White Paper

Expanding Eco-Practices Benefits the Bottom Line and the Brand

Sustainable IT initiatives at midsize and large organizations

Research conducted by: COMPUTERWORLD
The Voice of IT Management

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Sustainable IT initiatives at midsize and large organizations

Overview

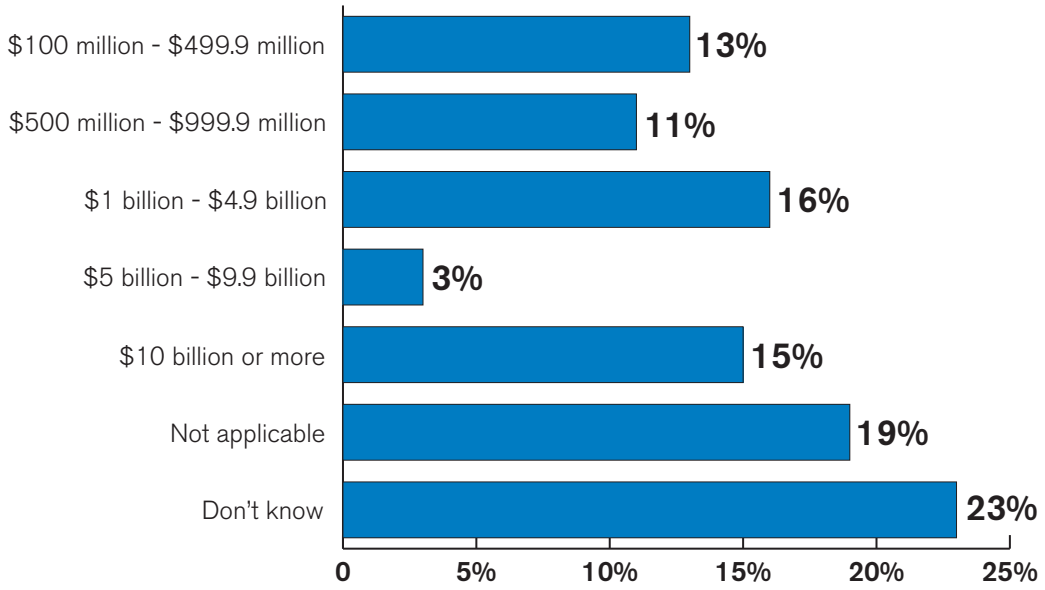
In January/February 2008, *Computerworld* invited IT and business leaders to participate in a survey on sustainable IT initiatives at their organizations. The survey was fielded via targeted broadcasts to *Computerworld* customers, as well as through an invitation on *Computerworld.com*. The goal of the survey was to better understand initiatives surrounding sustainable or green IT. The survey was commissioned by SAS, but the data was gathered and tabulated independently by Computerworld Research. The following report represents top-line results of that survey.

Profile of respondents

Total respondents: 226

All 226 respondents were qualified through a series of screening questions as being involved in sustainable IT projects/initiatives for organizations with $100 million or more in annual revenue. The chart below provides a breakdown of the percentage of respondents based on their organizations' annual revenue. This chart is followed by breakdowns of respondents, based on job title and industry.

What are your organization's gross annual revenues?



Average gross annual revenues = $3.97 billion

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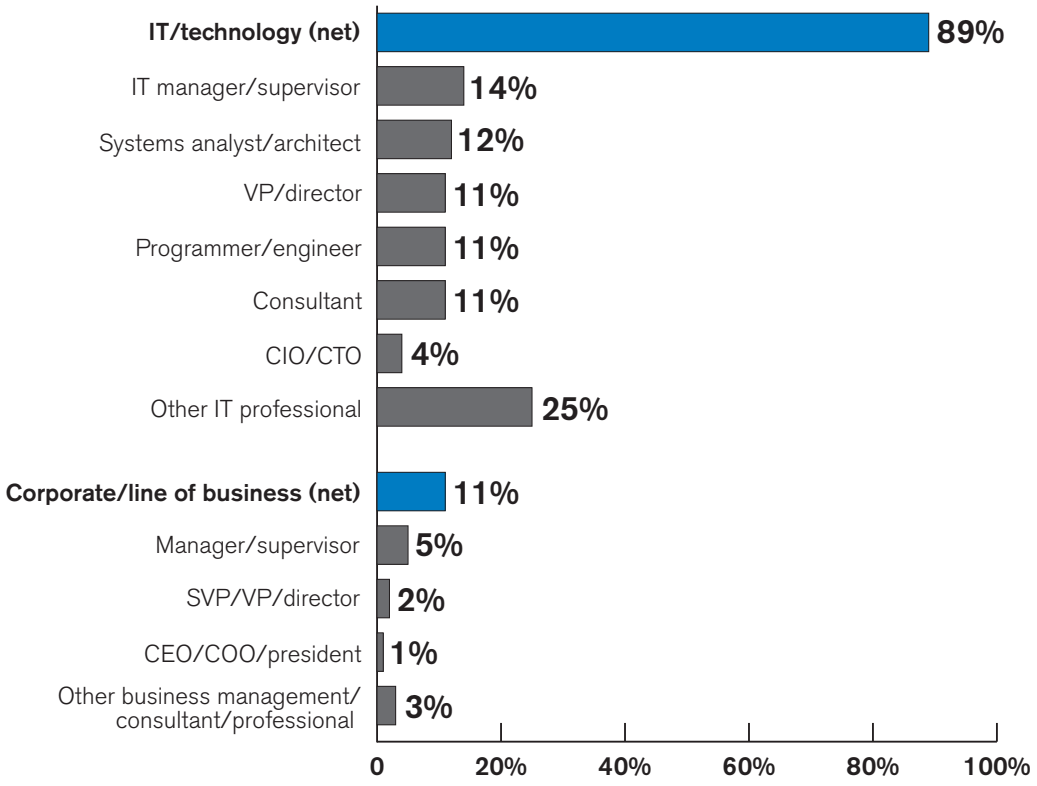
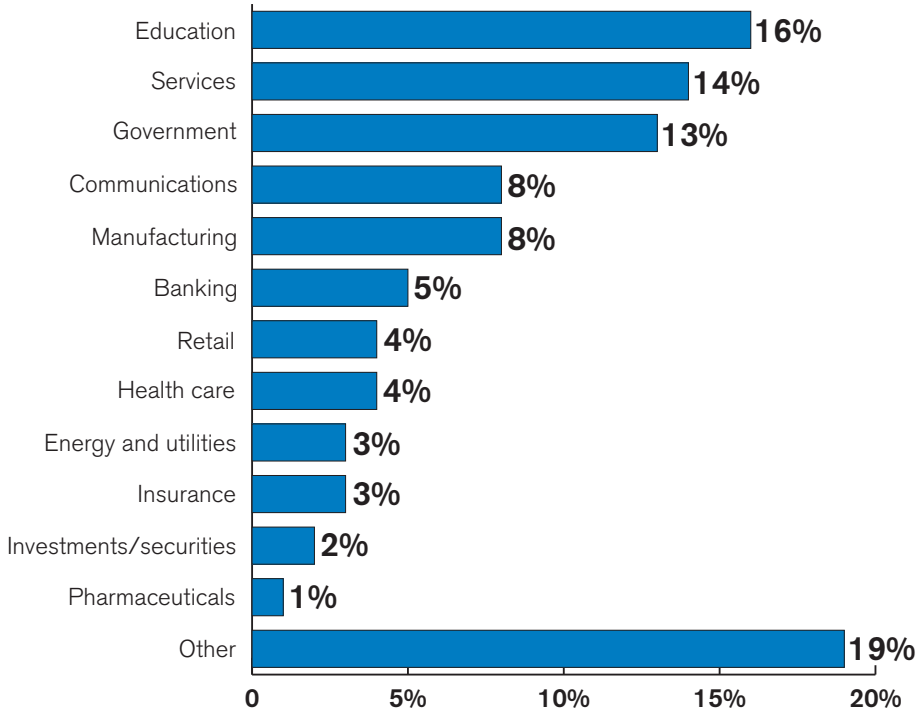
What best describes your job title/function?



Percentages do not equal 100 due to rounding.

What is your organization's primary business or industry?



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Executive summary

The environmental impact of organizations' business and IT processes has risen to the forefront in recent years. In response to this heightened awareness, many IT organizations are implementing a broad range of sustainable IT initiatives that will help reduce IT contributions to global greenhouse gas (GhG) emissions by focusing on energy efficiency and governance. These initiatives have the dual benefit of reducing an organization's operational costs and overall energy footprint through improved resource utilization, capacity planning and "right-sizing" of IT infrastructure.

In 2008, respondents expect an increase in spending related to sustainable IT projects/initiatives, with the average percentage of IT budgets allocated to sustainable IT projects/initiatives increasing from 15.7% in 2007 to 18.4% in 2008. This reflects a healthy growth of 17% in this IT spend category.

In fact, more than three out of 10 respondents report plans over the next 12 months to take specific action on one or more projects, such as reducing and managing waste appropriately, including disposing of PCs; expanding grid computing or virtualization projects; implementing green considerations in procurement processes; conducting energy-efficient assessments; and modifying physical infrastructure of their data centers to gain eco-efficiencies.

The importance of sustainability is clear, with more than six out of 10 respondents rating sustainable IT projects/initiatives as very important or important to their organizations' overall IT strategy, and with seven out of 10 respondents indicating that these initiatives are tied to a larger organizational strategy for sustainability. The greening of the IT industry is becoming a global priority with multiple industry and policy initiatives.

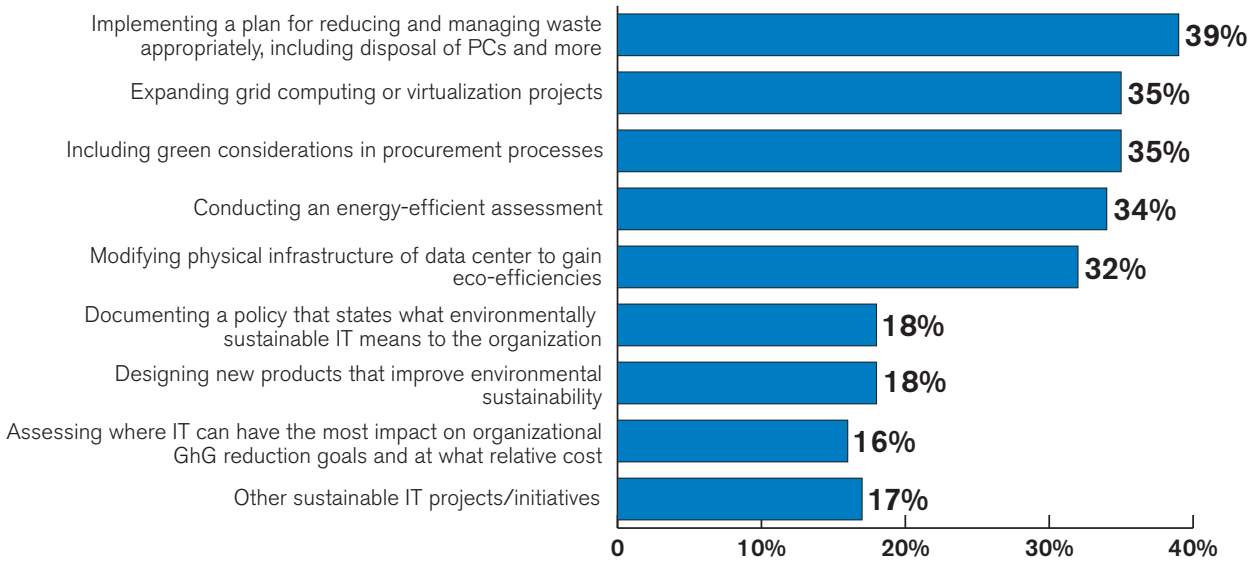
Even though there is significant focus on the energy consumption of data centers, the direct contribution of IT to GhG emissions is estimated at only 2%, according to research conducted by Gartner Inc. While these emissions can be reduced, the real opportunity is to apply IT to reduce the remaining drivers of climate change. Currently, many organizations have not adopted technology that provides insight into the best GhG reduction options and the right course of action to effect change in our global community. As a result, important projects may be overfunded or underfunded and emission-reduction goals may not be met.

With the acknowledged importance of sustainability initiatives and the fact that nearly eight out of 10 respondents expect some sort of impact of sustainability on the goods and services their organizations offer to end users, organizations recognize the impact on their brands and are turning to the adoption of performance management frameworks to strategize, analyze and implement effective sustainability initiatives.

Current and future sustainable IT projects/initiatives

A variety of sustainable IT projects/initiatives are currently in progress or are planned for implementation at respondents' organizations within the next 12 months. More than three out of 10 respondents report plans to reduce and manage waste, expand grid computing or virtualization, include green considerations in procurement processes, conduct energy-efficient assessments or modify physical infrastructure of their data centers to gain eco-efficiencies.

Which of the following sustainable IT projects/initiatives are currently in progress or planned for implementation at your organization within the next 12 months?



Multiple responses allowed.

Notably, organization size impacts the level of sustainable IT activities undertaken. Larger organizations ($1 billion or more in revenue) are significantly more involved in these specific activities than midsize organizations (less than $1 billion in revenue):

- Expanding grid computing or virtualization projects (52% vs. 31%)
- Including green considerations in procurement processes (47% vs. 31%)
- Conducting an energy-efficient assessment (44% vs. 29%)

Organizations with sustainable IT projects/initiatives that are tied to a larger organizational strategy for sustainability indicate a higher level of activity in four areas. Two of these can be tied to innovation; that is, looking for new ways to apply technologies or design new areas for top-line revenue.

- Designing new products that improve environmental sustainability (21% vs. 9%)
- Assessing where IT can have the most impact on GhG reduction goals (19% vs. 9%)

The remaining two require organizational investment and new perspectives on existing business processes; however, they also offer the promise of financial return because of lower energy consumption.

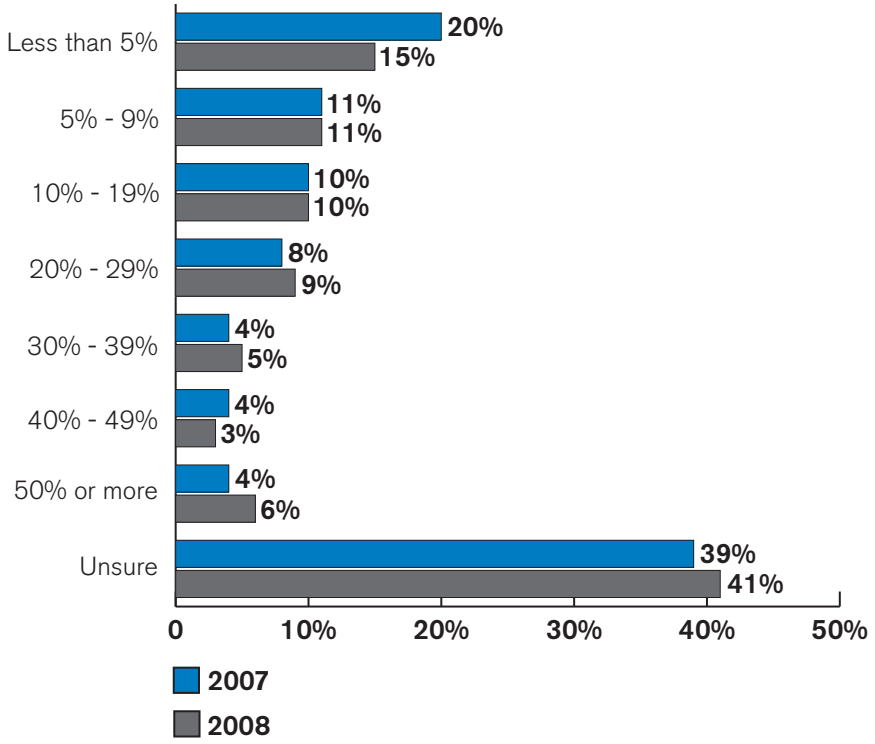
- Expanding grid computing or virtualization projects (40% vs. 24%)
- Modifying physical infrastructure of data center to gain eco-efficiencies (36% vs. 22%)

Budget for sustainable IT projects/initiatives

The average percentage of respondents' organizations' IT budgets allocated to sustainable IT projects/initiatives is rising regardless of the size of the organization, with the average percentage increasing 17%, from 15.7% in 2007 to 18.4% in 2008.

Not surprisingly, organizations with sustainable IT projects that are tied to a larger organizational strategy for sustainability have seen a larger increase in budget allocation for sustainable IT. In fact, these organizations anticipate an average increase of 18% in budget allocation for sustainable IT (from 17% to 20%), as opposed to an average increase of 12% for organizations without sustainable IT projects being tied to a larger organizational strategy for sustainability (from 12.5% to 14%).

Approximately what percentage of your organization's IT budget was allocated to sustainable IT projects/initiatives in 2007 and what percentage of your organization's IT budget is expected to be allocated to sustainable IT projects/initiatives in 2008?



Average percentage of IT budget allocated to sustainable IT project/initiatives in 2007 = 15.7%
Average percentage of IT budget allocated to sustainable IT project/initiatives in 2008 = 18.4%

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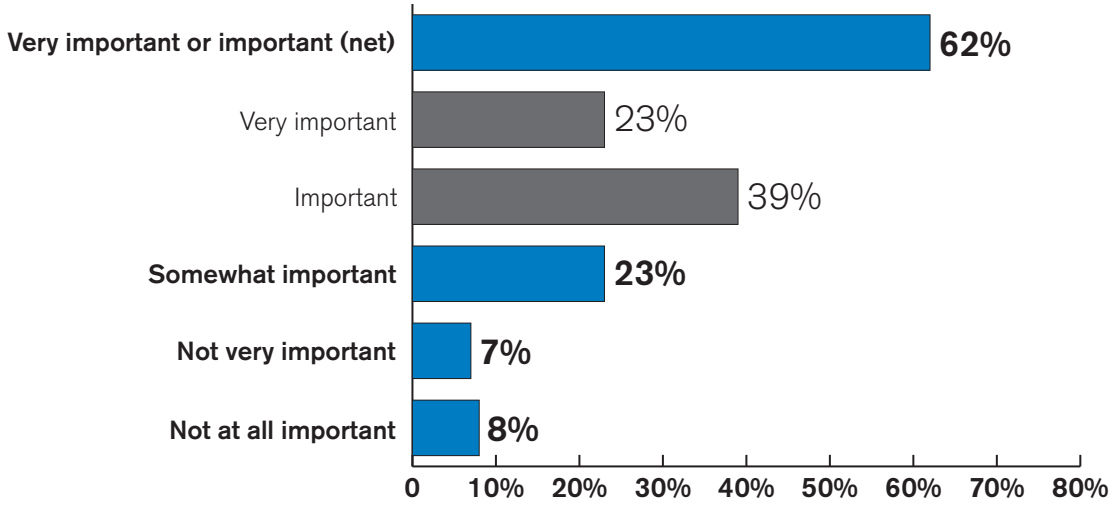
Importance of sustainable IT projects/initiatives to overall IT strategy

Importance of sustainable IT projects/initiatives is high, with more than six out of 10 respondents rating their organizations' sustainable IT projects/initiatives as very important or important to their overall IT strategies. Furthermore, sustainable IT projects/initiatives are also important to overall organizational strategy, with seven out of 10 respondents indicating that their organizations' sustainable IT projects/initiatives are tied to a larger organizational strategy for sustainability.

Please rate the importance of your organization's sustainable IT projects/initiatives to its overall IT strategy.



Importance of sustainable IT projects/initiatives to an organization's overall IT strategy is higher at large organizations, with 72% of large organizations rating this area as very important or important compared to 49% of midsize organizations.

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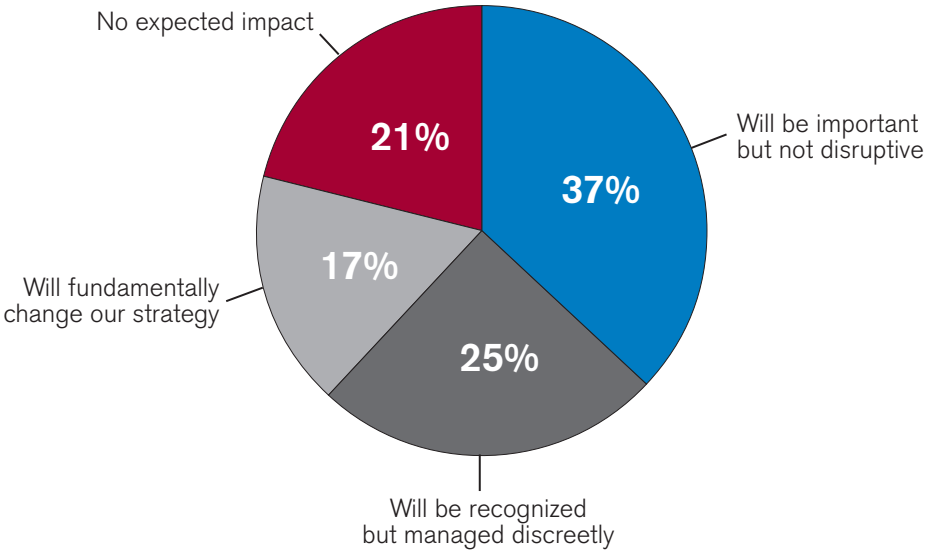
Expected impact of sustainability

Nearly eight out of 10 respondents expect some sort of impact of sustainability on the goods and services their organizations offer to end users. More specifically, over one-third of respondents expect that the impact of sustainability will be important but not disruptive to their organizations. An additional 25% indicate that the impact will be recognized but managed discreetly, and 17% expect the impact to fundamentally change their strategies.

Which one of the following best describes the expected impact of sustainability on the goods and services your organization offers to end users?



Impact of sustainability expected (net): 79%

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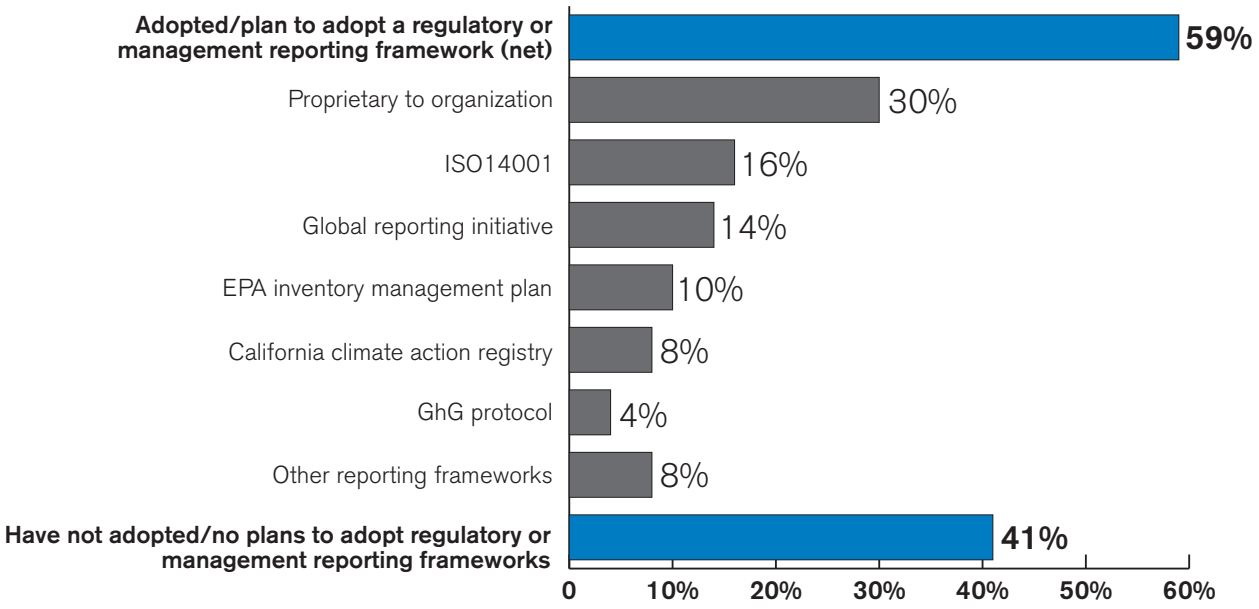
Adopting regulatory or management reporting frameworks

Nearly six out of 10 respondents' organizations have adopted or plan to adopt various regulatory or management reporting frameworks. While 30% have adopted or plan to adopt reporting frameworks that are proprietary to their organizations, 10% or more have adopted or plan to adopt ISO14001, global reporting initiative or EPA inventory management plan.

Please indicate which, if any, of the following regulatory reporting or management reporting frameworks your organization has adopted or plans to adopt?

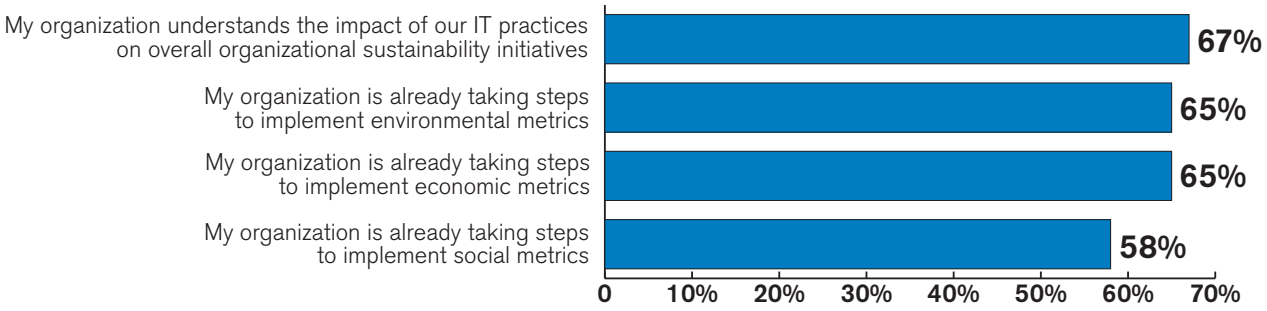


Multiple responses allowed.

Implementation of environmental, economic and social metrics

Two-thirds of respondents strongly or somewhat agree that their organizations understand the impact of their IT practices on overall organizational sustainability initiatives. Additionally, more than half of all respondents also indicate agreement that their organizations are already taking steps to implement environmental, economic or social metrics.

Please indicate your level of agreement with each of the following statements: (Percentage answering strongly or somewhat agree)



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Conclusion

The demand for sustainability at organizations today is clear with a broad range of sustainable IT projects/initiatives in progress and planned for implementation that are designed to help reduce environmental impact and power consumption.

In 2008, respondent organizations expect that a higher percentage of IT budgets will be allocated to sustainable IT projects/initiatives than in 2007. Organizations are also placing a high level of importance on sustainable IT projects/initiatives in relation to their overall IT strategy, and the majority of initiatives are tied to a larger organizational strategy for sustainability.

While the level of green investments and activities are projected to increase across the board, it appears that larger organizations may already have a head start in implementing sustainability practices. This could be because of more exposure to a regulatory environment or an opportunity to influence their brand value in the marketplace.

The adoption of performance management frameworks and the implementation of environmental, economic and social metrics can help organizations strategize, analyze and implement effective sustainability initiatives; however, the high rate of proprietary frameworks indicates that standards are still emerging.

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