

The carbon management opportunity for mid-sized businesses



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Challenge

Legislation, rising energy prices and changing stakeholder expectations are compelling businesses of all sizes to focus on managing their carbon footprint. Just determining the true carbon footprint across the extended supply chain is a huge challenge, let alone reducing it.

IBM proposal

IBM proposes an holistic view of carbon management that encompasses every element of the business, from people and information to property and business operations. With significant experience in our own business, and best-practice approaches from our work with many clients, IBM can help businesses to measure and manage their carbon footprint, ultimately transforming it from a cost to an asset.

Business opportunity

By working with IBM to create a strategic, long-term plan for effective carbon management, businesses can not only offset the negative effects of looming carbon taxes and existing high energy prices, but can actually boost their brand reputation, profitability and growth prospects.

Universal drivers

IBM has identified four principal drivers for strategic carbon management initiatives: legislative pressure, stakeholder expectations, cost and availability of energy, and business opportunities and challenges. Businesses of all sizes will be affected by at least three of these, and need to plan ahead in order to successfully minimize the negative aspects and capitalise on the positive ones.

Importantly, while there is a general perception that only large organisations with correspondingly large emissions will need to respond to the impending UK emissions legislation, in fact, thousands of mid-sized businesses will be subject to the carbon reduction commitment that is planned to come into force in 2010. What's more, even smaller companies that are not directly covered by the UK legislation will need to develop carbon management strategies to ensure they are benefiting from the cost-saving and brand-enhancing benefits that carbon efficiency will deliver. They may also need to provide information on their carbon footprint to larger businesses in the extended supply chain.

Financial imperatives

The downturn in the global economy has coincided with a period of high energy prices and doubts about energy security. A recent IBM survey of more than 1,100 IT executives in companies with 50 to 500 employees revealed that energy is the fastest growing business cost. Implementing plans to increase energy efficiency and reduce waste as part of a more extensive carbon management strategy therefore makes good economic as well as environmental sense. IBM itself has saved more than \$100m since 1998 by conserving energy.

Beyond the immediate financial imperative and the fast-approaching UK legislative imperatives, there are other benefits for businesses that adopt the right long-term strategy for carbon management. By choosing to act now – rather than being forced to act later – forward-thinking businesses can capture mindshare in a growing ethical consumer market, attract and retain the best new talent, and enable sustainable growth.

Transform cost into opportunity

Carbon management is an emerging element of Corporate Social Responsibility (CSR). In the past, CSR was often seen as merely a cost of doing business and a regulatory requirement, but many businesses now view it as an investment that can deliver financial returns. In an IBM survey of 250 business leaders, 68 per cent identified CSR as an opportunity and a platform for growth.

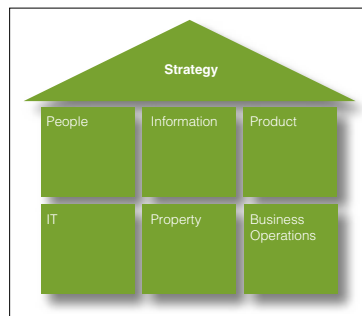
Getting Started

The key to effective carbon management is to think holistically, building an end-to-end strategy that covers all areas of business activity, and identifying your roadmap to carbon efficiency. While mid-sized businesses will have an edge on their larger competitors in terms of flexibility and speed of adaptation, many will not have the same economies of scale and may lack the in-house resources to plan and manage change.

The first challenge is to improve the visibility of energy information within the organisation, and to create targets for carbon management based on analysis rather than guesswork. This energy and carbon management information can then be communicated effectively with internal staff as well as external organisations such as supply chain partners and regulatory bodies.

Developing viable strategies

The IBM Energy & Environment Framework can assist with the development of a viable carbon management strategy, which can then be deployed across six key areas: business operations, information, IT, people, product and property.



Within the Framework, IBM offers a broad array of products and services, including:

- Energy efficiency assessments to benchmark the as-is state and set reduction targets
- IT efficiency solutions, including server consolidation, virtualisation and blades
- IT hosting and full-service outsourcing options
- Advanced collaboration software to enable reductions in business travel and commuting
- Global Asset Recovery Services (GARS) for low-impact disposal of end-of-life IT equipment

The message is clear

Carbon management can be a business asset, not just a cost, enabling companies to capture emerging market opportunities for low-carbon products and services and improve their brand reputation. However, effective carbon management requires new skills, resources, knowledge and technology – all of which may present a challenge for small and mid-sized businesses.

What to do next

IBM and its Business Partner network can help, with consulting resources, pre-built models and tools, advanced technology, and practical methods to combine long-term planning with quick wins. For more information, please visit www.ft.com/pp/bizcarbon or www.ibm.com/green/uk



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