

Verdantix Says Europe's Telecoms Operators Miscalculated On Sustainability

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London, UK. May 18, 2009. Europe's leading telecoms operators fail to offer their customers a compelling range of sustainable telecoms solutions despite winning plaudits for their internal sustainability achievements. This is the main conclusion of the ground-breaking report from Verdantix (<http://www.verdantix.com>) that compares the internal sustainability strategies and market-facing solutions of AT&T, BT, Deutsche Telekom, Orange, Telecom Italia, Telefónica, TeliaSonera, Verizon and Vodafone.

"Among Europe's leading telecoms operators only Orange stands out as a firm that has made deep and broad commitments to launch innovative sustainability offerings for their customers" said Verdantix Director and telecoms industry veteran David Metcalfe. "BT and Deutsche Telekom have impressive sustainability programmes for their internal operations addressing issues like energy efficiency, fleet fuel consumption and carbon reductions. But there is little evidence that Europe's telcos as a whole make meaningful contributions to their customers' sustainability goals."

To clarify the alternatives in the emerging market for sustainable telecoms, Verdantix compared Europe's 9 leading telecoms operators on 53 criteria using its proprietary Green Quadrant® methodology. The Verdantix Green Quadrant segments Europe's telecoms operators into three groups:

Orange leads the sustainable telecoms market. Due to its Board-level commitment to investing in sustainability solutions, proven customer successes and sustainability focused extensions to existing solutions, Orange is the only operator in the Leaders' Quadrant. Its internal sustainability performance is sufficient to satisfy customers' environmental procurement criteria which are now a standard requirement across the market.

Four firms could play a leadership role in 2010. BT, Deutsche Telekom, Telefónica and Vodafone have long-standing strategic commitments to internal sustainability initiatives spanning data centre energy efficiency, carbon reductions and fleet fuel efficiency. To improve their competitive positioning, these firms need to leverage in-house sustainability expertise to offer customers a better range of sustainability solutions.

Laggards need to clarify their sustainability strategies. AT&T, Telecom Italia, TeliaSonera and Verizon lag behind their European peers' internal sustainability programmes and customer-facing sustainability offerings. These operators need to upgrade their sustainability management teams, apply a sustainability lens to initiatives like energy efficiency and make public commitments on CO2 reductions.

"Telecoms operators have made a huge miscalculation about the issues that interest their customers with respect to sustainability programmes" said Metcalfe. "What interests customers is a broad range of innovative sustainability solutions that help them to reduce their energy costs, cut emissions from air travel and migrate to low carbon operations. Customers are not really interested in the detail of telcos' own CO2 reduction plans, the completeness of CSR reporting, charity sponsorships and the introduction of fuel efficient fleets. Customers plan to spend money with solutions innovators not with

the best corporate citizens.”

As part of the research, Verdantix conducted in-depth interviews with a focus group of 15 senior telecoms and IT buyers who also have responsibility for sustainability. According to these sophisticated buyers:

Sustainability extensions to existing solutions add value today. During the 2009 to 2011 period, telecoms buyers expect operators to add sustainability features to existing solutions – like integrating reporting on cuts in emissions from business air travel with increased usage of video collaboration.

Data centres and video collaboration dominate sustainability plans. Sixty-seven per cent of the telecoms buyers in the focus group plan to spend on sustainable data centre initiatives and on video collaboration like Cisco's Telepresence. Only one-third have spending plans for digital smart meters.

Sustainability benefits exert dramatic influence on telecoms spending. Ninety-four per cent of the interviewees believe the sustainability benefits of server virtualization – primarily energy efficiency gains – are important when making their investment decisions. For video conferencing the figure is seventy-three per cent.

No telecoms operator has brand leadership on sustainability. Despite the long-term commitment to corporate social responsibility reporting of Europe's telecoms operators, none of the firms have yet achieved sustainability brand leadership with customers. Sixty per cent of the focus group could not name a brand leader.

The report, “Verdantix Green Quadrant: Sustainable Telecoms Europe” (http://www.verdantix.com/index.cfm/papers/Products.Details/product_id/47/green-quadrant-sustainable-telecoms-europe/) can be purchased online and is available to Verdantix clients at www.verdantix.com

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