Man – Environment – Profit

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Man – Environment – Profit: SAP’s Strategy towards more Sustainable Business

SAP’s vision is to help the world run better and improve people’s lives. SAP believes that it can play a major role in optimizing business to run better and more sustainably in the future. Furthermore, SAP has an extraordinary opportunity to apply technology to make the world run better while simultaneously improving people’s lives. The keynote and this article explain the details of SAP’s corporate strategy and give some concrete examples of how information technology can contribute to better environmental, social and economic performance in the short and long run.

1. About SAP

SAP is the world leader in enterprise applications in terms of software and software-related services revenue, and the world’s third-largest independent software manufacturer based on market capitalization. With more than 190,000 customers in over 130 countries, the SAP Group includes subsidiaries in every major country and employs more than 60,000 people.

SAP’s vision is to help the world run better and improve people’s lives as described in the abstract.

SAP’s mission is to help organizations become best-run businesses. SAP’s core competence is to leverage innovative technologies that help companies become best-run businesses. Designing solutions that can work on any device and can delight consumers will be at the heart of the product development strategy.

SAP’s culture of success is based on teamwork, integrity, accountability, professionalism, and trust. SAP’s ambition is to be an amazing company to its customers, employees, ecosystem, and influencers through its passion for winning and for its commitment to developing true partnerships with its customers and its peers.

2. SAP’s Impact

How does software create positive impact? The answer lies with our customers. When they use our solutions to become more transparent, or energy-efficient, protect workers from accidents and address risks in their supply chain, they turn sustainability into concrete actions that benefit workers, communities, the environment and people throughout the world. We believe that serving our customers provides us with the greatest potential to create positive change.
3. Innovation and Sustainability

3.1 Realizing the Vision and Mission

In designing the strategy to realize the vision and mission, SAP sets great emphasis on sustainability and innovation. These two areas are incorporated into every aspect of SAP’s business: solutions, own operations, and social investments in order to achieve sustainable growth and profitability. Sustainability is understood as the holistic management of social, environmental and economic risks and opportunities for long-term business success.

Figure 1
SAP’s impact on the world’s business through customers running SAP software
At SAP, we start with ourselves. Several years ago, we established metrics to measure our progress, from our reduction of carbon emissions to our increased engagement of employees. These indicators reflect an expansive view of sustainability because we believe that to create change, we must address a wide range of issues, including our workplace culture and how we develop our talent.

We continue to work toward a goal of reducing our carbon emissions to their 2000 level by 2020, even as our business continues to grow. We have also set a target to increase the percentage of women in management at SAP to 25% (from the current about 19%) by 2017, a reflection of our belief that sustainability demands a diverse workforce. And we have committed to positively impacting 1 million lives in countries around the world through our talent, technology, and capital. Our strategy is shaped by our commitment to thinking not just about short-term profitability, but long-term impacts.

3.2 Integrating Sustainability into our Business Strategy

Our focus on sustainability and innovation allows us to seize new opportunities. We see enormous opportunity in our core business and how we serve our customers. Ultimately, our vision translates to improving people’s lives. For example, on top of managing and analyzing information, our software enables companies to save energy and resources. It helps keep toxic chemicals out of a child’s toy, and reduces the risk of factory accidents.

SAP is about to make an important shift – instead of developing a sustainability strategy, we are focused on making our corporate strategy sustainable. We are well positioned to do this, as our core strength has always been to manage resources. Now we are managing resources that are increasingly constrained, such as energy.

Accordingly, we are driving sustainability by innovating in each of our five key innovation areas: applications, analytics, mobile, cloud, and database and technology. One example is our Manufacturing
Integration and Intelligence application, which provides greater visibility into operations in such critical areas as safety, energy usage, unit performance, and inventory, thereby improving companies’ performance and producing significant cost savings.

Our solutions are helping our customers integrate sustainability into their own strategies and operations, so that they can become more profitable while creating positive change. As they evolve their practices, they help us realize our own vision and multiply our impact.

3.3 The Innovation Link

Our ability to deliver on our strategy lies with our ability to innovate. Tackling the world’s most complex challenges demands that we approach problems in new ways. We view innovation as the critical link to becoming more sustainable. It keeps us continually improving what we offer our customers. Even setting targets in such areas as diversity and retention reflects a new way of thinking through a sustainability lens. To us, attracting and keeping the best talent is fundamental to our ability to see things differently, listen to shifting customer needs, and continually iterate and improve on what we have done before.

We also recognize the need to be innovative in how we approach creating change. Reaching our goals is not straightforward and won’t happen overnight. It involves the complex work of shifting people’s habits and our own business culture. For this reason, a key part of our strategy is to develop leaders who can re-imagine the future and inspire others. We aim for every employee at SAP to feel a connection to our vision, and we are fostering greater collaboration. We are also working to create a workplace that helps people reach their creative potential, so that they can contribute in new ways and fuel our innovation. Most of all, we view the engagement of our employees, customers, partners and others in co-innovation as the key to transformation.

4. Sustainable SAP Solutions – Examples

4.1 Product Footprinting at Danone

In 2008, Danone set an ambitious goal of a 30 percent global carbon footprint reduction by 2012 across the entire supply chain, including plants and factories, packaging and end-of-cycle disposal, transportation and storage. To meet this challenge, Danone and SAP have brought together their expertise and know-how to build an innovative solution that measures the company's environmental footprint.

"Existing solutions do not allow carbon footprint measurements to be integrated within IT operations systems across the whole product life cycle, for each and every product," said Jean-Marc Lagoutte, CIO, IT Systems, Danone. "Danone has designed a unique carbon footprint measurement model and deployed a dedicated SAP platform globally. Since SAP is also strongly committed to sustainability and offers solutions that can serve as a basis for innovation in this area, working together quickly became the natural way to go."

The solution created by Danone and SAP is fully integrated with Danone's SAP infrastructure: 80 percent of the detailed data pertaining to its whole product life cycle is automatically collected. The goal is to provide operations managers with actionable information so they can analyze strategic options and take the more environmentally sustainable action, whether it relates to product development, ingredient selection, sourcing and transportation options or even investments. The collected data can be audited and fully traced, and is updated monthly, providing real-time insight.

"This solution makes carbon footprint issues everyone's business. Analyzing product life cycles is a good way to rally all of our employees to our carbon footprint reduction target," said Myriam Cohen-Welgryn, vice president, Danone Nature. "By making this analysis part of our IT infrastructure, we gain valuable insights for decision-making; it becomes a catalyst for change in the company as a whole. Just as
in the past, we made success in achieving carbon reduction targets an integral part of the system used to calculate executive bonuses."

This new SAP solution was first used by two Danone companies in Spain. It was then successfully tested by two other dairy businesses in Belgium and by Stonyfield Farms in the United States. By the end of the year, the new solution will be present in 40 of Danone's business units, covering around 70 percent of its revenues and over 35,000 products. Danone aims to deploy the solution for all its businesses globally, encompassing its four areas of business: fresh dairy products, bottled water, baby nutrition and medical nutrition.

4.2 Measuring and Managing Greenhouse Gas Emissions

You can’t manage what you don’t measure. This is also true when it comes to sustainability. For this purpose SAP runs SAP solutions to gain greater visibility into its corporate performance. For example, emissions and other environmental data is collected and analyzed with the help of the SAP Real Estate Management application and SAP BusinessObjects Explorer® software.

Figure 3
SAP BusinessObjects Explorer®

To make environmental performance information relevant and accessible to all employees, SAP has published dashboards in its Corporate Portal (SAP’s intranet). The dashboards provide every employee insight in the current situation around printing, energy consumption, and commuting. SAP created these dashboards following the belief that transparency creates awareness and is thus the first step to behavioral
change. For example, greater visibility played an important role in managing the company’s electricity use. SAP uses the electricity dashboard to monitor about 40 sites around the world on a month-by-month basis.

![SAP Electricity Dashboard](image)

Figure 4
SAP Electricity Dashboard

### 4.3 Integrated Reporting

Hand in hand with the shift from a sustainability strategy to making our corporate strategy sustainable goes the effort towards more integrated reporting. Integrated Reporting as defined by the International Integrated Reporting Council (IIRC) “is a new approach to corporate reporting that demonstrates the linkages between an organization’s strategy, governance and financial performance and the social, environmental, and economic context within which it operates. By reinforcing these connections, Integrated Reporting can help business to take more sustainable decisions and enable investors and other stakeholders to understand how an organization is really performing.” ([http://www.theiirc.org/](http://www.theiirc.org/)) SAP participates in the IIRC’s pilot program to contribute to the development of the Integrated Reporting Framework and to demonstrate global leadership in this emerging field of corporate reporting. In addition, SAP sees itself in the role of exploring and using software solutions that help integrating sustainability in the core business and – as a result – non-financial indicators in the corporate reporting.
SAP 2015 Goals
Measuring success, cascaded across the company

![Customer Success](Image)
Survey response rate 70%, based on 2012 baseline*

![Employee Motivation](Image)
Employee engagement index ≥ 82%

![Growth](Image)
Total revenue in excess of €20 billion, serving 1 billion people

![Margin](Image)
Increase our operating margin to 35%

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Great indicators of SAP's ability to drive future success
Great indicators of SAP's actual level of success

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* Based on Customer Net Promoter Score – how likely our customers recommend SAP to others.

**Figure 5**

SAP’s corporate success is measured with the help of financial and non-financial indicators

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**Sources**

