Green ICT
How market-savvy senior telco executives can benefit from adding sustainability to their strategic agenda in 2010

‘Green ICT’ in Telecoms
Beyond the global media attention and government initiatives, 2009 has seen quite a focus by telcos on the practical aspects of ‘Green ICT’; specifically how it relates to their businesses and how it may create opportunities in their markets. Green ICT now routinely forms part of strategic telco client consulting engagements in developed markets, and even in developing markets where the country itself may not explicitly put ‘Green’ high on its national agenda. There are good strategic, financial & competitive reasons for this.

Firstly, what is Green ICT?
BT Telconsult defines Green ICT as:
“Genuinely applying sustainability principles to Information and Communications Technology (ICT) products and services throughout their value chain and lifecycle.“
It is a core tenet of a broader framework of corporate social responsibility (CSR) and sustainability.

Why is Green ICT important for telcos?
ICT is a key input to all forms of economic activity today, and it is largely the telcos which design, build and operate the ICT products and services used by consumers, households, businesses and governments every day. Telcos operate domestic and global infrastructure in the form of networks, IT systems and data centres, and also provide customer equipment/devices which run over their infrastructure. These are used in a number of ways:

• Within their own business operations;
• Sold to end-user customers; and,
• Operated on behalf of customers, such as multi-national corporations (MNCs) or enterprises, to run their businesses & in turn to offer services to their customers.
Telcos are therefore in a position in their own business and with their immediate customers (ie, households, consumers) to significantly drive sustainability or Green impact. In addition, as key contributors to the economy in the end-to-end value chain, telcos influence sustainability and the Green impact of the products and services which their customers provide downstream (ie, MNCs / enterprises, government agencies).

For example, taking over the data centre and enterprise network operations of a multi-national corporation with its own sustainability or carbon-footprint reduction targets means the telco is now a key influencer for enabling the enterprise to meet its own Green targets and market its own CSR credentials.

A strategic approach to Green ICT will not only help to generate a genuine ethical reputation for the telco but will bring strategic, operational and financial benefits. Herein we explore why Green ICT cannot be ignored by telco CEOs today, and why it must permeate the company’s 2010 strategic agenda from technology planning & operations through to HR, marketing & customer care. Examples from BT are also included to highlight key initiatives & benefits.

How do telcos benefit from a strategic focus on Green ICT?
BT has significant experience in this area and Telconsult itself has worked with clients on Green ICT activities. The benefits are real, measurable & occur in three main areas:

• Revenue contribution through differentiation from competitors and through Green credentials;
• Cost savings; and
• Customer & employee engagement.

Revenue Contribution - In the 2007/8 financial year, some £2 billion of customer contracts that BT won could be attributed in part to our differentiation on CSR, of which a key part is Green ICT.
Three examples of initiatives which contribute to BT’s own ethical reputation and its Green ICT credentials include:

- **BT has committed to cut CO2 emissions by 80% by 2020, relative to 1996 levels.**
- **In 2004 BT signed what we believe to be the world’s largest contract for electricity from renewable and low carbon emission sources, which supplies over 98% of BT’s electricity requirements.**
- **BT is spending £250m to build its own wind farms, which will be capable of meeting up to 25% of its UK energy needs by 2016. This initiative is the UK’s biggest corporate wind power project outside the energy sector.**

**Cost Savings** - Since 2002 BT has saved over £365 million in costs driven by Green initiatives that range from energy management through to process transformation enabled by ICT. For example:

- Rationalising a major enterprise-serving data centre from 1,500 old pieces of equipment to 100 new servers, coupled with raising the operating temperatures by 3°C (in cooperation with vendors) not only reduced our carbon footprint but also saved £600,000 a year in operating costs.
- A BT home worker using BT broadband in the UK saves the company around £6,000 per year, with additional benefits of greater job satisfaction and less travel which means a smaller carbon footprint.

**Customer and Employee Engagement** - BT uses a customer satisfaction index (CSI) as a key performance measure and also assesses customer and employee engagement.

The following examples demonstrate BT’s increased customer engagement from awareness of the telco’s genuine ethical CSR reputation:

- A three percentage-point increase on the CSI; and
- Research showing that customers who believe Green ICT and CSR are important, are 49% more likely to be extremely satisfied with the telco.

**Is Green ICT just normal business practice wrapped up as Green?**

Sceptics question which comes first: Does the telco initiate a cost saving and then say it was Green, or is Green the driver?

In our experience, cost savings or a revenue boost stemming from a Green ICT strategy represent true benefits of the strategy & culture rather than ‘Green washing’. BT started very early to develop a genuine ethical reputation. Over the years, customers, both consumer and enterprise, have come to recognise this reputation thanks to activities such as the marketing of BT phones that use half the energy of other models.

In BT, Green ICT is built into innovation, processes and culture so it is no accident that the telco sees the benefits.

Besides, people will see through Green washing. In fact, when a telco tendering for significant government or enterprise managed network services deals quotes Green credentials, it can’t just ‘wrap things up in Green’ as there are standards and measures these days to expose this.

**Should telcos in Asia wait for regulation to force the Green ICT agenda?**

Put simply, no. The case for executives to act now is clear.

Senior executives steering telecom operators in Asia, particularly developing Asia, currently face numerous challenges, from undergoing transformation to addressing convergence, low ARPU & capacity/coverage demands. When much more basic operational and cost challenges exist, it may seem that fitting Green ICT into the strategic planning process is a burden that can be addressed later.

Although the UK will begin mandatory CO2 reporting for large telco energy users in 2010, the carrot and stick approach of regulation is still some way off for telcos in Asia. But the opportunity of competitive differentiation, cost savings and customer engagement is clear.

**How will Green ICT benefit telcos in developing Asia?**

In addition to the benefits described above, in developing Asia telcos will see real competitive & customer acquisition benefits by developing a genuine Green ICT strategy.

For example, if your business involves targeting the following customer segments you will benefit from a genuine holistic CSR/Green ICT policy framework:

- Acquiring and retaining the younger Gen X, Gen Y & ‘digital native’ consumer segments who are more ‘sustainability aware’;
- Selling managed network/outourced services to governments or MNC/enterprises, especially those with voluntary or mandatory CSR/Carbon Impact targets.

So Green ICT is clearly a critical emerging consideration in strategic planning for telcos today and the case can be made both in ‘hard’ numbers and ‘softer’ customer & employee engagement benefits.

**How can BT Telconsult help its clients to Green their ICT value chain?**

BT possesses a Corporate Sustainability Centre of Excellence within its Global Professional Services group, which can provide CSR advice including Carbon Impact Assessment. BT uses a proven framework for advising clients based on four dimensions of Green ICT:

- Direct Impact - Emissions related to the energy consumed by the telco (directly or indirectly) to carry out its activities;
- Products In Use - Emissions related to the energy consumption of a telco’s products and/or services once in the hands of the user;
- Enabled Impact - Impact that a telco’s products and/or services have on the energy consumption and emissions of the entity that uses the product, other than the consumption of the product itself;
Inform and Influence - The opportunity to inform or influence stakeholders on environmental issues and the impact of these issues on the stakeholder & on the telco.

BT Telconsult can leverage the expertise of BT’s Sustainability Practice to help telecom operators to develop & assess key strategies, business processes, product development, operational & sales activities and to map the telco’s value chain. These techniques will help operators identify specific and genuine ways to increase their Green ICT credentials and enjoy the benefits of revenue, cost savings & customer/employee engagement.

Independent validation

Don’t just take our word for it; independent analysts and experts have been vocal on BT’s credentials in this area, and on customers’ attitudes to Green ICT.

According to specialist sustainability business researcher Verdantix in a May 2009 report on Sustainable Telecoms, “[BT] has a long-standing commitment to corporate social responsibility which has supported the development of a robust and sophisticated sustainability strategy. BT is the leader on sustainability market momentum due to its long-standing carbon management programme, complete vision for the evolution of sustainable telecoms and innovation in areas like data centre energy efficiency. Verdantix recommends buyers turn to BT Global Services for:

  o Collaboration solutions...
  o Sustainable telecoms/IT consulting.”

Finally, according to Jorgen Randers, Professor of climate strategy at the Norwegian School of Management, Oslo:

“BT is one of the early movers in this area (of climate change) and its track record is excellent. BT is one of the very few companies to have reduced its overall emissions while growing the business. It has adopted a positive approach and is looking for solutions for itself and for customers. If everyone was doing what BT is doing, we'd be on our way to solving the climate problem.”

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For more information please visit www.bt.com/telconsult

About BT Telconsult

BT Telconsult provides independent management consultancy for the global telecoms sector, and is a key value differentiator within the end-to-end BT Global Services capabilities spanning ICT Consulting-Design-Build-Operate.

Our clients, including fixed line & mobile telecom operators, internet service providers, investors and Governments value us as one of the few consultancies with real-life telecoms-operator experience. We use that experience to create relevant, tailored, flexible and scalable solutions for your business challenges.

We offer our clients the advantage of being able to draw on the global resources of the BT Group – recognised worldwide for its technical and operations ICT skills, managerial proficiency and commitment to innovation, sustainability & transformation – whilst being assured independent advice from proven Telco consulting professionals having worked with external clients globally.

Our high-value management consulting services address the following critical areas of our clients’ business:

- ICT Infrastructure Planning & Deployment
- Launch & Strategic Transformation
- Organisation & Business Process Design
- Sales, Marketing & ICT Portfolio
- Telecoms Management Contracts
- Sustainability & Green ICT

With 30 years of experience serving clients in over 90 countries, BT Telconsult leverages best practices and methodologies combined with hands-on Telco operator expertise and true independence to help our clients overcome the business challenges you face.

Based on our experience, BT Telconsult understands that the key to delivering true measurable value to our clients as a trusted advisor requires 3 key ingredients:

- Independence
- Real-Life Experience
- Capability to Execute

Clients may readily find a consultant who satisfies one or two of the above criteria, but we know the challenge you face in finding a trusted advisor who readily satisfies all three, and who can deliver true measurable value. BT Telconsult is truly differentiated on this basis.

As a trusted advisor to numerous high profile clients around the world, and through our continued demonstration of true independence, hands-on experience and capability to deliver high-value outcomes time & time again, we are regularly engaged to assist clients in solving complex business problems in challenging environments.
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