

The Sustainable Business Practice Study



A report from Cisco

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The Sustainable Business Practice Study



2. About this research

This research was commissioned by Cisco and conducted in February 2008.

The employee/consumer research was conducted by YouGov, which surveyed a representative sample of 1241 people across Great Britain. The survey was conducted online.



The IT leader research was conducted by Vanson Bourne, which surveyed a total of 200 senior IT decision makers in the private and public sector in the UK: the organisations they work for employing more than 1,000 staff each. An equal sample of private and public sector leaders were interviewed. A proportionate sample of 32 Scottish IT leaders was surveyed within the total sample.



Cisco and Sustainability

Cisco is committed to helping people work, live, play, and learn in an environmentally-friendly way. We are reducing our own carbon footprint, engaging customers, partners and employees in efforts to manage our impact on the environment and developing IT solutions to help address climate change. Our vision is to use technology to transform the way the world responds to its environmental challenges. If we are innovative and collaborative in our approach, we have a unique opportunity to help society live in an environmentally sustainable way.

For more information on Cisco's global sustainability efforts, please visit:

<http://newsroom.cisco.com/ciscogreen>



3. Overview

As the Internet has become more pervasive and important to the operation of British businesses, Cisco has become involved in broader discussions with our customers. CIOs previously tasked by the board with finding new operational models and improving productivity are increasingly being given the responsibility for 'greening' the business – helping the organisation reduce its carbon footprint, cut down on business travel and to find new ways of working that are more sustainable. In addition, there is pressure from environmentally-aware employees demanding that their employers conduct business in a sustainable, responsible manner.

This research was conducted with the aim of understanding and supporting CIOs as they work to tackle the sustainability responsibility placed on them by their organisations; to raise the profile of IT and the role it can play in addressing the issue of sustainable business practice, and to gain an increased understanding of the attitudes of workers and IT leaders alike.

We don't believe there is a silver bullet for sustainability: technology can provide many of the answers, whilst strategy and policy can offer others. The most important goal is for sustainability to permeate every level, and every facet of the organisation, from the boardroom outwards.

The survey results are fascinating. To touch on some of the 'headline' findings:

- Thirteen per cent of British employees won't work for employers which don't have a sustainability policy in place. Seventy-eight per cent of employees said they were aware of their employer's Sustainability Policy, suggesting the British public is well-informed. However, 51 per cent think their employers' sustainability policy is either insincere or marketing-led.
- Almost a quarter (23 per cent) of UK private sector IT leaders are tasked with implementing sustainable business practice in their organisation. Forty-three per cent of IT leaders report they would be willing to pay up a premium for sustainable goods/services, and many are looking to new technologies to support this including web 2.0, data centre consolidation and virtualisation technologies, and digital video.
- Twelve per cent of public sector IT leaders are being given responsibility for driving sustainable business practice. Whilst this is lower than in the private sector, the government is doing significant work to support its CIOs in delivering on sustainability targets and it is encouraging to see IT already beginning to take the lead.

At Cisco we see sustainability as a journey that encompasses the whole organisation. We are only at the beginning of that journey, but it is positive to see that workers and leaders alike seem set to take on the challenge implementing sustainable business practice represents. If we continue along this path, the UK could be in a position to set an example for the rest of the world to follow.

We hope you find the contents of this report of interest.

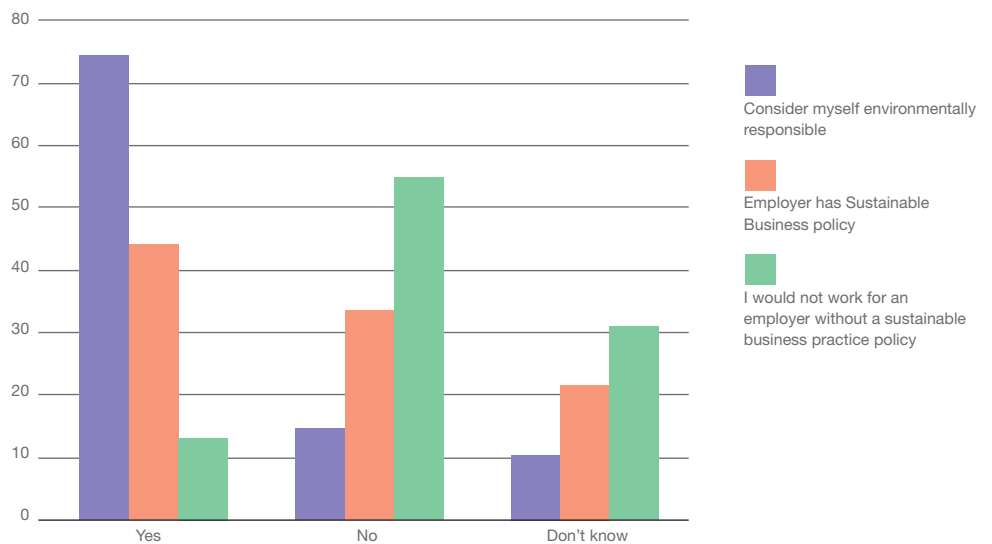
David Meads

Operational Director, Cisco UK&I

4. Employee research

Key Findings

Figure 1. Ethical employees



We only work for Green, say British workers

The employees surveyed showed a strong understanding of sustainable business practice issues and demonstrated a willingness to take on initiatives that would support their business in becoming more sustainable. Three quarters (75 per cent) consider themselves environmentally responsible and 78 per cent are aware of their company's sustainable business practice policy – suggesting a good level of knowledge of sustainability issues among British workers. Indeed, 13 per cent indicated that they would not work for a company without a sustainable business practice policy in place. With such a significant proportion of the working population willing to take a stand on principle, an even greater proportion (62 per cent) report that they would care if their employer did not have a sustainability policy in place. These trends indicate that sustainability is fast becoming a pressing recruitment and retention issue.

Sceptical

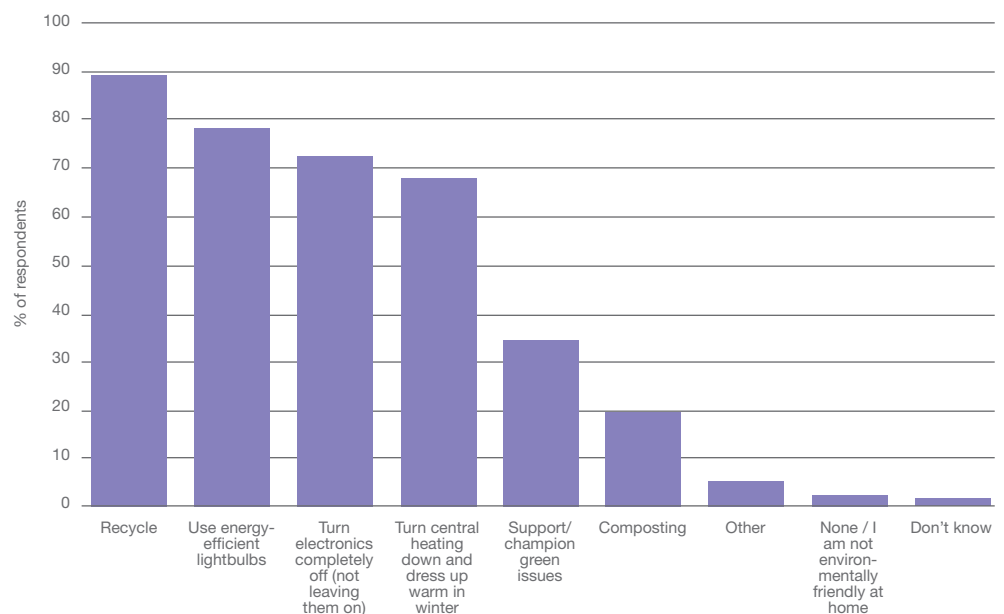
However, there is some scepticism from workers – half (51 per cent) think their employers' sustainable business policy is insincere or primarily marketing-led, and 53 per cent report that they are expected to take their own initiative to support their employers' sustainable practices. Given that 58 per cent of employees report they are more environmentally responsible at home than at work, counting on employee action alone will not be enough to ensure organisations meet their sustainability targets. However, only 13 per cent feel their employers' sustainability policy is poor or very poor and only 19 per cent consider themselves cynical or very cynical about the need for sustainable business practice.

Perhaps surprising given the increasing emphasis on green issues in the media over the last 18-24 months is the fact that 55 per cent of workers responded that they are not suffering from 'green fatigue.'

Employee action at home

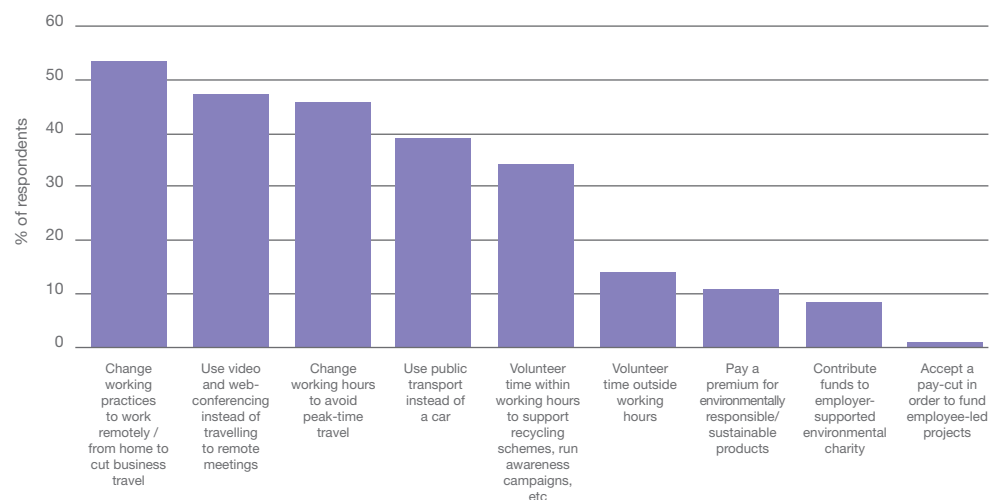
Many people are trying to be more sustainable at home, and employers may benefit from employees' good intentions at work. Eighty-nine per cent of British workers claim to recycle at home, 78 per cent use energy efficient light bulbs and 72 per cent turn electronics completely off at home to conserve energy. Sixty-eight per cent turn central heating down and rely on warm clothing to see them through winter, and 34 per cent compost. In addition, 33 per cent of respondents indicated that they would be willing to pay a premium of up to 10 per cent for goods from sustainable vendors.

Figure 2. Which, if any, of the following do you do to be environmentally friendly at home?



Employee action at work

Figure 3. Which, if any, of the following would you be prepared to do to support sustainable business practice?



At work, employees show willing to undertake a number of different initiatives to support sustainable business practice, including shutting down computing equipment overnight (74 per cent), reducing unnecessary printing (67 per cent) and volunteering time within working hours to run awareness schemes (34 per cent).

Technology as an enabler

In order to reduce business travel, almost half (48 per cent) of respondents say they would be willing to use video and web conferencing and 53 per cent would be willing to work remotely. Forty-three per cent believe that web 2.0 information sharing tools such as web and video conferencing could have an impact on their need to travel but only one in five (21 per cent) of respondents reports that they use instant messaging (IM) and Social Networking tools at work. A growing number of organisations are experimenting with similar web 2.0 tools in the workplace. Their objective? To take advantage of their employees' readiness to use social media outside work, to foster closer collaboration with colleagues and avoid unnecessary business travel.

5. IT leader research

CIOs expected to take on green agenda, cut business travel

Sustainability ranks high on the agenda of IT leaders across both private and public sectors - 61 per cent of IT leaders say that sustainability is a key issue for them. Forty-four per cent of UK organisations report that sustainability is a board-driven issue, however in nearly 1 in 4 companies (23 per cent) the issue is driven by the IT department. 17 per cent of private sector IT leaders report to the board on sustainability issues.

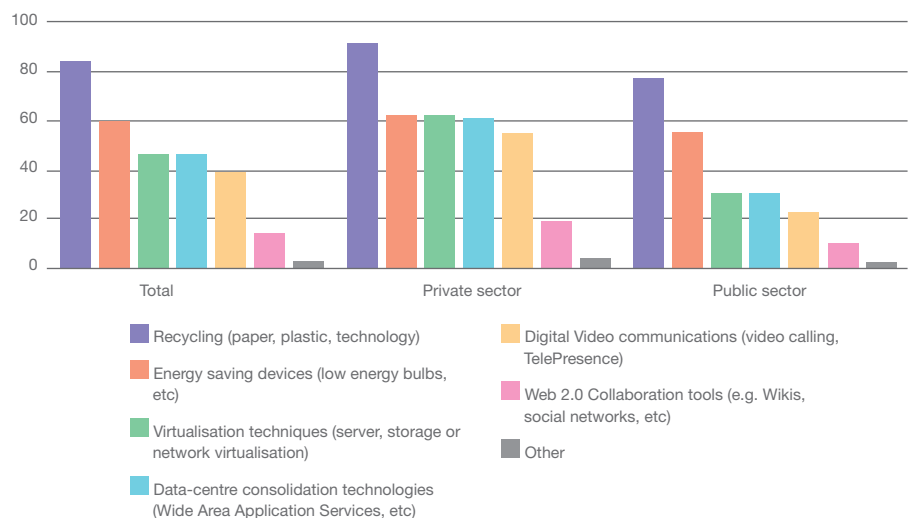
Low cynicism

The challenge of sustainable business practice is one IT leaders believe is genuinely important – only 17 per cent report being ‘cynical’ or ‘very cynical’ about the need for sustainable business practice. IT leaders are even less ‘fatigued’ by conversations about sustainability and the environment than the average employee – in fact they seem upbeat – 70 per cent report that they do not suffer from green fatigue.

The role of IT

The IT department clearly has a mandate to support sustainable business practice and is working to several ends in this regard.

Figure 4. Which of the following is your organisation seeking to increase the use of in order to meet sustainability targets?



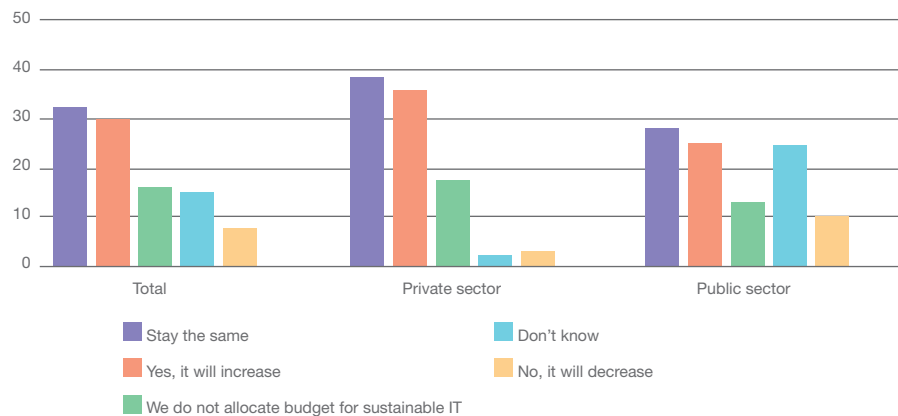
Widely understood sustainability initiatives, including recycling and the use of energy saving devices are being expanded in many organisations (85 per cent and 60 per cent of respondents respectively) and many ‘newer’ technologies are fast being examined for their impact on sustainable business practice. Nearly half the IT leaders that responded are looking into the use of virtualisation technologies (47 per cent) and data centre consolidation technologies (47 per cent) to support their sustainability initiatives. 40 per cent are looking to increase their use of digital video communications technologies and a smaller proportion (15 per cent) are looking to increase the use of ‘web 2.0’ technologies such as Wikis, social networks and instant messaging – perhaps surprising given the willingness of 43 per cent of their employees to adopt these technologies to reduce business travel.

In addition, just over half (53 per cent) of IT leaders report the sustainability credentials of their suppliers has some influence on purchasing decisions, with 12 per cent indicating it has a strong influence. Thirty-two per cent would be willing to pay a premium of up to 10 per cent for goods and services from sustainable suppliers, with a further 8 per cent willing to pay a significant premium of between 10 per cent and 25 per cent.

The year ahead

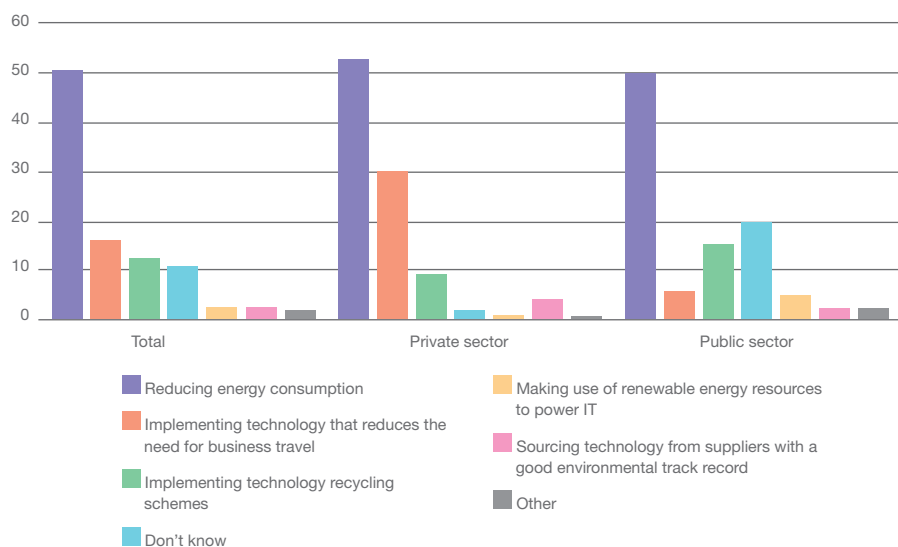
IT departments are not only willing to support these initiatives, but many report that the business is supporting their efforts with budget increases specifically targeted at addressing the issue of sustainable business practice.

Figure 5. Do you anticipate that the budget you allocate to technologies aimed at improving your organisation's sustainability will increase in the next financial year?



Thirty per cent of businesses report that they anticipate budgets for technologies aimed at improving sustainability will go up in the next financial year, and a quarter (25 per cent) of those expect a rise of as much as 10-25 per cent. Forty-three per cent of private sector IT leaders would be prepared to pay a premium of up to 10 per cent for goods and services from sustainable suppliers.

Figure 6. Which of the following sustainability issues is your highest priority in 2008?

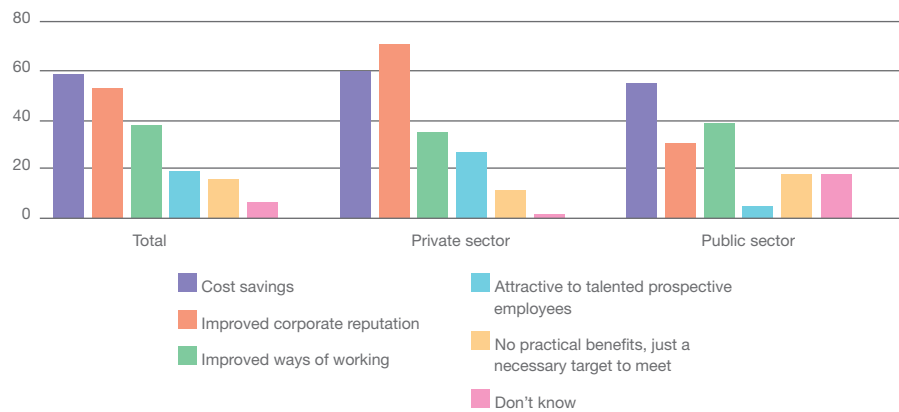


In terms of priorities, reducing energy consumption is number one; the number two priority in the commercial sector is reducing business travel (30 per cent). When questioned specifically on business travel, 38 per cent of respondents reported that they were tasked with reducing business travel, in one case aiming to cut travel budgets by £10m per year.

The long view

UK IT leaders generally do not feel they are just ‘ticking a box’ to meet sustainability targets – only 16 per cent reported that this is the key objective of following a sustainable business practice agenda. In fact, IT leaders expect a variety of additional benefits from embracing sustainable business practice.

Figure 7. What kind of indirect benefits do you anticipate that there will be in following a sustainable agenda?



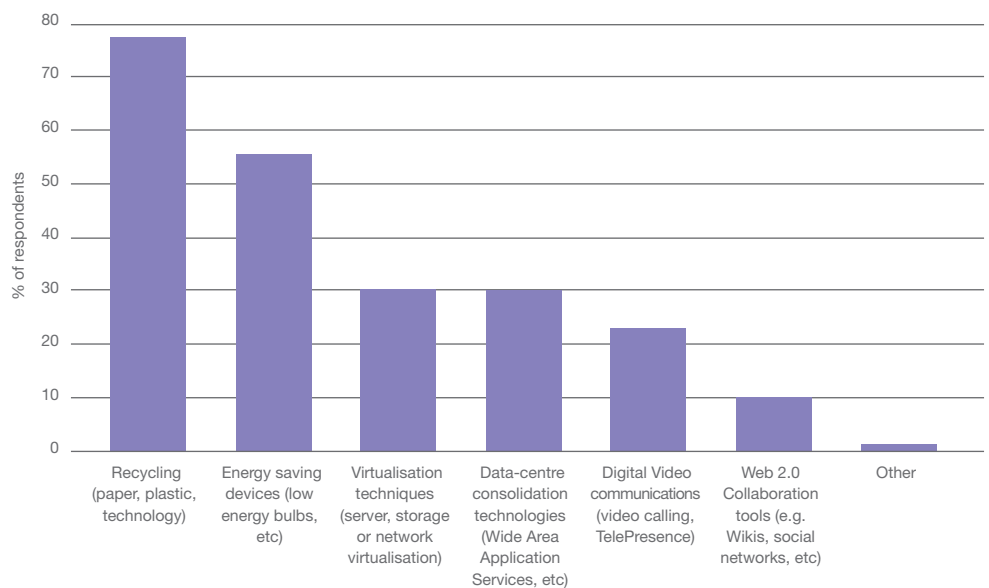
In addition to improved corporate reputation and the correlating benefits this brings in terms of being a more attractive prospect for talented employees and sales, IT leaders believe that following a sustainable agenda will actually save them money (58 per cent) and lead to improved ways of working (37 per cent).

6. Public sector perspectives

Public sector IT Leaders given responsibility and budgets to drive sustainable agenda

Twelve per cent of public sector IT leaders are the main drivers for sustainable business practice. In addition, a quarter (25 per cent) are expecting budget increases to support sustainable business practice efforts and 24 per cent of those expected to be as high as 10-25 per cent.

Figure 8. Which of the following is your organisation seeking to increase the use of in order to meet sustainability targets?



These funds will be directed into a number of areas, with nearly a third (31 per cent) of respondents looking to virtualisation and data centre consolidation technologies to support sustainable business practice and nearly a quarter (23 per cent) looking to digital video.

Public sector IT leaders share the foresight of their private sector counterparts – a significant number (39 per cent) believe that sustainable business practice will lead to improved ways of working.

Taking responsibility for sustainable business practice

In some areas, the public sector is leading the way in sustainable business practice. For example, a larger proportion of employees are responsible for driving sustainable policy in public sector organisations than in businesses (10 per cent vs 5 per cent). Indeed, more public sector organisations have appointed a dedicated sustainability officer with a specific mandate to look at improving processes and practices (10 per cent vs 4 per cent).

The challenge ahead

However, almost a third (28 per cent) of public sector IT leaders don't know if sustainability is important for their organisation compared with only nine per cent in the private sector. A fifth (20 per cent) don't know what their organisation's sustainability priorities are, compared

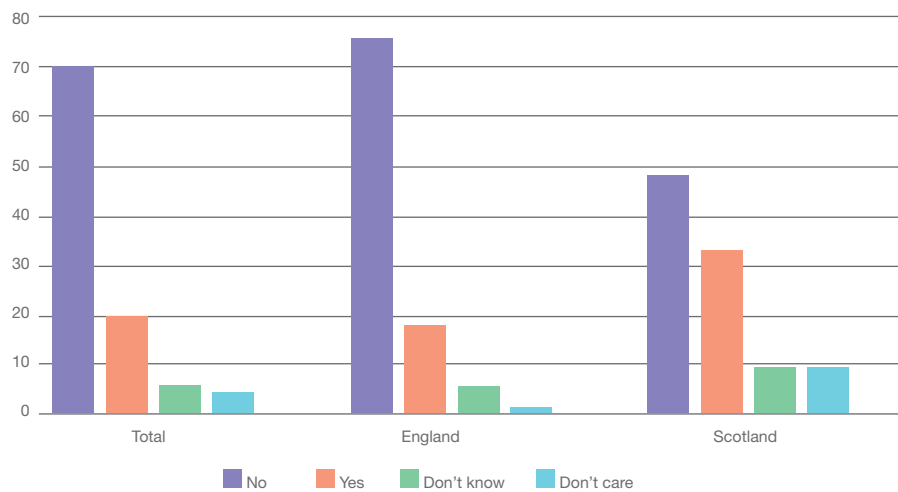
with just 2 per cent in private sector, 19 per cent don't know their attitude to their suppliers' sustainability policy (5 per cent in private sector) and 18 per cent don't know what benefits they'll achieve by following a sustainable agenda (2 per cent in private sector).

The government is making significant efforts to address this issue and the Cabinet Office is working to support public sector CIOs with the information they require to support sustainability initiatives in the near future.

7. Looking for the benefits of sustainability in Scotland

Scottish respondents share their English counterparts' interest in sustainability issues, and four fifths know if their employer has a sustainable business policy. The same proportion (13 per cent) would not work for a company without a sustainable business practice policy, and only a slightly higher proportion are sceptical about their employer's sustainability agenda, believing it to be insincere or marketing-led (56 per cent in Scotland vs. 50 per cent in England).

Figure 9. Are you suffering from 'green fatigue', i.e. are you tiring of the focus on issues surrounding the environment?



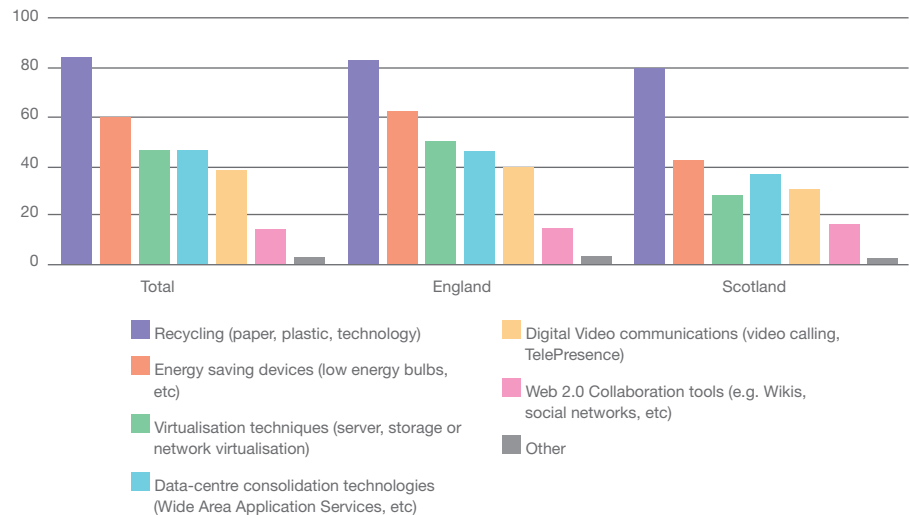
However, Scottish IT leaders are more fatigued on hearing about sustainable issues – 34 per cent report that they are suffering from green fatigue, compared to only 17 per cent in England. Nineteen per cent of Scottish IT leaders report being 'very cynical' about the need for sustainable business practice compared with England, where only two per cent feel the same.

Looking for the benefits

Despite the fact that a larger proportion of Scottish CEOs have responsibility for sustainable business practice (35 per cent to England's 26 per cent), a quarter (25 per cent) of Scottish IT leaders have no budget for sustainable IT (compared to just 14 per cent in the England). Indeed, given that 28 per cent of Scots believe that there they are just 'ticking a box' and there are no practical benefits to embracing sustainable business practice (13 per cent in England) it is perhaps unsurprising that half (50 per cent) of Scottish CIOs are not prepared to pay a premium for goods and services from sustainable vendors (32 per cent in the England).

The year ahead

Figure 10. Which of the following is your organisation seeking to increase the use of in order to meet sustainability targets?



Scottish businesses have a lower focus on increasing the use of energy saving devices in the year ahead compared to England (44 per cent vs 63 per cent), but score similarly on the planned use of web 2.0 technologies (16 per cent vs 15 per cent) and the deployment of data centre consolidation technologies (38 per cent vs 48 per cent). Despite the relatively low priority given to energy saving devices, the number one IT priority for Scottish business is reducing the energy consumption from their IT – with 56 per cent of respondents flagging it as their top concern.

On budgets, a quarter (25 per cent) report that they do not allocate budget for sustainable IT (compared with 14 per cent in England) and 13 per cent anticipate their budgets will decrease in the next financial year (compared with 6 per cent in England). This is despite the fact 34 per cent of Scottish IT leaders are tasked with reducing business travel.



8. Conclusions

We're still in the early stages of our journey to sustainable business practice; businesses are working their way up from the 'basic' necessities required to reduce their organisations' impact on the environment such as recycling and low-energy lighting. Workers are simultaneously coming to terms with their role in supporting such practices at work from lessons learned at home.

There is, however, a clear demand for sustainable business practice. More than one in 10 employees *would not work* for an employer without a sustainable business practice policy. Organisations across the public and private sectors have board-level commitment to the issue. Surprisingly, neither consumers nor CIOs feel 'fatigued' by green messaging and marketing – if anything, there seems to be clear support for the sustainability agenda.

IT will play a clear role in the implementation of sustainable business practice policy; the new working practices enabled through data centre consolidation (such as true mobile working), the rollout of high-definition video conferencing services and Web 2.0 information-sharing tools is desired by workers and IT leaders alike. Many of these technologies simply weren't viable a few years ago – the infrastructure and tools weren't up to scratch. Today, some of the experiences enabled by modern technology are what was considered science fiction only a few years ago.

But there are other issues to be faced; organisations need to set out and communicate their priorities for sustainable business practice to ensure it is given appropriate attention. Success will lie in engaging and supporting employees at every level on sustainability initiatives. Following a collaborative approach will help overcome the fact that more than half of those surveyed for this report felt that the sustainable agenda was either insincere or marketing-led by truly walking the path of sustainable business practice.

In Scotland, organisations have further to go to meet their employees' evidently strong appetite for sustainable business practice. Tackling the scepticism that surrounds corporate sustainability in Scottish organisations is an important first step. The success of sustainability pioneers in embedding practices such as those discussed in this report will communicate the message that sustainable practices can and will help enhance performance to the wider economy.

With sustainable business practice budgets going up for many organisations, and with stakeholders willing to pay a premium for the right tools and services, suppliers need to be evaluating their own product lines and sustainability credentials as well – sustainable business practice is no longer an optional extra, or a 'nice to have' marketing project – but a core, transformative element of doing business.



For information on how Cisco technology can support your organisation with its sustainable business practice efforts, please contact the Cisco technology sales team directly on **0800 0153003**.



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