



**An
openly green letter
to the
software industry**

**by
Jyoti Banerjee**

**Today's "green" software
applications leave a lot to be
desired.**

**In this open letter to software
industry CEOs, Jyoti Banerjee
argues that we need fresh
thinking and leadership to make
a genuine difference to the
industry's poorly-served
customer.**

An openly green letter to the software industry

By
Jyoti Banerjee,
KiteBlue

Today's "green" software applications leave a lot to be desired. In this open letter to software industry CEOs, Jyoti Banerjee argues that we need fresh thinking and leadership to make a genuine difference to the industry's poorly-served customer.

Dear software CEO,

First of all, warmest greetings for 2010. I know that 2009 was a rather unusual year, to say the least, and I am certainly looking forward to what 2010 has to offer. But this letter is not about New Year greetings or resolutions. So, on with my missive.

The carbon footprint of information and communications technologies is growing and growing. Laptops, servers, mobile phones, networks, cloud farms and their like are expected to contribute around 1.5 gigatons of carbon to our planet's footprint, at least three times more than their contribution in 2002. Yet these same technologies are enabling all sorts of other industries to cut their carbon footprints. The smart guys at McKinsey have estimated that IT – an industry in which your companies play a key role - will enable around 7.8 gigatons of emissions to be cut from other industries by 2020, or around a sixth of global emissions today.

So it should be worth doing.

But is it? Are we really seeing myriad industries abating their environmental emissions as a result of the output of the ICT industries? Quite possibly we are; I am not in a position to comment. But the one industry that I have tracked for nearly two decades, business application software, seems to be pulling up short.

Yes, that is your industry.

Carbonated apps have no fizz

The software industry seems to have little to offer its customers in terms of value in environmental management. Some of you say that this is because your customers have shown no interest in green software apps. And you would be right - most of your customers have ignored green software, at a time when climate change and the environment are two of the hottest properties around.

But why is that?

I think it is because your "carbonated" software applications have no fizz whatsoever. What do I mean by that? Well, do read on.

It's not as if we don't have countless little carbon apps on offer, thank you. If the number of carbon calculators from application software companies and on the Internet was a measure of how seriously climate change was being tackled, then the problem of carbon emissions would have to be filed under the category "solved." But carbon calculators and environmental dashboards are just window-dressing. They are very limited in their scope and their thinking, and their perpetrators are condemning the business software industry to the role of bit-players in the climate change saga playing out in front of our eyes.

Let me give you some reasons why.

1. 99% of all environmental calculators only track the direct emissions of a company.

Climate change experts tell us that in most industries the direct emissions of a company represent one-quarter or less of its environmental impact: the rest comes from its supply chain. So the choices we make in terms of what we buy and who we buy it from are far more important when it comes to managing our environmental impact. For almost all companies, managing supply chain emissions is just too hard. The tools just aren't there.

But why don't they exist? The software industry, of all industries, should be the one creating the tools that allow your customers to incorporate environmental performance into their day-to-day purchasing decisions. When we can allow our customers to choose the most environmentally-efficient suppliers in their supply chains, we would save them shed-loads of money and make them the carbon poster-children of their generation. As an industry, I propose that you drop your faddish fascination for carbon calculators that the environmental gurus foist on us, and instead show some leadership by allowing our skills in supply chain management, purchasing and accounting to create a new generation of genuinely useful business applications.

Of course, this will mean pre-populating our applications with good quality environmental data that informs purchasing processes. Most environmental specialists fall short in this area. The world's leader in environmental data is a British company called Trucost, which helps investment trusts and pension fund managers create environmentally- focused portfolios. I would love to see rich normalised data such as Trucost's employed in helping managers the world over make good purchasing decisions in their supply chains.

2. Carbon software metrics are denominated in meaningless drivel

Okay, I admit it.

“The choices we make in what we buy and who we buy from are far more important in managing our environmental impacts.”

I'm overstating the case, and it was not your fault in the first place, but it is an important point. When the environment industry refers to tonnes of carbon capture, business people have little or no idea what they are talking about. Recently, the annual report from Air France claimed that the company's sulphur emission was a number that turned out to be larger than the emissions of all of France put together. If the company had mis-stated its financial numbers, the CFO could well have gone to jail. But getting a carbon environmental number wrong? Well, that's easily done, and no one knows what to make of them anyway.

The only environmental figures that will make any sense to business people are ones that have dollar and pound signs in front of them. The tools emanating from the software industry are all about converting physical and temporal measures into money, and vice versa. Yours is the industry that should make climate change a day-to-day business commodity by denominating it in the currency of the marketplace. The UK government's current measures that are putting in place carbon trading schemes, such as the Carbon Reduction Commitment (CRC), will provide a suitable environment for ensuring that such applications will get a warm reception in the marketplace.

3. Carbon data cannot be compared from one company to the next

If we had a situation where every single software company produced financials in their own formats which were not comparable, nobody would buy your products. Yet, this is exactly the situation that is dominant in the climate change marketplace. One of the leading players in carbon data is the Carbon Disclosure Project which records emissions data from many of the leading companies in the world. However, the data from these companies are not normalised in any way, and are not directly comparable.

“The software industry should not buy such an anaemic approach to data collection and management”

The software industry should not buy such an anaemic approach to data collection and management. Instead, it should bring its own extant standards, carefully constructed **in the demanding worlds of financial reporting and business management, into play in environmental reporting.**

4. Carbon is only one of hundreds of environmental impacts that need to be tracked and managed Carbon is the fashion item du jour, but companies face environmental risks in many other areas, such as water use, waste water, plastics use, recycling, and so on. Carbon calculators and dashboards are not going to help us gain this wider understanding of our environmental impacts. We need to step beyond them, even if the environmental thought police are only interested in greenhouse gases right now.

Putting it all together

There are a number of different challenges facing the climate change industry right now: environmental labelling of products, incorporating lifecycle assessments into supply chain emission models, and so on. In reality, none of these challenges will be solved without the application of really good software technology. Companies in your industry could be the ones that make a difference long-term, the apparent failure of Copenhagen notwithstanding.

The business applications software industry is an unusual one. Not only is your industry a strong performer in the economy in its own right, your products and services help companies in other industries improve their performance and productivity. In 2007, EU data found that 40% of all productivity improvements in European countries were due to the application of business software to their challenges. Clearly, your industry has a significant role to play as an enabler, transmitter and communicator of best practice.

We need to see this capability harnessed in dealing with climate change, the most significant challenge facing our planet for the next few decades. We need a software-led cross-industry approach delivering fresh, innovative ways that will help businesses make the right decisions that improve their business and environmental performance.

It is great to see that BASDA, your industry association, has a Green Charter driving such thinking among its members. It has made a start in drawing attention to the subject. But let's not stop now. We need to make a deeper, richer, more comprehensive impact. The world will never forgive us, if we don't.

KiteBlue Limited
12 Sheet Street
Windsor
Berkshire
SL4 1BG
United Kingdom

SPRING 2010

Note:

KiteBlue is a limited liability company registered in England and Wales with company number 4222313. KiteBlue's registered office is: 12 Sheet Street, Windsor, Berkshire, SL4 1BG, United Kingdom.

Phone:

+44 (0) 20 8150 6309

E-mail:

info@kiteblue.net

Website:

www.kiteblue.net

