

## BI Radio

### Episode 9: The Green Show

(00:00)

**Station ID:** This is BI Radio.

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#### Montage:

- What are we doing around design for the environment?
- Governments want industry to report on that.
- If it's not done right, recycling of products can be very problematic.
- Reduce. Reuse. Recycle.
- Is it real? Is it a fad?
- Is this a fad? I get asked that a lot.
- I hope it's not a fad.
- It can actually significantly affect their bottom line.
- There's a lot of value there and that it's fundamentally a better way of doing business.

(00:36)

**Ken Seeley:** Hi there, and welcome to BI Radio. I'm Ken Seeley. On the show today, Performance Management goes Green. We look at the link between changing climate and changing business conditions, and the new Green metrics that managers need in their scorecards. Delaney Turner learns about the life cycle of the Blackberry, and the connection between reporting and recycling. Our technology soup panel is back to separate fact from fad in the questions of Green IT. And first up, riding the Green wave Kelsey Howarth talks to best selling author, Andrew Winston about why Green business is good business and the companies that are redefining the meaning of the word growth.

(01:25)

**Kelsey Howarth:** Hi. I'm Kelsey Howarth. How are environment issues being handled in your company? Are they viewed as a cost center, a low priority, or a nice to have? For forward thinking businesses going Green is a smart and profitable business move. And there's no better person to help lead the way than Andrew Winston. Winston is a co-author of the best seller, Green To Gold, which highlights what works and what doesn't when companies go Green. He is also

the founder of Winston Echo Strategies where he works with leading companies to use environmental thinking to drive growth. He has consulted with startups and Fortune 500 companies such as Bank of America, Reuters, Coca-Cola, and Ikea. Winston has also written for or appeared in Time, Newsweek, Business Week, Forbes, ABC News, and many more. Here he joins me to discuss how smart companies are using environmental strategy to innovate, create value, and build competitive advantage.

(02:34)

**Kelsey Howarth:** Andrew, thank you so much for joining us today.

**Andrew Winston:** I'm glad to be here. Thanks for having me.

**Kelsey Howarth:** Off the top, could you tell us a little bit about what the Green Wave is?

**Andrew Winston:** Sure. It's a sort of catch phrase we use to describe the pressure coming to bear on companies about their environmental performance. And I think the pressure coming to bear on society at large. And I see it as fundamentally two big forces. One is the natural world. Just real changes we're seeing in the resources that are available for people and for companies, and things like climate change, obviously. And then the second big force are stakeholders, or the people that are asking questions about those environmental issues. And the stakeholders are getting much more diverse, much more powerful. There's lots of groups out there. They're not just non profits. They're you and me in different walks of life -- as employees, as customers, as members of communities -- and we're all starting to ask companies much tougher questions about how they're handling environmental and social issues. So those two things together are very powerful and are making it something that companies really have to deal with now.

**Kelsey Howarth:** You mentioned that we're just at the beginning. I think most people would agree that environmental and social responsibility is the right thing to do. But some companies are still making the business case for it. Can you share some of the compelling reasons why this is a smart business decision?

**Andrew Winston:** Well sure. Part of it is this Green wave. And I often, when I give talks about this topic and try to lay this out for companies, I really build to this point that there's no alternative anymore and that this is where the business world is going and companies have no choice. But I think that's almost a reactive reason. There's many more positive and proactive reasons to do this. And in the book we talk about the four ways that companies create value, sort of four big buckets of value and by thinking Green, and by using the environmental lens.

And so companies are finding ways to cut costs and reduce risks, and those are the two areas that we've probably talked about for decades on some level and companies sort of inherently understand. But the other two big buckets are driving revenues, coming up with new products and satisfying customers, and building intangible value. It's very tough to measure brand value. So, I mean, for me, the business case is really that there's a lot of value there and that it's fundamentally a better way of doing business. And companies are finding that, and in many industries. So it partly answers another questions which is, is this a fad? I get asked that a lot. Is this just a bubble? And part of my answer is, "no" because of the real natural world issues and we've got real constraints. But even putting that aside it's not really a fad because as companies find that it's a better way of doing business, and their costs are lower, and they're driving revenues, why would they go back?

**Kelsey Howarth:** As I read Green to Gold certain words jumped out at me where it's like scorecards, metrics, and data. As a Performance Management software company this is the world we live in. We help people make sense of their data. But I wonder how readily available is the data and metrics to properly monitor these activities?

**Andrew Winston:** I would say, by in large, the data's not available almost at all for most companies. I think it's an incredible opportunity, frankly, for software and some hardware companies to manage this new data challenge. And I know that software companies are jumping on this and realizing this in the last few months. And I'm going in part by how many calls I get from companies like yourself and others about what's going on in this? Can you come talk to us? Can you consult? There's just this huge rise in interest in the last few months in the IT space in general. And I think in software, again, companies like software companies probably felt environment isn't really our thing. We don't use a lot of energy to make our products. We don't have a factory. But they are realizing that the opportunity is there to sell a lot of products if they can help businesses solve these challenges. And a lot of companies, most companies, have almost no data on their environmental footprint. They could close their financial books in a day and tell you last month here's what our cash flow was to the penny. But if you ask them how much energy all their facilities used last month, they have no idea. And I think that's an incredible opportunity for tools to help them get a handle on it and manage to it.

**Kelsey Howarth:** A lot of our listeners are in the IT realm. And I wonder, what role can IT play in all this?

**Andrew Winston:** As I said, it's an upside opportunity on some level. But IT also really has to look at it's own footprint. Part of the reason the IT industry has been jumping on this Green bandwagon lately is that some data has come out

and it's become clear that information technology does use a tremendous amount of energy. There's been a lot of attention on, specifically, data centers and how much energy they really do use and how inefficient they are. Some of the data I've seen says roughly 4% of the energy going into a data center ends up processing something, which is what you want. There's a lot going to cooling, and space, and idle servers, and so there's going to be a drastic increase in the expectations and the efficiency of running these kinds of data centers. And I think, again, software can play a huge role. I think IT is also going to have to look, not just at energy, but look closely at the elements, the literally physical elements of their products and how toxic they are and what happens to the waste. And the EU and other regions are making those mandates so that companies look at their waste and figure out how to take back products and do something with those. So this is happening globally. And I think IT is going to have to look very seriously at what's in everything they make.

**Kelsey Howarth:** Now you've answered all of my questions. But I want to know are there certain things you really feel that people really need to know that we haven't covered?

**Andrew Winston:** You know, I try to leave people with the dual sense that (a) you have no choice, and this is where the world is going. You can compete on it or fall behind. But (b) it's an incredible opportunity, so why not embrace it and take it on and find all the value that's there in making this a big part of your business. So just telling people that it's far more than just this side part of your business, it can be a key source of competitive advantage. And if you don't tackle that yourself you'll find out that some competitors will. This is a threat and it's an opportunity. So you should take advantage of it.

**Kelsey Howarth:** Thank you so much for joining us Andrew. It's been an absolute pleasure.

**Andrew Winston:** No problem. Glad to help.

(9:38)

**Kelsey Howarth:** For more insight on environmental issues please check out the Green edition of Cognos Performance Perspective at [cognos.com/newsletter/green](http://cognos.com/newsletter/green). For more information on Andrew Winston and ways he can help you use environmental strategies to create enduring value please visit [AndrewWinston.com](http://AndrewWinston.com).

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**Station ID:** Interview, insights and opinions on Performance Management. You're listening to BI Radio.

(10:44)

**Ken Seeley:** Welcome back to BI Radio. I'm Ken Seeley. Now, Green IT: Fad or fact? Our Technology Soup panel explores energy concerns in the server room and whether or not it's all just hot air.

(11:04)

**Don Campbell:** Hi. I'm Don Campbell, Chief Technology Officer.

**Stephan Jou:** I'm Stephan Jou, Technical Architect.

**Andrew Kowal:** And I'm Andrew Kowal, Product Manager.

**Don Campbell:** Today, we want to talk about the topic of Green IT. It's one of the trends coming, certainly for 2008. We hear lots about it. Gartner has named it their number one strategic technology for 2008. So the question is, is it real? Is it a fad? Is it making a big difference to the world? Where do we stand on that?

**Stephan Jou:** It certainly has big potential difference that it could impact. So I hope it's not a fad. There's so much waste that seems to be going around. I think a study from one environmental services firm estimate that something like 2.5 billion metric tons of waste is produced every year. And so there's monetary and environmental reasons to address this issue.

**Don Campbell:** I was meeting with a company just last week actually and what they do is they help you measure your carbon footprint. And it helps you measure personally how much carbon do you generate when you drive to work, or when you use your stove. All of those kinds of things that you do. And they do it for corporations as well. And they say that they're getting a big uptake in it

from IT departments that are trying to understand because they don't know all the chemical elements of it. They just want somebody to come in almost as a consultant and help them understand where they're being wasteful, and where they can improve. And they claim that their customers are looking at this, not just from a social standpoint, but also because it really can save money for the company.

**Andrew Kowal:** For sure. I mean if you have servers sitting around powered up doing absolutely nothing, and all they're doing is pumping out heat, second law of thermodynamics in action, it is a huge waste.

**Stephan Jou:** Estimates peg it as something like 4% of actual CPU time is actually being used at any given time. That means that 96% of it is being wasted. I guess that's where trends like virtualization as a software solution seems to really help. So even given the same hardware it's nice to know that you can leverage that same hardware and maybe get a whole lot more value out of it in use.

**Don Campbell:** So the hardware itself isn't using any less power. It's just using it more efficiently to do your business processing tasks, and therefore you need less of them powered up at any one time.

**Stephan Jou:** Right. It's also nice to see the same healthy trend on the hardware side. Now looking at really identifying the amount of CPU power that you really need to do 90% of your chores and being able to do that in sometimes one to two watts of power. That's very low compared to where we've historically been.

**Andrew Kowal:** There's a lot of laptops that will burn your laps right off. And all you're really doing is browsing. And beyond the inefficiencies of power usage there's also the whole life cycle issue of obsolete technology in what happens with old gadgets, and old CRT's, and horror stories of them being sent overseas and taken apart by bare foot kids just to pull copper out of components. It's a horrible story. And I think the longer life cycle you can have for some of these technologies you're also benefiting that. If you can have a server last that much longer because maybe you buy it at a higher capacity, and virtualize it to begin with and make it part of a grid and then eke more out of it for a longer lifecycle. The whole idea of reduce, reuse, recycle. Try to do those first two R's first before you actually have to get rid of the hardware itself.

**Stephan Jou:** Absolutely. I'm looking forward to any improvements in the battery space. There have been some recent developments in the last year or so. But no where near the revolution that I would like to see. That seems to be

the most wasteful part, at least right now, at least in the components that I carry around.

**Don Campbell:** It's very hard to get rid of some of these things. You can't just throw them in your garbage and let your municipal garbage truck pick them up.

**Stephan Jou:** But again, there are companies stepping up now. There are many places that will take back old batteries and dispose of them properly, make sure that they don't have an environmental negative impact, and that it's all cleaned up.

**Don Campbell:** Even the light in my projection television set went the other day, and it has mercury in it and you can't just throw it out. So those kind of things, any kind of benefits we can get out of technology advancements to reduce the throwing away of these dangerous components would be great for the future. I know Sun's been talking about Green systems for quite a while. And they're saying that it really makes a difference to, not only the power that gets generated, but as you start to think about how to generate components, and how to leverage power better, there's a savings to the business, for sure, and an environmental savings. And they're saying that the cooler they can make components run the faster they can push them, and therefore they can actually build better components that have better compute power. So everybody kind of wins in a situation like that.

**Andrew Kowal:** Unless they put all the effort into the cooling systems, which take that much more power, and then just pump the leftover heat out into the atmosphere. I mean some people are taking really far. Google, for example, wanting to be basically carbon neutral is my understanding. And taking it so far as well, we consume a lot of power. And they do. It's a huge cost for them getting into the power business and trying to figure out ways that they can ethically produce the power that they need to run their systems. So you could take this pretty far.

**Stephan Jou:** That's Google's RE<C. I'm not sure how to pronounce it. But it's the renewable energy, cheaper than coal initiative that they've recently announced, spending millions of dollars on solar and other renewable energy. Putting millions of dollars where their mouth is, hiring scientists. So very interesting. Obviously, anything Google does people tend to watch. But it's also nice to see IT departments actually even monitoring this because they're starting to realize that it can actually significantly affect their bottom line. So even going through the process of identifying the metrics to use. Looking at studies, how can I measure waste in an IT environment? It's very interesting to see those metrics starting to show up in reports.

**Don Campbell:** So this becomes a Performance Management issue as well where you have to understand the strategy of the company, and how it percolates down to everybody in the organization, and how they participate in that strategy, etc., you can do that from a power consumption standpoint as well. You can put it in scorecards. You can manage it on a dashboard. And you can run reports against it. And so there really is a play there for Performance Management systems to take this as one of the elements of a strong performing company.

**Stephan Jou:** And the key there is it really is one of the elements. It looks like you just need a coordinated effort. But the good news is there's so many options available that people can use to optimize right now, partially because we're doing so poorly. But I think also partially because this isn't going away. We're still early, but we're heading in the right direction and there seems to be even over the last year some significant progress and awareness being made.

**Don Campbell:** So I guess when we're asking fad or not? We're saying it's really not a fad. It's a fact of life for us here on this planet and we all better take it seriously. And it looks like organizations are, and companies are coming to the forefront and taking some leadership position there, which is all good. So we look forward to this trend continuing through 2008. So thanks very much everyone. Thanks guys. Talk to you again soon.

(19:12)

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(19:40)

**Station ID:** Insights on Performance Management from the people who shape the industry.

(19:55)

**Delaney Turner:** Hi. I'm Delaney Turner, editor of Cognos Performance Perspectives. And with me today is Jay Illingworth. Jay is vice president of Electronics Products Stewardship Canada, or EPSC. Jay Illingworth, welcome to BI Radio.



**Jay Illingworth:** Glad to be here.

**Delaney Turner:** Tell me first about briefly your organization and what it does.

**Jay Illingworth:** EPSC is an industry organization that came together in 2003. We have more than 20 of Canada's largest manufacturers and brand owners of electronics, both consumer electronics and IT companies. We formed in 2003. We now have 24 members. Companies like, in the television space, Panasonic and Sony. In the printer space people like Lexmark and Canon. And in the computer space people like HP, Dell, and IBM. And we were brought together specifically to focus in on end of life regulations.

**Delaney Turner:** Why is Green important? Why does it matter to IT teams?

**Jay Illingworth:** I think for the IT sector it's been a couple of things. First of all, the end of life part of the equation is a big one. Recycling, and responsible recycling of electronics is one that's getting a lot of media attention because frankly, if it's not done right the recycling of products can be very problematic. That's one part of it. Another part I think is the fact that our companies are starting to do a much better job in terms of what goes into the products at the front end and making sure they're paying attention to reducing hazardous materials and chemicals and those sort of things. And trying to make products, frankly, easier to recycle and reuse at the end of their life. So it's from both sides that it's been happening. And the other part I think that's coming up very strongly now is energy efficiency.

**Delaney Turner:** Walk me through, if you could, what's the environmental repercussion on that life cycle of a Blackberry?

**Jay Illingworth:** Tech companies are paying a lot more attention to that full lifecycle. Not just looking at how do we recycle this thing at the end of its life. But going right back to the design stage and getting their environmental teams involved in the design to say, hey, instead of using a screw there, couldn't we use a snap-tight fitting. Save a material there. What about taking it apart? What if we were going to refurbish and reuse it? How do we do those sort of things? Those sort of things, I think that's part of the shift that's going on is that there is that full life cycle appreciation of the product. Then as it moves through its stages you're looking at reuse possibly after the first user is done with it. Is there a reuse market? And what are the opportunities there? And then the recycling stage and recognizing that responsible recycling does cost money that even though, I think there is a misnomer out there that there's a goldmine in old electronics. There are valuable metals and plastics and glass. But to responsibly recycle it properly in Canada, it's going to cost money. And I think companies have come to that realization and are ready to invest in it. And governments

have certainly realized that and that's certainly realized that and that's why we're seeing a whole host of regulations coming through. It's the provincial level requiring those kind of programs to be in place.

**Delaney Turner:** You were saying that there's some regulations that are already in place. Could you give us some examples of some of those?

**Jay Illingworth:** You're seeing provinces like Alberta, British Columbia, Saskatchewan, they've already moved forward on regulations on requiring industry to take responsibility for their products at the end of their life. And the basic premise is, you put it into the market, you take it out. And then, on a monthly basis, they'll need to report on sales of the obligated products. There's an environmental handling fee that's usually put on in the front end of those products. So there is a fairly complicated reporting structure that needs to go on at the provincial level. The other thing that we're seeing in some of the regulations, like British Columbia is a good example, they're not only interested in terms of what you're doing to support the recycling part of the equation. What are we doing around the design for the environment? Things like chemical management. Trying to reduce the number of lead, cadmium, mercury, and those kinds of materials and their products. Trying to look at energy efficiency, intense energy efficiency. Trying to build design for the recycling right into the product, right at the front end. Governments want industry to report on that. They want to make sure that we're not just trying to clean up the mess at the back end, but we're doing a better job at reducing the environmental footprint of our products right up front. I think that the more IT companies are aware and knowledgeable of being able to assemble the information that's within the company and report on it and have a reporting mechanism, I think that's a good investment to make now.

**Delaney Turner:** What has the response been? What are you seeing among your member organizations? Are they voluntarily stepping up? What are you seeing?

**Jay Illingworth:** The twenty four companies that I represent have voluntarily stepped up. And that's why they formed EPSC, because they are environmental leaders and they want to show some leadership and say we're taking a leadership role here. We're not just waiting for regulation and then responding to it. We want to actually be part and parcel of the plan development as it moves forward. I think in the programs that have rolled out like provinces like Alberta, and British Columbia, and Saskatchewan now, there's been very little pushback. I think companies understand it. There has to be a little bit of hand-holding to get the message across about why this is important. A level playing field is a huge issue. I think once companies understand that I'm not just being picked on here, but

it's across the whole sector, then I think it's a message that is sellable, and one that's easy to understand.

**Delaney Turner:** Let's talk about investors for a few minutes. Big investment firms are now getting into the game. There is Goldman Sachs, Morgan Stanley, looking at a company's global footprint, or carbon footprint, as a criteria for whether a company is worthy to be invested in. Now that is a big shift. There is the carbon disclosure project which represents trillions of dollars of institutional investors. What are you seeing from that aspect?

**Jay Illingworth:** I think what you're seeing now with this whole corporate social responsibility move and sort of the Green and sustainability approaches that we're seeing is the fact that, not only from an investor point of view, but from a consumer point of view, this is something that would put our company in good stead. And it helps our brand to say, hey, we are a good environmental actor. We're stepping up. We're participating in these provincial programs. We're trying to do a better job at designing our products. We're paying attention to things like energy efficiency. All those kinds of things I think are starting to shift. So I think that's why from the investment side they're looking for those kind of signals.

**Delaney Turner:** I guess the last part of this equation is the consumer demand. And if I were in marketing, say, taking that market opportunity, that consumer demand, all the way back to the R&D process so that you can show, as a company, that not only are we being responsible at the end of a lifecycle, but our products are designed more responsibly from the ground up, that's an ideal scenario. But is that what you're seeing?

**Jay Illingworth:** It's happening. It's happening on two fronts. I think the consumer market, they're becoming more savvy. They can separate out the greenwash. They can say, well okay so you recycle their products. Where do you recycle them? How do you recycle them? What really happens? How much goes to landfill? So I think the consumer segment is becoming more savvy on that side. On the other end, there's a number of standards that are coming out now. There's one in the U.S. called EPEAT. And EPEAT has started to move forward to become a de facto standard in terms of Green electronics. And it has a number of different measures that companies have to pre-qualify their products on. It's a set environmental standard that they've put through the American Standards Association. And so then what that does now for a purchaser, especially a purchaser for a large amount of electronics, is it gives them a tool, a Green procurement tool, to be able to say, I want make sure that any of the purchases that I'm making -- and sometimes we're talking about hundreds or thousands of electronics at once -- have as little environmental impact as possible.

**Delaney Turner:** Well new regulations mean new business opportunities for the electronics industry. Jay Illingworth, thank you for being with us today.

**Jay Illingworth:** Thank you for having me.

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(28:30)

**Ken Seeley:** Well that's a wrap. I would like to thank our guests today. Andrew Winston, our Technology Soup panel of Don Campbell, Stephan Jou, and Andrew Kowal. And from Electronics Products Stewardship Canada, Jay Illingworth. A special thanks as well to contributing producers Kelsey Howarth and Delaney Turner. Thanks to producer and audio engineer Derek Schraner who composes all the original music you hear on BI Radio and for making us sound so good. A reminder to check us out at [radio.cognos.com](http://radio.cognos.com) where you can listen to previous shows, download individual segments, and view the transcript of each broadcast. Thanks for listening. I'm Ken Seeley. See you again in six weeks.

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