

Sustainability hits the bottom line

The impacts of dwindling resources, global competitive forces, and consumer demands have merged to send a powerful message to companies: sustainability is now part of the business equation.

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This is the view of Sven Denecken, SAP VP of sustainability co-innovation, speaking at the SAP Sustainability Summit in Johannesburg, yesterday (March 23).

According to SAP, pressure on the corporate landscape is three-fold: environmental, social and economic. “Companies have realised they cannot continue with business as usual, and that sustainability is about much more than just using green energy.”

Chris Perceval, director of corporate relations at the World Resources Institute in Washington says: “Sustainability is really about defining what the world will look like tomorrow, which is important for companies because it defines the context in which they need to operate and make a profit.”

“Sustainability is based on the understanding that economies and companies do not operate in a vacuum, but are tightly embedded into societies and the environment,” states SAP. “In order to make sustainability tangible for the business, organisations must go beyond 'being green' or philanthropic. They must focus on driving profitability, compliance, and their reputation through more sustainable and responsible behaviour.”

SAP's goal is to reduce its own carbon emissions to 2000 levels by 2020, and reduce the footprint per employee, through strategies such as reduced travel and teleconferencing. Its biggest sphere of potential impact, however, lies with its customer base.

According to SAP, it provides software to 75% of the world's businesses, giving it a powerful lever for driving sustainability. “Our customers' carbon footprint is around five gigatons – 10 000 times SAP's own footprint.”

SAP sees its role as both exemplar and enabler of sustainability. “We have to transform our own company to incorporate sustainability goals and be vocal about it, because if we're not walking the talk, we lose credibility,” said Denecken.

Forces of change

According to Frank Naude, principal of Business User solutions at SAP Africa, companies face challenges on a range of fronts; from more empowered customers to an increasingly mobile

global workforce, and the rise of emerging economies like India and China. There's also increased risk and compliance policies, as well as disruptive technologies.

In working towards making the enterprise more sustainable, Naude argued the need to look at all aspects of an organisation: internal, outside communities, planet, and profit. "Once you have a strategy around sustainability you have to communicate it and plan for it at high-level."

Denecken noted that the three long-term trends of economic, environmental and social change are merging. "We as companies live in a networked environment, and while the supply chain is not always in a company's control, if something happens in that extended network it affects the business."

He added that the scarcity of resources and volatility of prices was something companies are starting to take seriously. "The concerns around CO2 are not going to go away; we have to start considering it in calculations, and building it into corporate strategies." Finally, public awareness of sustainability topics and the need to tackle them means customers and stakeholders demand greater accountability, explained Denecken.

"Three to four years from now, no one in the marketplace will sell, implement, or successfully run solutions that don't touch on sustainability topics."

All together

In building a business case for sustainability, explained Denecken, drivers include cost and regulation, maximising productivity, and gaining competitive advantage. "You have to link sustainability with profitability, and you can only do that if you tackle holistically all three trends and look not only at the risks but also the opportunities."

He added that sustainability cannot be something done by a department somewhere, but must be seen as an overall goal every employee can contribute toward and have an impact on. "It has to be woven into the business, not just added as a layer on top.

"It's changing the way we work, and requires greater collaboration with partners and customers, to exchange information on the best practices and valuable investments."

By consulting forward-looking partners in the decision-making process, companies can go back and turn strategies into practical solutions, and partake in co-innovation, Denecken noted.

"Usually companies are run purely according to financial drivers, but now they're beginning to understand sustainability is not just a side topic, and needs to be integrated into the overall strategy.

"Green can save a lot of money, and it's not something 'out there', it's happening right now."

Source: [ITWeb](#)