



# The Increasing Need for Environmental Intelligence Solutions

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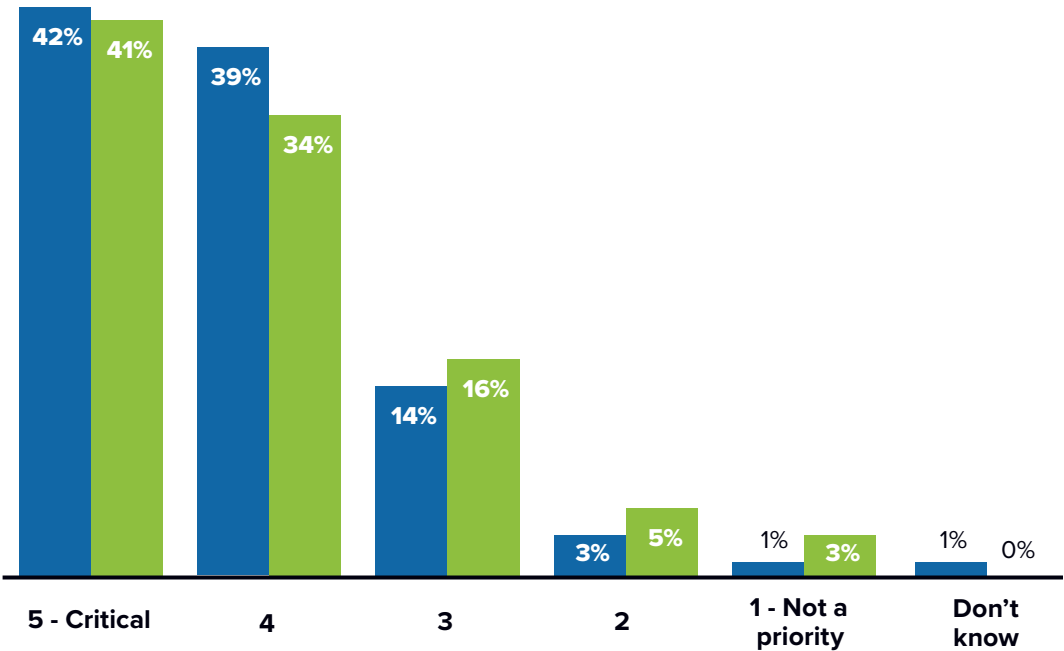
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# The Growing Importance of Corporate Sustainability

Sustainability has become a major business priority and will continue to grow in importance during the next two years.

Q. How important a business priority do you believe offering sustainable products/services is for your organization currently/in 12-24 months? ■ Now ■ Next 2 years



n = 615, Source: IDC's Business Consulting Services Buyer Value Survey, 2021

- ▶ **IDC's data shows that offering sustainable products and services is important to companies globally.** In order to be perceived as a trusted vendor, they need to lead by example (by improving their operational sustainability) and offer solutions that contribute to clients' sustainability goals by being sustainable themselves and/or offering features that help end users become more sustainable.
- ▶ **IDC sees growing interest across all sustainability-related areas:**



- ▶ **The continuing trend and its transformational character also require the use of various technologies** to support the different tasks that companies are faced with tracking, analyzing, disclosing, and improving in their sustainability performance.

# Sustainability Considerations Are Integral to Business Life-Cycle Planning

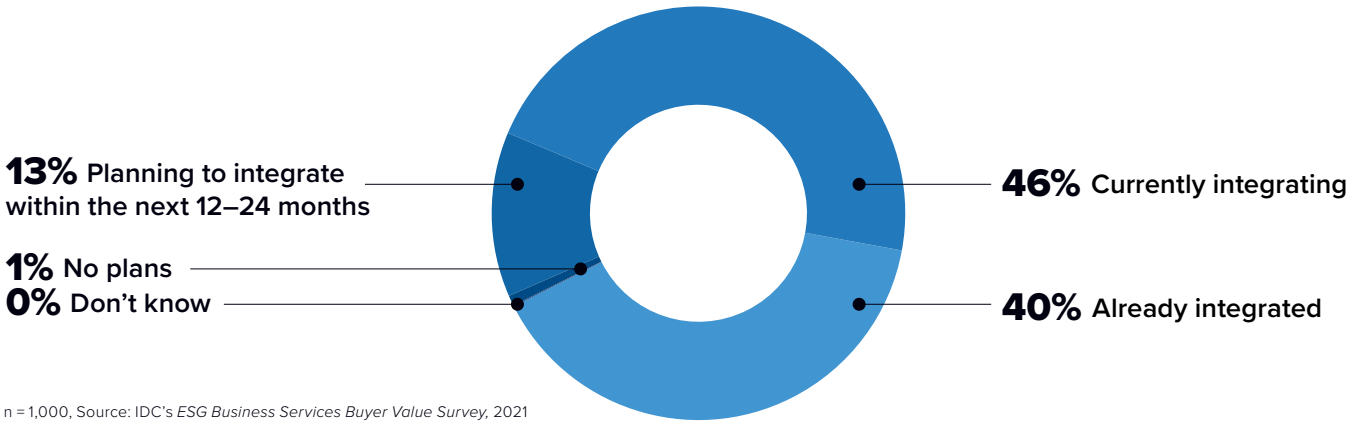
Sustainability is becoming a strategic topic for enterprises, impacting operational and financial performance.

**Non-financial value drivers** have been gaining in importance as **macroeconomic trends** have direct effects on business performance and enterprise values.

**Macroeconomic trends such as:**



**Q. What is your company's current state of integrating or planning to integrate sustainability-related considerations into its business life cycle?**



n = 1,000, Source: IDC's ESG Business Services Buyer Value Survey, 2021

- ▶ **Organizations are being held accountable by several different stakeholder groups** — investors, employees, customers, etc. — which requires them to report on their sustainability performance in an objective and comparable fashion.
- ▶ **Although companies are increasingly aligning their sustainability efforts with their stated purpose, boilerplate language is still used extensively** in reporting and disclosing these efforts, which makes it difficult to hold enterprises accountable.

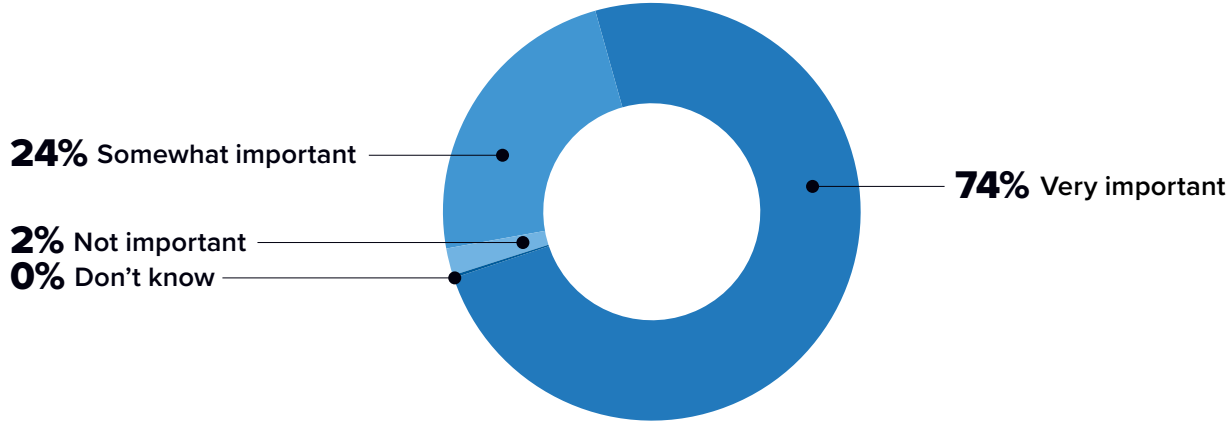
# Moving from Corporate Social Responsibility to Environmental, Social, and Governance

**Companies are adopting a standardized, metrics-driven, materiality-focused approach** to address corporate sustainability.



**Investors are incorporating Environmental, Social, and Governance (ESG) factors into their valuation models.** ESG issues have become important drivers for operational and financial performance.

**Q. How important do you consider sustainability/environmental, social, and governance for the enterprise value of your organization?**



n = 1,000, Source: IDC's ESG Business Services Buyer Value Survey, 2021

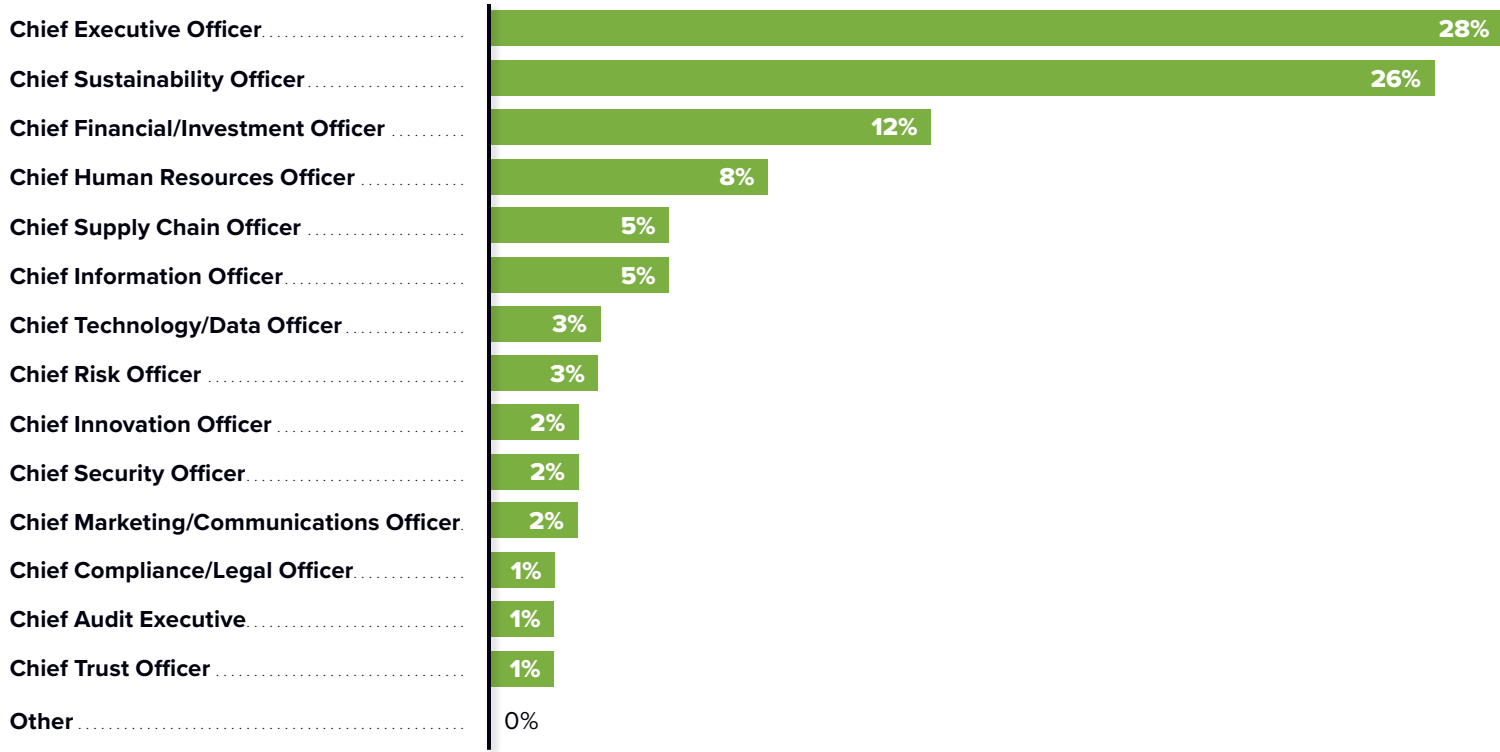
- ▶ Companies are increasingly valued **not only by their performance on financial metrics but also non-financial ones.**
- ▶ In order **to assess their own sustainability performance**, organizations need to capture, measure, assess, report, and disclose **sustainability information in a quantitative manner.**
- ▶ **Technology is a necessary enabler of data-driven approaches** towards corporate sustainability and can help organizations increase their accountability with internal and external stakeholders.

# Environmental, Social, and Governance Is More than a Brand Issue

ESG has become a CEO/CFO-level topic, underlining its strategic importance.

- ▶ **The importance and character of sustainability/ESG implementation have evolved in the past few years** as companies recognize their effect on operational and financial performance.
- ▶ **Globally, organizations are moving from sustainability strategies to comprehensive sustainable business strategies**, aligning their purpose with measurable, comparable ESG targets.
- ▶ **Successful organizations facilitate alignment** between the C-suite, unit managers, analyst/investor relations, boards, internal audit, and external partners such as consulting, audit, and assurance firms.

**Q. Who is mainly responsible for the sustainability/ESG strategy, implementation, and related purchasing decisions in your organization?**

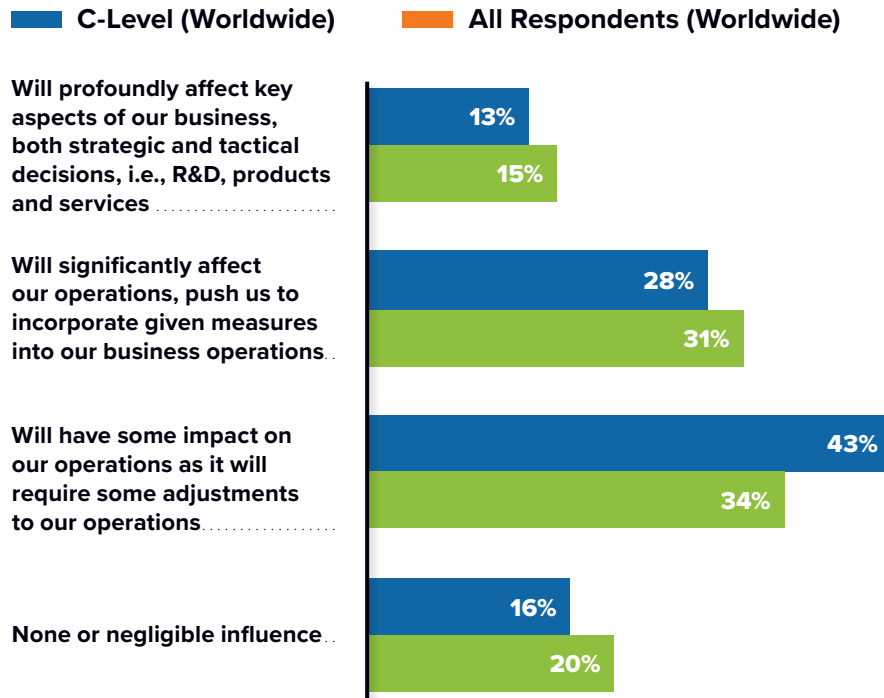


n = 1,000, Source: IDC's ESG Business Services Buyer Value Survey, 2021

# The C-Suite and the Strategic Importance of Decarbonization

Decarbonization is on the agenda of most C-level executives worldwide with varying degrees of importance (tactical versus strategic).

**Q. How will the mandatory reduction of your carbon footprint (CO2 emissions) affect your business?**



n = 94 C-Level Respondents / 648 All Respondents  
Source: IDC's COVID-19 Impact on IT Spending, 2020

▶ **Decision makers who are not part of the C-suite assign the topic a slightly higher strategic relevance than C-suite members.** This might be linked to the closer proximity of midlevel managers to some of the immediate implications of decarbonization on their practice area and the challenges linked to fully integrating decarbonization into sustainable business strategies.

▶ **The concept of ESG materiality is becoming more mainstream:**



▶ **Many corporate sustainability initiatives have been focused on minimizing costs and optimizing efficiencies** and are only starting to become more comprehensive by linking corporate social responsibility to ESG.

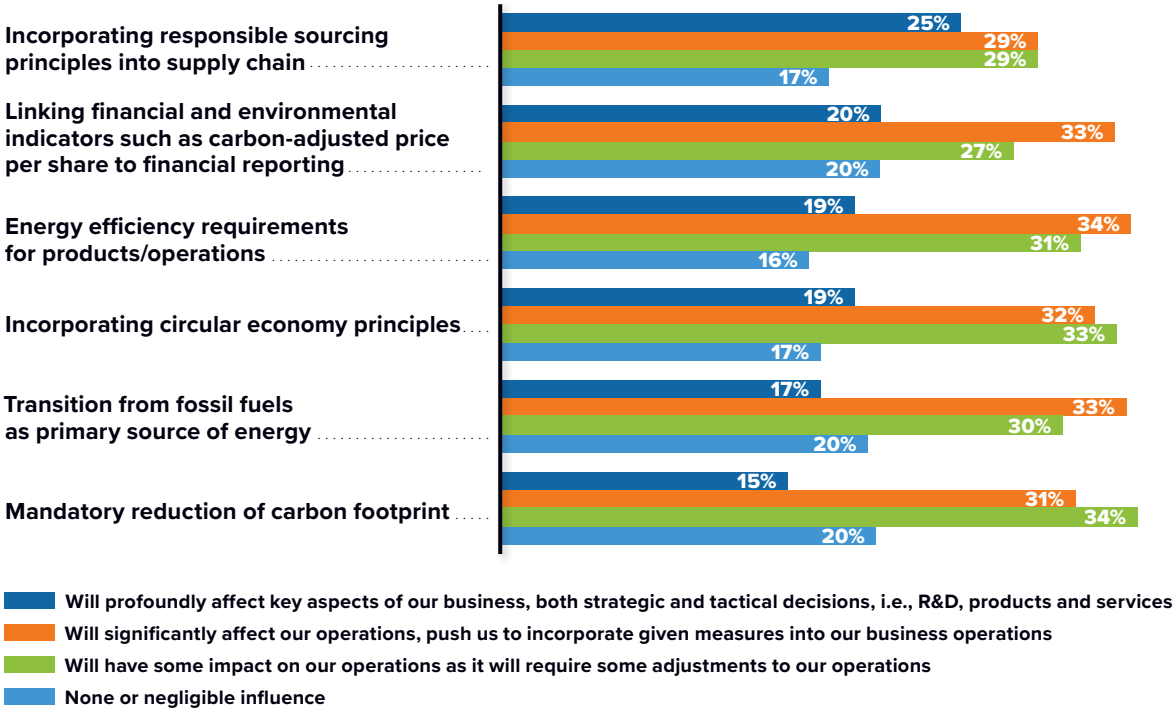
▶ **Going forward, we expect ESG and decarbonization to fuel significant shifts** towards more strategic approaches focused on enhanced corporate performance, culture, and brand leadership.

# The Business Impact of Environmental Sustainability Issues

Companies worldwide are under pressure to respond to a variety of environmental sustainability issues, which oftentimes require rapid transformation of operational processes and product strategies.

- ▶ **Investor, consumer, and regulatory pressures force organizations to take holistic measures** that oftentimes involve several if not all business functions.
- ▶ **Decarbonizing supply chains and operations, predicting and managing climate risks** (financial and physical), and responding to ESG reporting and disclosure requirements are only a few of the tasks that organizations need to address, regardless of their industry or geography.
- ▶ **As ESG-focused sustainability approaches require the capture, curation, assessment, and disclosure of standardized, quantifiable information**, companies will need to invest in digital solutions.
- ▶ **Technology can help organizations manage these complex requirements** in order to satisfy the demand of their various stakeholders and seek competitive advantages by becoming more sustainable than their competitors.

## Q. How will the following environmental sustainability practices affect your business?



n = 619 (worldwide), 101 (United States), Source: IDC's COVID-19 Impact on IT Spending, 2020



# Value Creation Through Sustainable Intelligence Solutions

As sustainability, especially in the form of ESG, has become a business imperative for organizations around the world, they need reliable data to:



**Respond to their various stakeholders**



**Capitalize on business opportunities**



**Manage risks**



**Improve operational efficiencies**

**Data is needed not only for internal purposes** but also for external obligations such as non-financial reporting.

**Companies increasingly require comprehensive intelligence suites** that can address sustainability issues more holistically.

**Sophisticated technology solutions can process data from various sources**, curate it, and translate it into usable formats that meet the requirements for standardized, quantitative, metrics-driven ESG information.

**Users need the ability to analyze corporate performance on various ESG topics** and across different functions, meeting the demands of the entire C-suite.

# Essential Guidance



## Sustainable transformation

is increasingly affecting the entire organization and business life cycle.

## The landscape of demand drivers

for reliable or even investment-grade ESG information will continue to expand and mature.

## Non-financial information

will become an essential part of the operation and management of businesses.

## ESG intelligence solutions

must continue to evolve and expand in terms of scope and functionality to meet demand.

**Organizations** are looking to work with vendors that can offer an end-to-end approach regarding sustainable transformation processes.

# About the Analyst

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Bjoern Stengel is IDC's global sustainability research lead. His research focuses on how environmental, social, and governance (ESG) topics impact and shape business strategies and technology usage. He provides insights into market opportunities, adoption strategies, and use cases for sustainability-related technologies and services. Bjoern helps IDC's clients understand the impact of technology-enabled, sustainable transformation processes in the context of sustainable business strategies, operations, and products and services through research reports, news publications, and speaking engagements at industry events such as Climate Week NYC. Bjoern also supports IDC's Worldwide Business Consulting and Environmental, Social, and Governance (ESG) Business Services research.

[More about Bjoern Stengel](#)



# Message from the Sponsor

We're doing business in an unpredictable world. Success requires new levels of resilience and agility, rooted in responsible practices that preserve our planet for future generations. Sustainability is now a strategic business imperative.

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