CHG

SUSTAINABLE PROCUREMENT

Integrate CSR principles into IT purchasing to gain a competitive edge

Sustainable Procurement

The intelligent procurement, use, and remarketing of IT equipment allows companies to cut costs and be more resource-efficient and sustainable. This is a competitive factor that is more important than ever.

Sustainable business means using no more resources than can be replaced naturally. Only regenerative systems guarantee that natural resources such as clean air and water, food, and energy will be available for future generations in sufficient quantities. In the long term, this can only be achieved through a circular economy in which resource use, waste, emissions, and excessive energy consumption are minimised. This in turn requires energy and material cycles to be slowed and reduced, and loops to be closed.

According to the EllenMacArthur Foundation, adapting business models can help to increase the value of electronic products while developing a new relationship with customers and using valuable resources for longer.
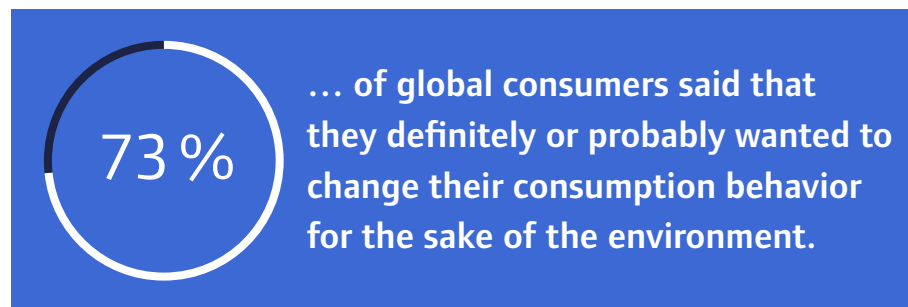
Policymakers have also recognised the need for more sustainable business concepts. The United Nations has defined 17 sustainable development goals to be met by 2030, and companies across the world have developed their own responsible business strategies.

In the future, aspects of the circular economy such as easy reparability and long service life will be into account in addition to energy efficiency and general eco-friendliness.

Customers are interested in sustainability

Green and climate-friendly business practices are increasingly becoming a competitive factor for companies. According to the 2019 Nielsen Global Corporate Sustainability Report, 73 per cent of consumers worldwide will definitely or probably change their consumer behaviour in order to reduce their impact on the environment.

73 %

… of global consumers said that they definitely or probably wanted to change their consumption behavior for the sake of the environment.

Source: Nielsen Global Corporate Sustainability Report 2019

And it is not just consumers who are increasingly being guided by environmental and socially responsible considerations. Back in 2014, the world's 14 largest vehicle manufacturers signed a charter for greater sustainability which requires suppliers to comply with defined standards for business ethics, working conditions, environmental protection, and human rights in order to continue working with these manufacturers. The same applies to the procurement of IT equipment. Customers increasingly want to know the carbon footprint of their IT equipment, or are asking for certified reports on the disposal of the equipment and the raw materials it contains.

The challenge of digitalisation and new IT environments

Companies are also under pressure to keep up with digitalisation. Networked infrastructures and hybrid IT environments are raising the level of complexity, with departments increasingly taking on responsibility for their own IT. And in the software sector, release cycles of three or six months have become the norm. What's more, the rapid pace of technological change makes it difficult to reconcile the wish for longer usage cycles and a resource-efficient circular economy with the demands of digitalisation.

The classic linear model of centralised IT procurement – purchase, use, and throw away – is no longer appropriate, from a sustainability and digital transformation perspective. It begins with the needs assessment, which is increasingly like peering into a crystal ball. Given the rapid pace of development and the numerous disruptions that all sectors face, it is very difficult to predict IT requirements for the next three to five years. This phase also often leads to conflict between the IT department, which wants workplace equipment to offer high performance and be future-proof, and the finance department, which demands cost efficiency and planning certainty.

Conventional procurement methods are also struggling to keep pace with the market, and it can take several weeks or months until quotes have been received and reviewed. By the time the IT equipment is ordered, it is not uncommon for it to already be outdated or to no longer meet requirements. Inadequate planning during these phases leads to financial and productivity losses, and is also damaging in terms of the circular economy, as too much or incorrectly ordered equipment is an unnecessary waste of resources.

After the depreciation period, the equipment is eventually replaced by new devices. It is here that many companies miss the opportunity to reduce costs, and save resources, through structured remarketing or refurbishing. Old appliances are often stored temporarily or scrapped immediately even though they are usable. Old equipment can easily be made functional again, or at least should be sent for professional recycling.

Sustainable procurement – efficient and sustainable

In order to be more responsive and to meet growing customer demand for sustainable solutions, it is advisable to rely on intelligent IT procurement models that maintain an overview of the entire IT lifecycle and make it possible to adapt quickly to changing circumstances.

Companies can ensure that the entire lifecycle is efficient and sustainable by working with a specialist such as CHG-MERIDIAN that offers a comprehensive range of services.IT equipment is made available customers as required, as part of an efficient leasing model. This gives planners significantly more flexibility and budget certainty, as IT equipment can be aquired flexibly. Monthly lease instalments make planning the costs of a workplace more straightforward and transparent, while risks due to loss or outage can be transferred to the project partner for a flat monthly rate.

Self-service portals, simple installation procedures, and support from the service provider relieve the IT department of most roll-out and support tasks during the productive phase.

At the end of this phase, the equipment is given a new life through refurbishment and remarketing, extending its useful life in line with the principles of the circular economy. Where equipment cannot be reused due to severe damage or stringent data protection requirements, the service provider sends it off for professional recycling. This ensures that at least the valuable raw materials it contains can be recovered and reused in industry, for example.

During refurbishing and remarketing, importance is placed particularly on data erasure. For the greatest outcome, data must be professionally erased will full audit documentation. Specialists such as CHG-MERIDIAN offer a comprehensive range of procedures that consider, and comply with, data protection policies and other legal requirements.

> 96% of lease returns were remarketed in 2020 by CHG-MERIDIAN. The remaining 4% of lease returns were beyond repair.

Making IT carbon-neutral

Unfortunately, not all carbon emissions generated by IT equipment can be avoided. But that does not mean there is no other way to achieve a carbon-neutral technology portfolio. Alongside reducing and avoiding emissions, offsetting CO_2 emissions is another critical step toward a green IT concept and achieving company sustainability goals.

Through carbonZERO, CHG-MERIDIAN provides carbon-neutral IT financing with full CO_2 offsetting by making offset payments to certified climate mitigation projects. The calculation of CO_2 emissions uses a TÜV-certified method in line with the Greenhouse Gas Protocol. It covers all of the greenhouse gases generated throughout the lifecycle of IT devices, from manufacture and transport to the use phase and end-of-life phase. By offsetting their emissions, CHG-MERIDIAN customers make a discernible contribution to mitigating climate change while reducing their own carbon footprint.

Often, there is a misconception that sustainability requires large and expensive investments of time and money. But that is not always the case. carbonZERO requires no additional effort and is more affordable than voluntary carbon trading. For example, the additional cost of offsetting a smartphone's CO_2 emissions is only a few cents.

SUMMARY

Scarce resources and digitalisation calls for a rethink of IT procurement. Flexible, needs-based, and sustainable IT procurement based on the principles of the circular economy is becoming increasingly important and is a prerequisite for efficient technology management. It saves resources, increases planning reliability and flexibility, and offers tangible cost benefits, for example, remarketing can generate additional income at the end of the useful life. This is how digitalisation, sustainability, and cost-efficiency can be reconciled – with many advantages for businesses.

Through intelligent and sustainable technology management and transitioning to carbon-neutral IT, companies can position themselves as pioneers of a movement in which corporate social responsibility and the circular economy play a key role in customer acquisition and retention.

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