



Driving Business Value Through Sustainable Transformation



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Sustainability has become a mainstream business topic that is reshaping organizations globally and across every industry. Like "digital," sustainability is on its way to becoming ingrained into the fabric of every company.

It's no longer seen as a PR or philanthropic cost factor that is "nice-to-have." It is now functioning as a compass for corporate actions and a driver for business value backed by metrics.

Environmental, social, and governance (ESG) approaches have evolved significantly over the past few years. Instead of looking at sustainability primarily as a cost or reputational risk factor, many organizations are looking at sustainability as a competitive differentiator that can increase their operational and financial performance.

As sustainability becomes more intertwined with organizations' business strategies, executives are applying a more deliberate lens on those ESG issues that have the greatest impact on their organization's enterprise value.



By 2027, 25% of G2000 companies will have assigned a chief sustainability officer responsible for meeting their organization's ESG goals and making ESG-related IT purchasing decisions.

What is ESG?

ESG business services is defined as traditional professional services that are centered around achieving goals related to environmental and social sustainability and the governance of that process. It can also include ESG-enabling services that empower organizations to increase their sustainability capabilities through traditional business process improvement, such as services focused on increasing process efficiencies or supply chain services to reduce risk.

As organizations take their corporate sustainability initiatives to the next level, we are seeing an increasing convergence of digital and sustainable transformation. Decision makers are realizing that technology is essential for reaching their ESG goals, in addition to the strategic, operational, and organizational changes that they are making to capitalize on the opportunities of sustainable business.

Enterprises across the globe are working to leverage the available service providers in the market to enable sustainable transformation to gain a competitive advantage.



ESG-focused approaches allow decision makers to craft sustainability-led business strategies, which are often guided by corporate purpose. These approaches require metrics-driven, standardized, industry-specific, materially-focused methodologies, targeted at the creation of business value.

Organizations may be in different stages of their journeys, but there is wide acceptance that sustainability will ultimately be a foundational piece of a successful business. IDC sees a necessary overlap between digital and sustainable business transformation as sustainability is embedded across a company's strategy, operating model, and organization, using digital technology and data as an enabler.

By 2024, 30% of organizations will leverage ESG data management platforms to steer ESG KPIs via a centralized system of record for reporting purposes and real-time operational decision-making support.



Source: IDC FutureScape: Worldwide Sustainability/ESG 2023 Predictions Doc #US48709922





An ESG-led Approach

What does an ESG-led approach mean for organizations, and how will they be able to not only react but proactively leverage sustainability as a strategic differentiator? These approaches help organizations make sustainability a central part of their business strategy by focusing on topics that are not only socially and environmentally important but particularly important in the context of a given company's industry and the impact that the management of these ESG issues has on its operations and value generation.

Technology plays a critical role in helping organizations move up the sustainability maturity curve and IDC's survey data shows that IT buyers are making more deliberate purchasing decisions when they select IT vendors that can help them drive sustainability-related business value. By focusing on ESG issues that can affect a company's financial and operational performance and risk profile, executives can leverage sustainability to achieve a competitive advantage.

By 2026, 70% of organizations with integrated planning and execution will achieve improved operational efficiencies leading to distinctive business benefit of improved ESG and financial performance.

In the past, most organizations approached sustainability in the form of corporate social responsibility measures that typically focused on a few topics that a company's executives, employees, or customers cared about or that fit into the company's corporate story. Driven by increasing pressure from different stakeholder groups, enterprises are pushed to address sustainability more holistically to avoid financial, operational, and reputational damage. IDC has found that organizations approaching sustainability in a strategic way can achieve better business results.

A purpose-driven, sustainable business strategy aligns an organization's normative goals and efforts with its need for positive operational and financial performance and risk management. Tactical approaches that only focus on the "doing good" part of sustainability are not well-suited to a sustainable business strategy.

Organizations must think about how their purpose affects their strategy, operations, employees, customers, and so forth. The question is, how can sustainability help organizations not only do good, but also create financial value?

To learn more about ESG and Sustainable Transformation, read the IDC report, [How Organizations Can Strategically Approach Sustainable Transformation and Drive Business Value](#).

To understand more about IDC's Sustainability Research, [click here](#).

