

IMPACT

Environmental Sustainability and Microsoft Dynamics AX

White Paper

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www.microsoft.com/dynamics/environment



The Convenient Truth

Financial results are no longer the only defining measure of a company's strength. Increasing importance is being placed on each company's approach to Corporate Social Responsibility ("CSR") and Environmental Sustainability in particular. What is the "convenient truth"? We see it as the untapped potential of the information that currently resides in your ERP system, waiting to help you make a positive impact—on your business, your community, the environment and the world.

Increasing IT Spend around Environmental Sustainability Expected

In a recent survey¹ of 200 business managers across Europe regarding their companies' CSR initiatives, AMR Research—a leading business advisory firm focused on supply chain, enterprise applications, and next-generation infrastructure— found that Environmental Sustainability initiatives are a top of mind issue for the companies surveyed, commanding 16% of IT budgets in 2004 and growing to 21% of IT budgets in 2007. That's 31% growth over that period. Furthermore, every single respondent indicated they are either currently investing in or planning to invest in these initiatives in the next two years. Of all CSR initiatives, Environmental Programs are getting the most spend and will see the most increased investment over the next twelve months.

Interestingly, there is some disagreement between what IT thinks the company is investing in and what the lines of business think they are spending—underscoring a lack of cohesiveness of the initiatives across organizations. Many initiatives in this area have been instigated in response to pressures of regulatory compliance and they have been implemented primarily on a local basis.

In an effort to manage these environmental initiatives, the research found that people are looking at Supply Chain Management, ERP, and Compliance Management tools as the most useful in their management of their environmental initiatives. When asked whether an environmental dashboard to track their metrics around environmental impact (electricity consumed, water consumed, paper used, gas emissions, etc.) could help drive awareness and compliance, 91% of respondents felt it would be 'somewhat useful' to 'critical' in managing environmental data. And, 72% of all respondents indicated that they either had a Dashboard now or planned to put one in place in the next 24 months.

The Global Reporting Initiative Recognizes the Need for Technology

In an effort to standardize the principles for measuring, disclosing and being accountable for organizational performance toward a goal of sustainable development, the Global Reporting Initiative, a multi-stakeholder governed institution, recently released version 3 of the [Sustainability Reporting Framework](#). This reporting framework clearly identifies the opportunity and need for technology, as stated below.

"While developments in knowledge and technology are contributing to economic development, they also have the potential to help resolve the risks and threats to the sustainability of our social relations, environment, and economies. New knowledge and innovations in technology, management, and public policy are challenging organizations to make new choices in the way their operations, products, services, and activities impact the earth, people, and economies."²

It is clear that there is a role technology can play in facilitating sustainability reporting. Making that a reality is a strategic goal for Microsoft.

¹ European Survey Puts the Environment High on the Business and IT Agenda", AMR Research, by Nigel Montgomery, November 2006

² Sustainability Reporting Guidelines, Global Reporting Initiative, 2006

Microsoft as a Strategic Partner

Microsoft® recognizes the importance of enabling our customers to achieve higher levels of environmental sustainability by virtue of the information they can harness in the Microsoft Dynamics AX™ solutions we are delivering. The marketplace is an intensely competitive environment where having the right information at your fingertips is of paramount importance. You need to be able to decipher actionable knowledge from the data in your system. We realize this means more than just enabling compliance, it means answering the moral imperative of being a good corporate citizen while at the same time strengthening your business by uncovering the hidden economic benefits you can realize through sound environmental sustainability practices.

It makes complete sense – if a company wants to put in place systems to monitor and improve their energy consumption, fossil fuel usage, emissions, sustainable sourcing, reduction of paper, etc – then the business management software they have in place is the best starting point. This is especially true for companies who are adopting a Microsoft Dynamics system of roles-based productivity that integrates back-end processes with productivity software for monitoring and tracking environmental impact.

We believe our customers would benefit from a roles-based environmental dashboard to track their environmental initiatives. To these ends, Microsoft is currently developing a Microsoft Dynamics AX SNAP add in that will enable customers to implement an environmental dashboard on top of Microsoft SharePoint and Microsoft Dynamics AX, effectively pivoting data already within your system toward a technical tool for harvesting environmental information.

Global Proactive Preparedness

Due to the increasing requirements of regulatory compliance, it appears that many initiatives in this area have been the result of reactive response versus a proactive approach. The AMR Research study affirmed that much of the spending to meet these requirements was being done at a local level. It is also true that global awareness of these issues is increasing. For instance, changes to the Kyoto Protocol are expected. This amendment to the international treaty on climate change assigns mandatory targets for the reduction of greenhouse gas emissions to signatory nations; a total of 166 countries and other governmental entities have ratified the agreement. As these changes take effect, it can safely be assumed that ensuing legislation will increase the reporting requirements. These regulatory issues are leveling the playing field as companies become similarly constrained by requirements to maintain a responsible level of propriety. And the concern with local solutions is that they provide only a narrow view of the data; a more global solution would deliver improved insight. Better visibility occurs not at the site level, but across your organization. Competitive advantages can be realized by companies who are able to employ a global view to realize the hidden efficiencies across their operations.

Organizations that develop proactive approaches to Environmental Sustainability can get ahead of the game and effectively prepare themselves for global transparency and efficiency. The reason to do this now is to deliver increased value to your customers. As these issues continue to gain prominence on the social stage, it can be assumed that customers will want to do business with companies who are forward thinking in their approach to Environmental Sustainability and will make their choices to reflect this concern. Are you ready?

Ask yourself these questions:

- Do we have a clear picture of the environmental impact of our products and services?
- Do we understand where and how much energy is consumed through our system to get a good picture of where easy improvements in efficiency can be realized?
- Are we certifying sustainability in our supply chain?
- What opportunities do we have for environmental improvements that will deliver potential economic gains?

Join the Discussion

We want to hear from you. Please join our [discussion group](#) and tell us how Microsoft Dynamics is helping you deal with the complex requirements of achieving Corporate Social Responsibility and Environmental Sustainability. How are you using technology to meet these needs? How can Microsoft Dynamics help?

Additional Resources

[Global Reporting Initiative](#)

[Kyoto Protocol](#)

[AMR Research Alert – European Survey Puts the Environment High on the Business and IT Agenda](#)

[Microsoft Dynamics Environmental Sustainability Discussion Group](#)

[Microsoft Dynamics Website](#)

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like and with familiar Microsoft software, automating and streamlining financial, customer relationship and supply chain processes in a way that helps you drive business success.

U.S. and Canada Toll Free 1-888-477-7989

Worldwide +1-701-281-6500

www.microsoft.com/dynamics

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