IT's Integrating Tech with Sustainability

Technology services providers are sizing up the growing market opportunity for sustainable solutions as clients transform into digitally agile, environmentally conscious and more efficient organisations *by* **Priyanka Sangani**

In the last few years, industries across the world have become increasingly aware about sustainability measures as well as Environmental, Social and Corporate Governance (ESG) criteria. This has had the effect of throwing open fresh opportunities for the Indian IT sector. The ESG market, pegged by some to grow to $50 billion by 2030, could emerge as the next big growth driver for domestic IT services providers.

Sector leaders such as Tata Consultancy Services (TCS), Infosys, Wipro and Tech Mahindra, who over the past decade have become more sustainable organisations in their own right, are now offering their solutions – gleaned from years of best practices – to clients looking to go green.

In April, Infosys and British multinational oil and gas company BP

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joined hands to build an integrated energy as a service platform that will leverage the strengths of both companies. The Bengaluru-based IT services provider is expected to use its digital capabilities to manage energy assets, provide low carbon power, low carbon heating/cooling, and low carbon mobility to campuses, driven by an Artificial Intelligence-based digital platform. On the other hand, BP will bring to the table its expertise and resources in renewable solar and wind, as well as traditional fossil fuels, to the areas of electric vehicle charging, battery swapping and advanced mobility solutions.

"The integrated energy as a service offering will be piloted at Infosys' Pune campus, and later scaled to other Infosys campuses, smart cities, and industrial and business parks. This will help reduce emissions at campuses and cities," said Aruna Newton, Associate Vice-President and Head - Global Diversity and Inclusion, Sustainability Reporting and Governance, Infosys. Similarly,

TCS is working with US-based automotive leader GM on autonomous and electric vehicle programmes. The company is partnering with 15 startups to identify supply chain efficiencies in building technology for electric cars. It is also working with Japan's largest power generation company to transform its power plants into autonomously operated units and reduce emissions in order to achieve power generation company's sustainability goals. Infosys, which has a well-established corporate sustainability programme, became carbon neutral last year, 30 years ahead of the timeline set by the Paris Agreement on climate change. The company's ESG vision 2030 is expected to shape solutions that develop businesses and the larger community in clearly defined focus areas. "Sustainability has become important for enterprises across industries. Over the past decade, Infosys has leveraged technology to build and run some of the most efficient buildings and campuses globally," said Newton.

Infosys has completed over 20 projects in the first year, helping clients combat climate change through business-driven IT solutions.

CORE BUSINESS STRATEGY

ESG and sustainability are fast becoming the core business strategy for companies the world over.

"There has been widespread adoption of sustainability and ESG principles by governments, enterprises and stock exchanges in the form of mandatory and voluntary disclosure requirements for companies across the globe," said Sandeep Chandna, Chief Sustainability Officer, Tech Mahindra. "We are also noticing an increased interest from customers for services, solutions, products and platforms that can help them meet their ESG commitments and priorities.

These include global sustainability practices like science-based targets, carbon pricing; energy reduction through microgrids and solar panel efficiency management; sustainability audits across suppliers and green IT solutions portfolios.

Tech Mahindra has in the past year received green building certification for 3.7 million square feet and reduced Scope 1+2 emissions by 35% against the baseline year of 2016. The Pune-based company intends to reduce this by 50% by 2050 and be carbon neutral by 2030. For IT services companies, showcasing the impact of their ESG initiatives help in marketing such solutions easily. Bengaluru-based Wipro has proactively adopted best practices in the ESG space for over a decade. "Customers expect us to meet global standards in our own ESG practices - whether it is climate change or diversity and inclusion," said Saurabh Govil, President and CHRO, Wipro. The company is working with several customers, including those in the energy utilities sector, on sustainability initiatives. Some of these energy utilities are implementing grid-management solutions that aim to significantly reduce the carbon footprint associated with energy transmission and distribution.

"IT Indian services companies have opportunities in three main areas – consulting, engineering solutions and operations," said Pareekh Jain, founder of Pareekh Consulting.

There is also potential in managing and analysing the data that these initiatives generate, as well as in areas like carbon credits and financing.

"Sustainability is a must for enterprises, both for responsibility, regulation, and economic benefits. Engineering service providers can jumpstart enterprise sustainability initiatives with their sustainability engineering service offerings and help enterprises achieve sustainability goals in the required timeframe," Jain said. Several projects that have of late been labelled as ESG initiatives are those that the IT companies have already been doing for customers.

A few years ago, L&T Technology Services (LTTS) launched a smart building management system - iBEMS. The company is setting up infrastructure in Baroda using multiple energy sources as a pilot before it can take the solution to clients. The engineering services company has identified six key areas that it will focus on as part of its ESG push.

"We've got a theme called Sustainability as a Service offering and there are Proofs of Concept (PoCs). In the next six to 12 months, you'll see real dollars coming in, in that area," said Amit Chadha, CEO of LTTS.

The potential, he said, is significant, and the six investment areas could grow at two times the company's growth rate over the next three to five years. TCS, India's largest IT services firm, has also been at the forefront of adopting ESG principles. The Mumbai-headquartered company is working with partners and customers to make their businesses more sustainable and future-ready. These include helping them cut carbon footprints and adopt more energy efficient practices. "In light of recent climate disasters globally, and growing conversation on the topic of sustainable development, organizations globally are taking on sustainability as a top strategic imperative. We see great potential in enabling social efficiencies and climate action through our digital solutions for customers," said Girish Ramachandra, President-Asia-Pacific, TCS.

Jain of Pareekh Consulting said most of these projects are currently being incubated under the engineering practices of these companies, given the nature of the solutions. "This could be among the biggest economic drivers for the industry in the coming years," he said. As enterprises across the board undertake digital transformation initiatives, sustainability is being baked into these projects.

"It's not a one-off business opportunity and this has to touch everything we do. It may or may not be a growth driver, but it's definitely a pretty strong focus area," said Nitin Rakesh, CEO of mid-tier IT services firm Mphasis.

Companies that don't keep up will risk getting isolated from the market and the customer base, he added. "It's a bit of a hygiene factor, you have to be able to undertake these initiatives, otherwise you will risk your own position in the market," Rakesh said.

Infosys' client-focused sustainability initiatives prioritise two objectives – developing products and solutions that are cleaner and improving processes through effective use of advanced technologies like Internet of Things, AI and robotics. The company has identified several opportunities with a focus on energy, chemical, smart utilities, mining, transition to cloud services, smart spaces, and circularity solutions for sustainable manufacturing, financial services, and consumer product retail, said Newton, its sustainability chief.

"Infosys has marked sustainability services for rapid growth from a growing baseline within engineering services - to being a native competency for all Infosys employees. Infosys sustainability services are beginning to span a broad range of enterprise demands and there is no doubt interest will continue to grow as more and more clients and community stakeholders demand and adopt 'cleaner' solutions to grow and prosper responsibly," she said.

Tech Mahindra's Chandna, too, expects to see a variety of sustainable collaborative offerings across verticals like agriculture, manufacturing, factories and ports, along with horizontal offerings like green data centres and green supply chains. Wipro said it was taking a lifecycle approach covering consulting, design and the entire spectrum of technology-enabled sustainability solutions and that cloud, analytics and AI would be the key drivers of its sustainability solutions.

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