consumption, you can determine what good looks like for your organization and develop targets to strive for in the coming months and years.

### EXPLORE CIRCULAR IT PRACTICES

Look at refresh rates for each hardware category, including smartphones, laptops, and data center equipment, and determine when you can repair, refurbish, and reallocate materials or their components instead of bringing in new products.
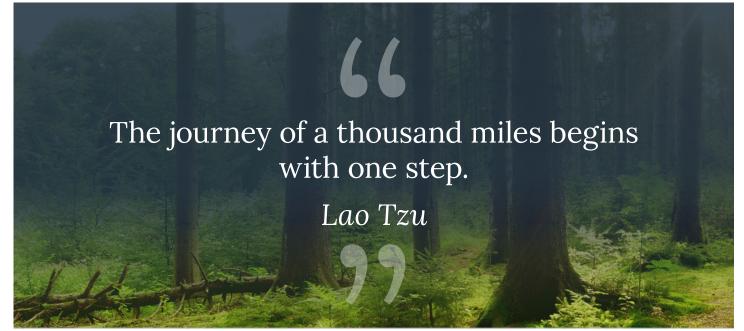
### REVAMP YOUR DEPLOYMENT METHODOLOGIES

By shifting to direct shipping and zero touch deployment, you can minimize the number of shipping destinations each asset visits prior to reaching its final destination – and thus reduce carbon emissions and shipping material consumption.

### INVEST IN YOUR COMMUNITY

Once assets reach the end of their usable life within your organization, they may still have value to someone else. Meet with your local schools, libraries, or hospitals to see if they have technology needs you can help fulfill, rather than ticketing unwanted equipment for landfills.

> "
> The journey of a thousand miles begins with one step.
>
> *Lao Tzu*
> "

# Sustainability drives profitability

Cost is a common objection to sustainable practices. But as Gartner® notes, "By 2026, 30% of organizations will implement environmental sustainability programs for IT that incorporate objectives of driving cost optimization and minimizing waste."

Customers and investors increasingly do not want to do business with organizations that are not serious about sustainability. So while you may save a few dollars by declining to invest in sustainable strategies, it's all but certain that negative ramifications for your bottom line – and stock price – will soon follow.

Improving energy efficiency and water conservation, implementing circular IT strategies, and revamping transportation consumption are all proven to reduce costs. And facts are facts: sustainable business is more profitable.

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## Enhanced stakeholder engagement and investor appeal

The return on investment (ROI) from green technology transcends financial gains. Sustainable practices attract stakeholders who are environmentally conscious – including your customers, employees, investors, and communities. By demonstrating a commitment to sustainability through sustainable IT initiatives, you can enhance stakeholder engagement, improve employee morale, attract responsible investors, and foster positive relationships with local communities. These intangible benefits contribute to your overall ROI by enhancing your brand value and ensuring long-term business viability.

A 2023 study published by Bain & Company and EcoVadis shows four strongly positive correlations between sustainability factors and profitability: diversity, equity, and inclusion; employee satisfaction; renewable energy; and sustainable supply chain. Similarly, a 2023 McKinsey study notes that financially successful companies that integrate ESG priorities into their growth strategies outperform their peers, concluding: "Leaders need to take a long-term perspective and have the courage to invest in sustainable and inclusive growth that delivers revenue, economic profit, and shareholder returns."

# *Sustainability is what's next*

As we collectively embrace the challenge to build a more sustainable future, we must push beyond legal mandates and create sustainable mindsets within our own organizations. Here's four ways technology can help transform your organization:

### INVEST IN A SUSTAINABLE DATA CENTER
By implementing end-to-end sustainable data center solutions, your organization can reduce operational costs, energy usage, and carbon emissions and consolidate data center space.

### MIGRATE AND OPTIMIZE WORKLOADS IN THE CLOUD
Green cloud computing promotes remote work, optimizes resource use, and enables your organization to meet green regulations with modern IT infrastructure.

### RESPONSIBLY REDEPLOY AND RECYCLE AGING IT
Circular IT practices help ensure data security, reduce e-waste, and boost the circular economy.

### CHOOSE SUSTAINABLE BUSINESS FINANCING
By driving circular consumption of sustainable technology, your organization can count on flexible, predictable payments, minimize tech waste, offload lifecycle management, fuel innovation, and accelerate transformation.

> Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has.
>
> *Margaret Mead*

## It's time to go green — for each other.

For more information on SHI's sustainability commitments, or to speak to a specialist about how SHI can help with your sustainability goals, please visit shi.com/about/sustainability.