SAP INSIGHTS

How to Get Better at Sustainability Data



Here’s a joke: What three things do you need to become an environmentally sustainable organization?

1. **Data**
2. **More data**
3. **Even more data**

Okay, so data jokes aren’t exactly knee-slappers. But you get the idea.

Data is important because sustainability isn’t a physical thing, like a warehouse or factory. It’s a practice. And you can’t know whether your practice is leading to improvement unless you measure and track it.

When you have – and use – lots of data, you can make decisions that make your business sustainable while preserving its profits and revenues.

In fact, companies where sustainability data has a strong influence on strategy and operations (meaning they use it to make decisions) are more bullish on their profitability and competitiveness, according to a survey by SAP Insights.

Sustainability data informs what they do in a range of areas, including creating new products and services, making capital investments, and hiring and retaining employees.

As with every practice, data is a rocket booster for progress.

We call businesses that use sustainability data to make decisions Operationals. They measure more environmental issues than other companies and spread their sustainability efforts more widely. They have been collecting data longer, so they have more of it, and they are happier with its quality. Their efforts aren't limited by the four walls of the business, either. They're much more likely to have visibility into suppliers' sustainability goals and a stronger influence over those goals than everyone else.

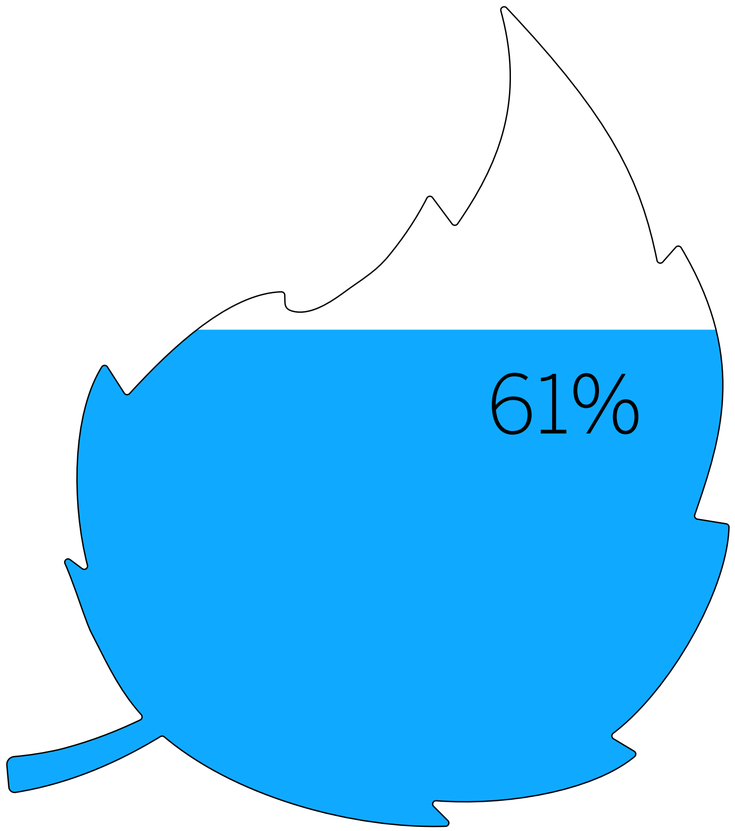
We've identified the characteristics that define sustainable businesses. If you start feeling you're behind, don't worry. We also came up with three ways you can strap on your own rocket booster and catch up fast.

How data fuels sustainability

Sustainability data fuels business strategy and decision-making in many areas at once. We've identified six key ways Operationals are benefiting.

They can invest more in the environment.

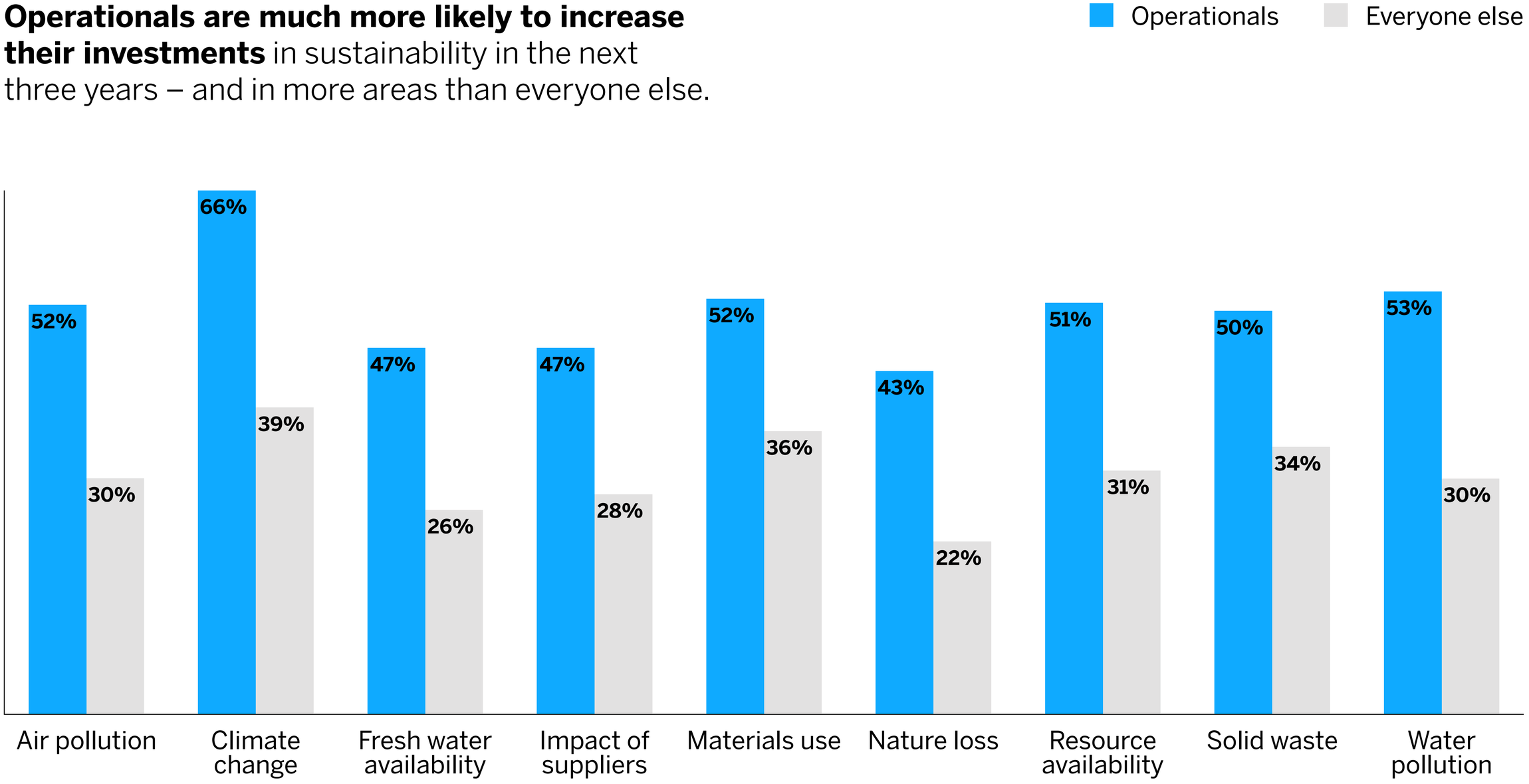
Operationals are much more likely to increase their investments in sustainability in the next three years – and in more areas than everyone else. If this sounds profligate, consider this: they're also measuring more sustainability issues than others. Whether investment drives measurement or measurement drives investment doesn't matter. You're apt to invest more in the places where you know you can make a difference.



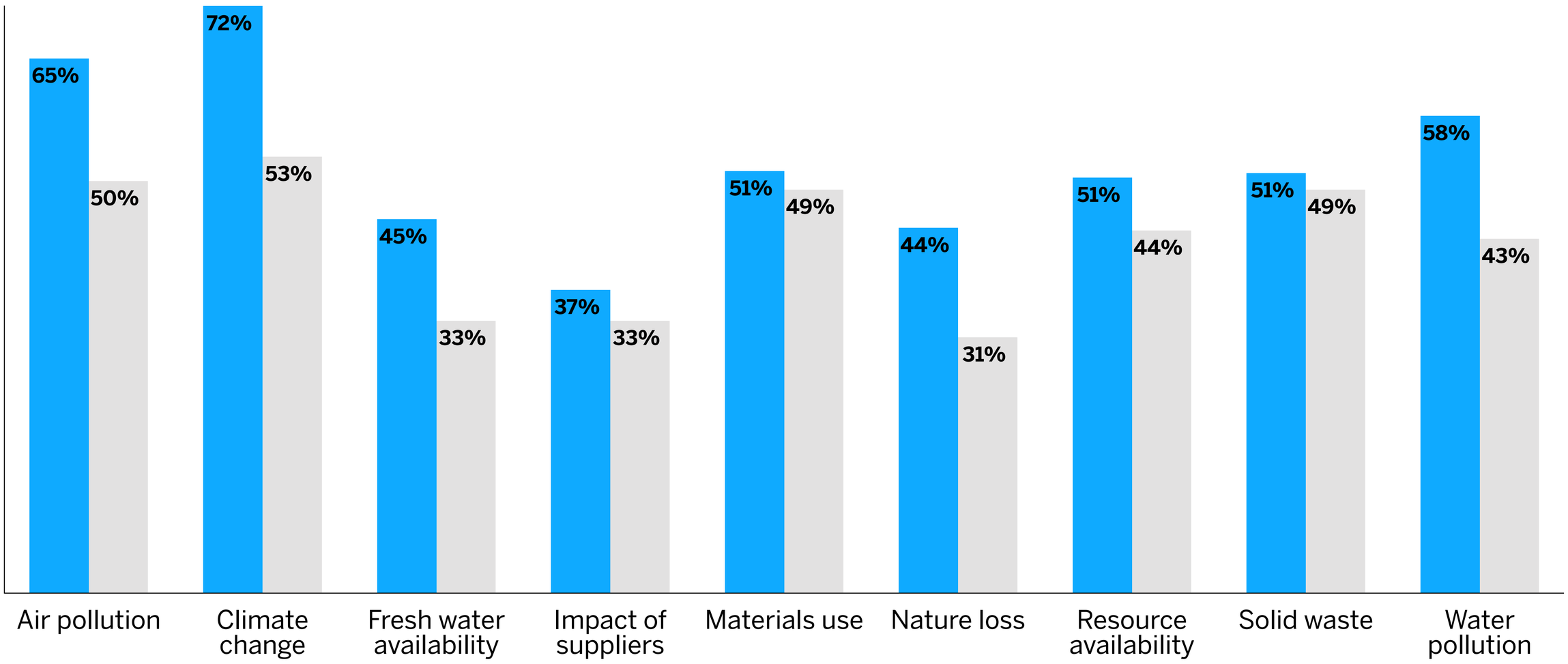
Operationals are **61% more likely to increase investment in sustainability** in the next three years.


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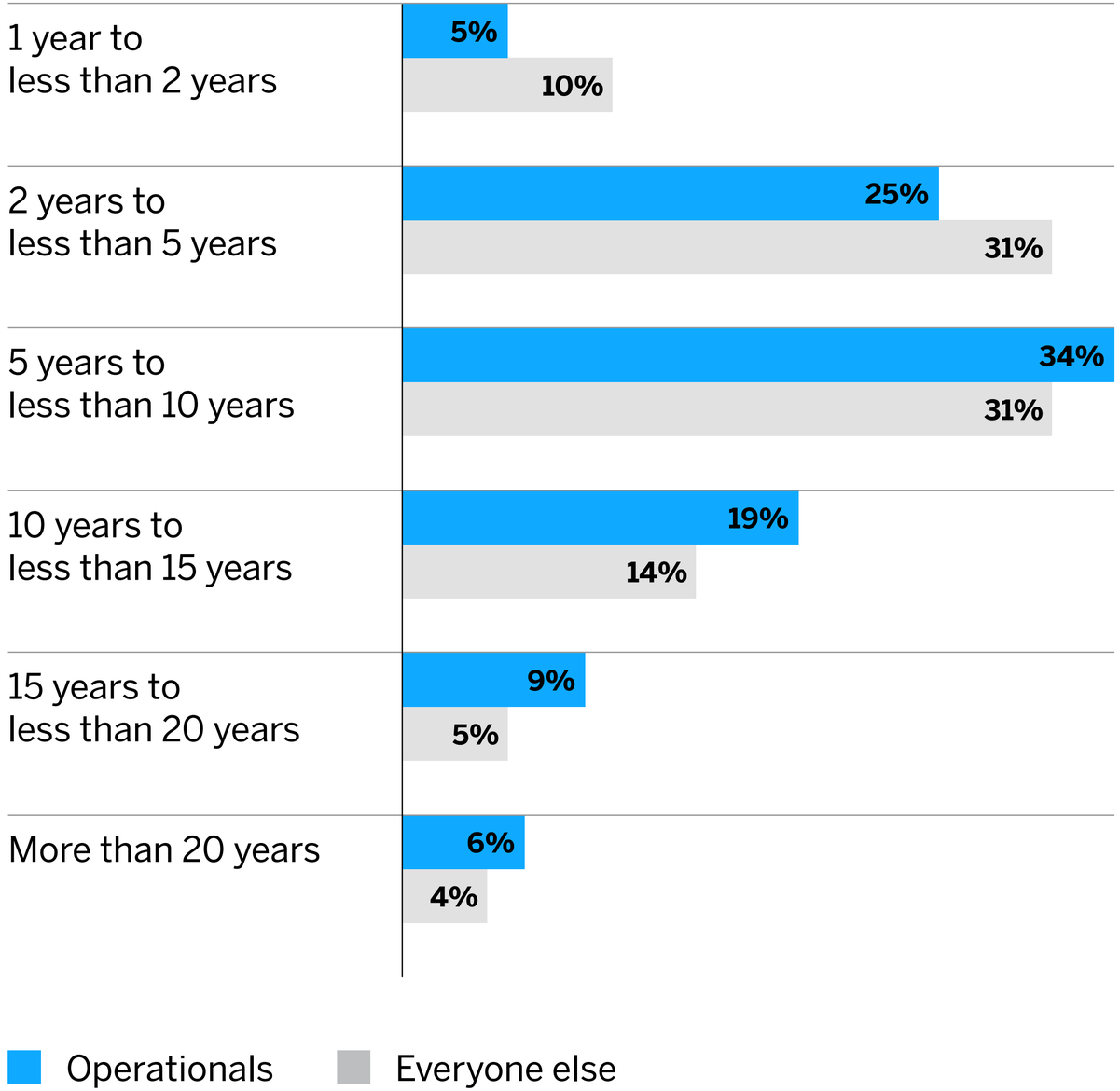
Operationals measure sustainability more across the board.



They have more data, and it's better.

Half of this group has at least 5 years of sustainability data to apply to their business, while the rest have been tracking sustainability for 10 years or more. And of course, the longer you collect data, the more you have.

They also report much higher satisfaction with the data they collect.



Operationals have been collecting data longer than everyone else.

45% of Operationals say that they are completely satisfied with quality of data collected compared to **9% of other respondents.**



It's reasonable to conclude that this combination of quantity and quality helps Operationals understand where to apply the data when making decisions. We found, for example, that respondents with both a high number of sustainability investment priorities and plans to increase in investments in a high number of issues tend to be completely satisfied with their sustainability data.

They face fewer barriers.

Operationals are beating down some of the toughest obstacles that leaders face when trying to start anything, and they say they have fewer problems proving the ROI for sustainability. They are also less likely to cite difficulty with getting funding for it, which tends to go hand in hand with the strength of the business case.

Operationals say that they have less trouble getting suppliers and partners to act on sustainability. This is particularly important since regulators in the United States and the European Union are considering making businesses accountable not just for their own carbon emissions but those of their suppliers as well.

As well, their organizations may be more convinced that sustainability is important. Not only are Operationals less likely to report that sustainability isn't a business priority, but fewer of them chose this as a top barrier than almost any other answer.

They can use sustainability data more often for *everything*.

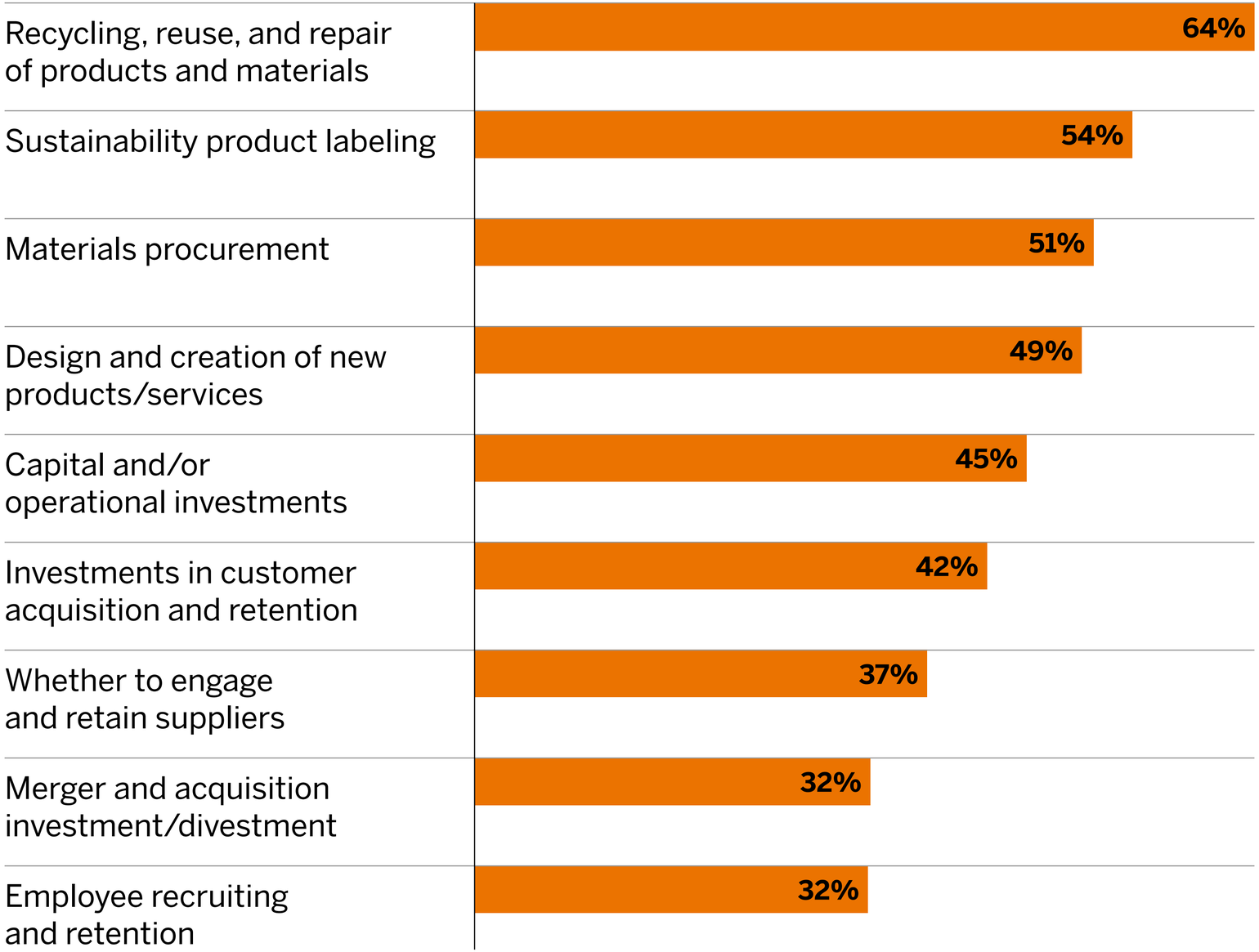
Operationals know that sustainability data isn't just for sustainability decisions. They also use the data for capital investments, customer acquisition and retention, mergers and acquisitions, and employee recruiting and retention.

Their companies become sustainable businesses by expanding their vision for sustainability beyond narrow decisions about recycling, product labeling, or materials procurement. And they use their sustainability data more than everyone else.

When sustainability data is used to make a broad range of decisions, employees, customers, and investors learn that sustainability is not a niche operation but a new way of thinking about how the business runs.



Operationals are using sustainability metrics more for **decisions across the business.**



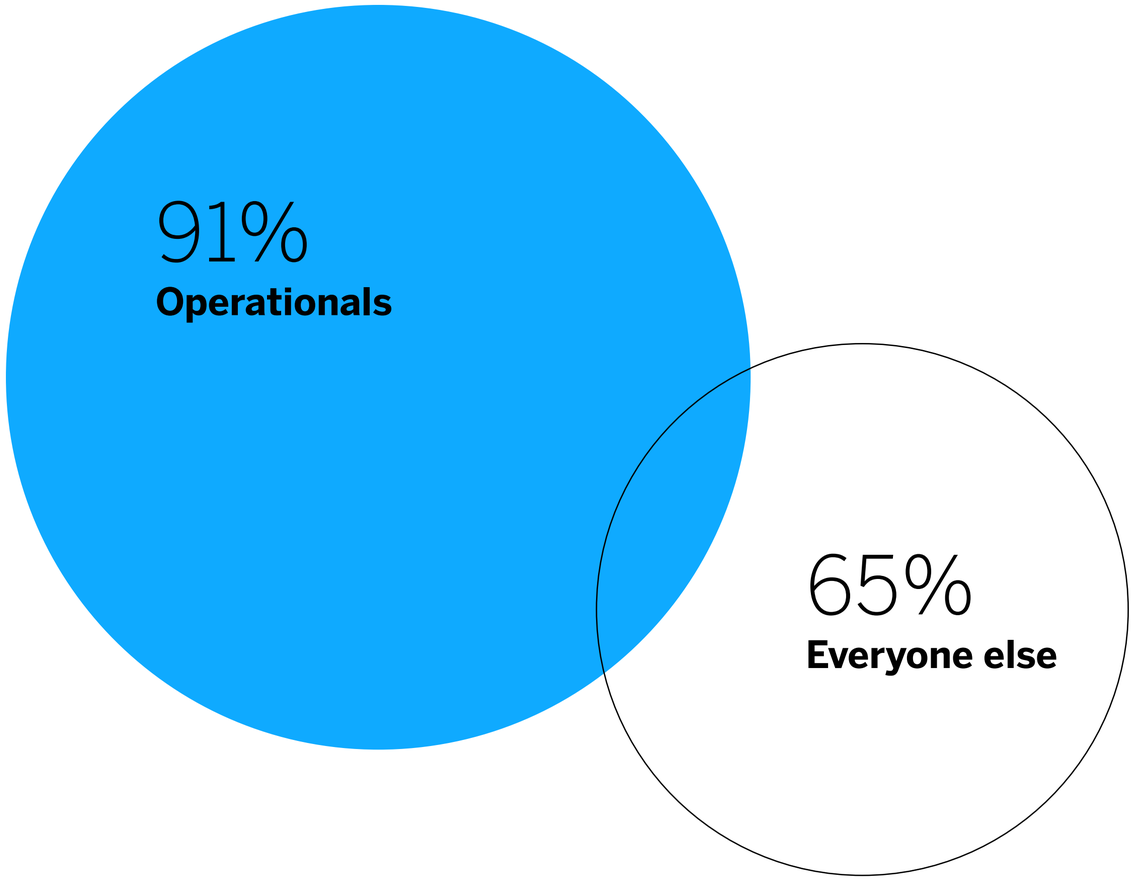


Greater than 2x

more Operationals say they have a high degree of influence on suppliers' progress on sustainability than everyone else.

They can enlist their supply chain partners in their efforts.

Operationals' commitment to "walking the talk" on sustainability extends to their supplier relationships. They are significantly more likely than everyone else to say that they have complete visibility into their suppliers' sustainability goals, as well as a high degree of influence over those goals.



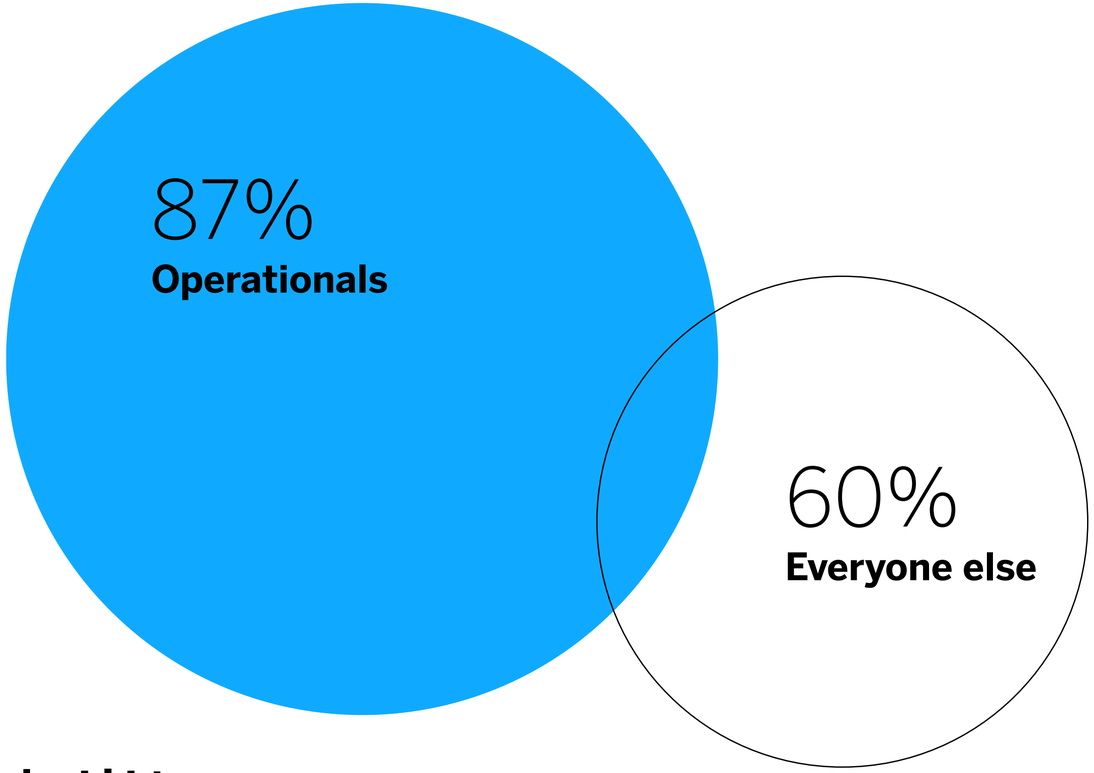
91% of Operationals say there is a moderate or strong relationship between sustainability and their long-term profitability compared to **65% of everyone else**.

They can connect sustainability to revenue and profit.

One of the biggest controversies surrounding sustainability is how much it will affect competitiveness and profits over the long term. Operationals have settled the question – at least for themselves. The vast majority say that sustainability has a moderate or strong relationship to long-term competitiveness and profits. That makes sense because Operationals are using sustainability data to inform their business decisions to such a large degree overall.

In other words, sustainability is integrated into the decisions affecting the long-term destiny of the business.

87% of Operationals say that sustainability will have a moderate or strong effect on long-term competitiveness compared to **60% of everyone else.**



How to close the sustainability gap

Operationals have a head start on sustainability data, which means that they have a head start on sustainability. They've been collecting data longer, its quality is higher, and they are putting it to work more by using it in strategy and operational decisions to a higher degree.

If you're just getting started on sustainability, you don't have their kind of time. Technology can help to short-cut your way to integrating sustainability into your business decisions. Here are three shortcuts for your business.



Make the data work smarter.

Data isn't just a lifeless input into analysis anymore. By feeding sustainability data to AI, it can be used to monitor and predict carbon emissions, resource consumption, and other operational metrics in real time, alerting businesses to possibilities for action faster. For example, AI can run scenarios to predict emissions by factoring in current reduction rates, future carbon reduction technologies, and projected future emissions.

Get to the truth faster using blockchain.

Collecting any data from suppliers – or any external source, for that matter – can be a manual, time-consuming process, and the results are hard to verify. Blockchain lets businesses automate data collection and ensure its validity. While it's true that blockchain uses a lot of computing power, and thus a lot of energy, developers are working on methods to reduce its carbon footprint, according to the nonprofit Information Systems Audit and Control Association.

Build it out of data first.

One of the best ways to measure and improve sustainability of a building, such as factory, offices, or warehouse, is to construct a digital doppelgänger out of data. The data version is easier and cheaper to experiment with as you seek improvements to operations. Over time, companies will be able to link digital twins of their buildings with those of suppliers and partners, sort of like a digital extended family. (Holiday get-togethers will never be the same.)



Connect sustainability to profitability with data

Business leaders may be uncertain about whether taking steps to become more environmentally sustainable will help or hurt their companies over the long term. There are some things we have learned that suggest how their misgivings will turn out.

In general, making businesses more sustainable means making them more competitive and profitable.

Making progress on sustainability depends in part on updating the technology used to analyze business data. Technology is the only input that is exponentially increasing in power while continuously decreasing in cost. Therefore, the scope and accuracy of sustainability measurement will improve while costs of these improvements will come down over time.

Given this trend, it's time to think about sustainability as more than a sideshow to the most important decisions that business leaders make. Operationals have made it integral. They show us that sustainability will play a powerful role in their future by using sustainability data in their everyday decisions and making more money in the process.

It's tough to argue with success.

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About This Research

The SAP Insights research center collected data from 6,669 respondents across 40 nations and 29 industries. Respondents had highest knowledge of their organization's sustainability objectives and processes. The surveys were conducted in April 2022 via a 10-minute online survey.

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