IDC

SPOTLIGHT

Sponsored by: Planon

As enterprises assess their immediate and long-term operational ESG impacts, facility management is a natural ally to achieving organizationwide sustainability initiatives.

Facility Management Impacts Enterprisewide ESG with Sustainability Software

April 2022

Written by: Juliana Beauvais, Research Manager, Enterprise Asset Management and Smart Facilities

Introduction

Enterprises have long focused on profit maximization. They waste usable materials, emit carbon dioxide, and contribute to social problems simply because doing so is perceived as cheaper than the alternative. The obsession with profit maximization over all else is fading though. Today, organizations are elevating environmental, social, and governance (ESG) programs from side projects to major strategic initiatives, often led by the CEO, CFO, COO or, increasingly, a dedicated chief sustainability officer. The net-zero future is upon us.

In a 2021 IDC survey of 1,000 organizations, 41% claimed they currently or plan to have a fully integrated, purpose-driven sustainable business strategy (source: IDC's *Worldwide ESG Business Services Buyer Value Survey,* 2021). While that seems aspirational today, it is a strong indication of where organizations intend to focus. IDC research shows that digitally transformed manufacturers that also score high on sustainability maturity are more profitable overall than their peers. Perhaps this finding indicates that the cost of waste is higher than some organizations think it is.

AT A GLANCE

KEY STATS AND TAKEAWAYS

- 41% of organizations claimed they have a fully integrated, purpose-driven sustainable business strategy.
- Only 24% of organizations indicated they are addressing facility management sustainability with software today.
- The top 3 benefits for sustainability software applications are enhancing ESG performance, transparency, and brand value; increasing profitability; and reducing costs.
- The main drivers for software investments related to sustainability are operational cost implications, executive management mandates, and regulatory requirements.

Importance of Facility Management to ESG

As enterprises assess their immediate and long-term operational impacts, facility management is a natural ally to organizations' ESG and sustainability initiatives across multiple areas:

- **Environmental:** The built environment contributes to nearly 40% of energy consumption globally. The first area where facility management can have a major impact is energy efficiency. Organizations can reduce energy usage by deploying more intelligent and autonomous building controls, influencing occupant behavior, and monitoring, maintaining, and repairing or replacing high consumption assets, with a sustainable disposal plan for assets that must be replaced.

- **Social:** Experiences are created within facilities, and onsite choices reflect organizational culture as much as or more than the digital workspace. Implementing highly visible campaigns such as recycling, composting, LED lighting, living walls, rooftop gardens, wellness rooms, electric vehicle chargers, or onsite solar contributes to the social impact of facilities. These types of initiatives have moved from novelties to important strategies that create inviting workplaces in the long term and contribute to worker health, retention, and positive affiliation with employers.
- **Governance:** To a certain extent, how the physical workplace and assets are tracked, operated, and managed dictates the outcomes achieved. The best-laid plans and smartest technologies work only when organizations are accountable for the results and transparent with auditable evidence available to governing boards. Facility managers should seek opportunities to be part of setting the evolving standards around ESG enterprisewide.

The term "sustainability" is used here as an umbrella term to encompass all aspects of an organization's environmental, energy, and social impact. In regard to sustainability software for internal operations, 51% of organizations said it is very important to employee health and safety, 47% to energy management, and 35% to overall facilities, buildings, and real estate management. However, only 24% of organizations indicated they are addressing enterprise asset and facility management sustainability with software today (source: IDC's *Sustainability Software Survey,* March 2022; n = 455).

Benefits of Sustainability Software

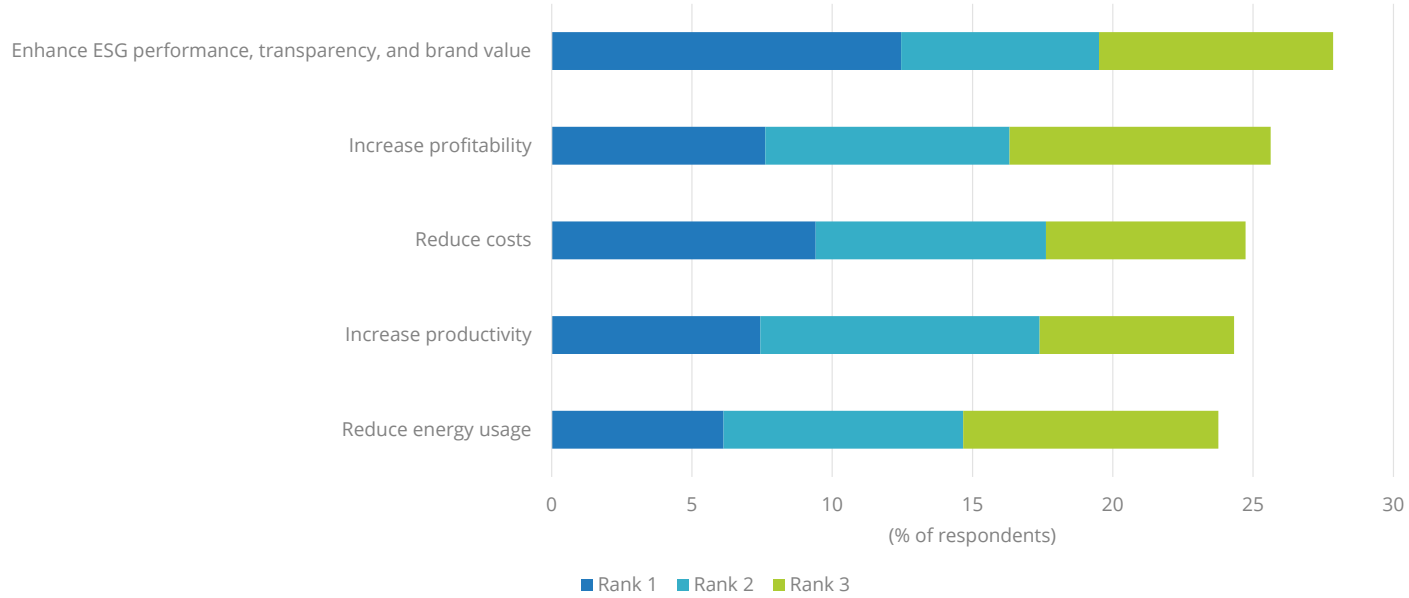
Facility managers must evaluate their role in making sustainability a part of every facet of the organization, not just a few intermittent projects. To do so, organizations need to better measure, coordinate, and understand sustainability programs. Software applications are a great place to start with data management. IDC research shows that the three most important sustainability business value benefits that organizations want to realize through software applications are:

- Enhancing ESG performance, transparency, and brand value
- Increasing profitability
- Reducing costs

Moving forward, facility management should better leverage software to move from positioning activities as primarily cost savings to demonstrating contributions to brand value, company performance, and employee productivity (see Figure 1).

FIGURE 1: ***Top Sustainability Business Value Benefits for Software Applications***

Q What do you see as the key business value benefits that could be realized through software applications that support your organization's sustainability initiatives?



n = 455

Source: IDC's Sustainability Software Survey, March 2022

For facility managers to maximize their impact on enterprisewide ESG, they need sustainability software, applications, and solutions to enable, automate, and improve performance. Sustainability software can come in at least three forms:

- Software selected and deployed to directly address sustainability initiatives (e.g., carbon management system, environmental compliance, diversity and inclusion, or risk management)
- Software deployed to indirectly help address sustainability initiatives (e.g., remote work software that allows people to commute less, travel software with carbon offsets)
- Capabilities and functionality within existing software applications to support sustainability initiatives

Data management is one of the biggest obstacles to achieving sustainability objectives, which can be directly addressed with software applications. For facilities, this often means capturing and analyzing real-time and historical data from disparate systems. Organizations need to consider platform openness before deploying into their existing and future building environments. They should assess how agnostic the offering is to IoT technologies by looking at its capabilities to quickly integrate endpoints, edge devices, sensors, and other smart assets. In addition, they need to evaluate the ability of the solution and vendor to scale and whether it will decrease IT complexity in the long run.

IDC research shows that the main drivers for software investments related to sustainability are operational cost implications, executive management mandates, and regulatory requirements. Hence, it is not surprising to see the top challenges organizations face in achieving sustainability goals directly relate to these areas. Enterprises seek better data, processes, expertise, and tools to report on progress against executive directives and regulations.

Improving Data for Sustainability Efforts: Start with Facilities

As your organization evaluates how to enhance its data quality and transparency for sustainability initiatives, consider the following. Start within your facility management organization, and then branch out for a broader enterprisewide impact. First, ensure you can better track, connect, and share sustainability data within your facilities teams (see Figure 2). Then become a standard bearer by creating facility management processes verified by third parties, making data collection auditable, and helping the organization align with evolving industry standards. Bring in sustainability expertise by selecting software vendors with growing partner ecosystems, as well as turning to industry associations, thought leaders, government agencies, and consultants to implement best practices. As a result, facility managers will be better positioned to build executive support for and collaborate with IT on enterprisewide sustainability objectives.

FIGURE 2: ***Ways Facility Management Can Start Achieving Sustainability Goals***

1 Data needed to make decisions is spread throughout the organization.	✓ **Start with facilities** — track, connect, and share operational/financial data across the portfolio.
2 We lack a process for verifying the sustainability data we collect.	✓ **Be a standard bearer** — create auditable FM processes based on industry recommendations.
3 We need sustainability expertise and capabilities within the organization.	✓ **Lead by example** — seek sustainability thought leaders and peers to learn or hire new skills.
4 We have a deficiency of IT tools to report and measure impact.	✓ **Make the case** — partner with IT and lines of business to build a business case for enterprisewide sustainability software.

n = 1,000

Source: IDC's Global Sustainable Strategies and Technologies Survey, 2022

Considering Planon

Planon Energy & Sustainability Management for building portfolios is designed to measure, collect, and analyze energy consumption and emissions data. Planon's software enables enterprises to report and disclose its carbon footprint in compliance with regional, corporate, and investor requirements and standards. In 2019, Planon and Schneider Electric announced a strategic collaboration. The primary aims of the joint Planon and Schneider Electric offerings are to enable data-driven decision making, reduce building operating costs, reduce energy consumption, improve sustainability performance, and demonstrate the real estate sustainability profile.

The open platform architecture of Planon offers API and IoT integration to existing and preferred measuring and monitoring devices and assets. Planon also connects with third-party applications for building monitoring or building intelligence platforms. In particular, Planon integrates with Schneider Electric's EcoStruxure software to enable automated detection of anomalies and translate that into work orders and/or immediate actions to resolve certain issues. Together, Planon and Schneider Electric centralize energy and emissions data to create a single source of truth for climate-related reporting.

Planon and Schneider Electric deliver capabilities for the following ongoing operational needs of facilities:

- Connect to smart meters and assets to provide and analyze meter readings and consumption data
- Visualize consumption peaks, receive notifications of exceptional energy use, and act on anomalies
- Link external public or private data sources to augment internal climate data
- Automatically calculate and compare energy consumption and CO2 emissions across geographical areas
- Access numerous preconfigured key performance indicators (KPIs) and historical data for trend analysis
- Benchmark externally and conduct industry comparisons both in real time and over time

Planon combines targeted sustainability features and functionalities with all the integrated workplace management system (IWMS) domains. This offers organizations the ability to spot improvement opportunities in multiple areas of the built environment, such as occupancy and space usage, workplace services, maintenance processes, and performance of building assets. In turn, optimizing other workflows can contribute directly to sustainability programs when adequately tracked.

For long-term sustainability program support, Planon offers numerous enterprisewide capabilities:

- Define multiyear energy and sustainability objectives related to corporate ESG ambitions
- Link collaborative sustainability projects (e.g., maintenance and supply chain) with multidisciplinary metrics
- Monitor and understand project results to reach energy consumption, transport, or CO2 emission targets
- Use preset BREEAM, LEED, and Green Star assessment structures and scoring to assess portfolios
- Perform internal sustainability audits and adjust operations prior to formally submitting to external audits
- Record sustainability documentation and audit information to develop repeatable and compliant audit processes

Planon's modular design allows organizations to deploy the vendor's application to address a few or many of their workplace needs. Organizations can choose to start with one IWMS domain and expand to others over time or implement the entire suite of functionality at once. Planon has also invested in building a robust and still expanding ecosystem with experienced partners. Many of its partners offer solutions to easily extend Planon's core functionality.

Challenges

Planon will face customer organizational barriers as well as changing regulatory requirements with strong regional variations. Although enterprises indicate that executive management mandates are one of the main drivers of sustainability software investments, they also, ironically, point to a lack of senior-level support, investment, or organizational structure to execute the initiatives. Software vendors venturing into sustainability topics will need to help the functional areas to which they primarily cater, such as facility, maintenance, and real estate management, make a business case for part of the IT budget. IDC research shows that about half of organizations expect sustainability software budgets to remain flat, with the other half expecting increases as these programs gain strategic priority.

Sustainability-related results are often visible in the very long term, so proving their return on investment is difficult, especially for organizations that are laser focused on quarterly financial performance. The long-range nature of climate issues combined with structural resistance to large-scale change can mean slower uptake and outcomes than an organization might expect at the onset of sustainability software deployment. Application and technology providers will need to structure software licenses, customer success teams, and renewal efforts accordingly.

Further, technology vendors tackling ESG will have an uphill battle in some geographies as potential customers indicate that they need regulatory incentives, legislation, and tax benefits to make the financial aspects of sustainability more attractive to their companies. There is also presently a lack of unified standards for reporting on sustainability metrics. How all of this plays out over time will determine the criticality of sustainability software to organizations across different industry sectors and geographic regions.

Conclusion

More enterprises have aspirational sustainability goals, often handed down from the C-suite. Organizations have already started by taking steps to track, monitor, and reduce energy consumption-related facilities operations. However, functional areas such as workplace, maintenance, and real estate management currently lack the data, processes, expertise, and tools required to effectively meet long-term and enterprisewide ESG initiatives.

Regarding sustainability software for internal operations, organizations see the potential for better data structures, efficient energy management, and verifiable audit processes. Likewise, IT budgets for sustainability software are expected to rise over the next several years, driven by operational costs and regulatory requirements. To the extent that Planon can address the challenges described in this paper, the technology vendor has a significant opportunity to deliver value to facility management customers and impact enterprise sustainability.

IDC research shows that the main drivers of sustainability software investments are operational cost implications, executive management mandates, and regulatory requirements. Enterprises seek better data, processes, expertise, and tools to report on progress.

About the Analyst

Juliana Beauvais, *Research Manager, Enterprise Asset Management and Smart Facilities*

Juliana Beauvais is a Research Manager with IDC's Enterprise Applications team, providing insights and analysis of enterprise asset management with emphasis on facility and real estate management. Juliana focuses on the standard overall IDC EAM software documents of Market Shares, Forecasts, Market Glances, Market Analysis Perspectives, and MarketScapes, among many IDC reports. Her research and thought leadership explore digital transformation and innovation in asset management applications and how it relates to smart facilities and intelligent real estate management.

MESSAGE FROM THE SPONSOR

More About Planon

Planon is the leading global provider of Smart Sustainable Building Management software that connects buildings, people and processes. By eliminating data silos and aligning solutions into one shared information platform, Planon provides all building stakeholders with actionable and meaningful insights. Independent market research and consulting firms have consistently rated Planon as a global leader in the market. Planon has implemented its comprehensive solutions for more than 2,500 clients, supported by offices and partners around the world.

Through our powerful software solutions, customers around the world have recognized tremendous business value through optimized space management, asset management, energy and sustainability management, facility maintenance solutions, and more.Learn more about how Planon's Energy and Sustainability Management offering can help your organization achieve its ESG goals.

IDC Custom Solutions

The content in this paper was adapted from existing IDC research published on www.idc.com.

IDC Research, Inc.
140 Kendrick Street
Building B
Needham, MA 02494, USA
T 508.872.8200
F 508.935.4015
Twitter @IDC
idc-insights-community.com
www.idc.com