

Driving Sustainability

An Interview with Dr. Peter Graf,
Chief Sustainability Officer and Executive Vice President of Sustainability Solutions, SAP

EDITORS' NOTE Peter Graf has held various management roles with SAP. Previously, he was the Executive Vice President of Large Enterprise Marketing at SAP. Graf holds a master's degree in computer science and economics and a Ph.D. in artificial intelligence.



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COMPANY BRIEF Walldorf, Germany-based SAP (www.sap.com) is the world's leading provider of business software – defined as comprising enterprise resource planning, business intelligence, and related applications – offering applications and services that enable companies of all sizes and in more than 25 industries to become best-run businesses. With more than 95,000 customers in over 120 countries, the company is listed on several exchanges, including the Frankfurt stock Exchange and NYSE.

How do you define the focus when it comes to SAP's corporate responsibility and sustainability efforts?

Sustainability is a strategic, long-term priority for SAP, driven from the highest level of our organization. Our strategy is a dual one: We aspire to become a role model as we improve our own sustainability while also being the leading provider of sustainability solutions to our customers. So we don't only talk the talk and try to sell software solutions for sustainability; we also walk the walk and deploy those solutions internally to drive our own sustainability.

Sustainability is a major transformation in business. You can compare its intensity and longevity to that of globalization or the use of the Internet – it's changing how we run and organize business and it won't go away anytime soon.

Does sustainability have a clear definition?

For us, sustainability is about driving profitability both in the short term and the long term. This happens when companies holistically manage risk and opportunities from an economic, environmental, and social perspective. We approach sustainability by helping our customers identify their sustainability business case and extracting significant value from it – by complying to legislation more cost effectively, by reducing consumption of resources, by meeting

new customer demands through more innovative and sustainable offerings, or by enhancing their brand through reporting out on their sustainability achievements. This can only be achieved by driving more sustainable operations into your production, logistics, suppliers, and so forth. If sustainability only happens in your marketing or PR departments, you're missing the opportunity and will be accused of "green washing."

Are you able to put metrics in place and evaluate impact?

In our Web-based 2008 sustainability report (www.SAPSustainabilityReport.com), you can see nine different key performance indicators covering economic, environmental, and social aspects. For example, we track our carbon emissions, which we reduced by 15 percent in 2009 and saved around 90 million Euros doing so. For the 2009 report, we will further increase the number of KPIs we publish. In 2010, we will close our carbon books every quarter and report those numbers publicly. We are keen on tracking our performance, so we can continue to optimize our sustainability. This approach has earned us the leadership position in the software category of the Dow Jones Sustainability Indexes for the third year in a row.

SAP has been ahead of the game when it comes to understanding the importance of sustainability and initiating it. What made you feel the sustainability push was going to be critical?

The SAP management team decided on a strategic engagement for three reasons: First, within SAP, our employees started impressive grassroots activities that demonstrated how important the topic was to them. Second, SAP has a huge impact on the world's GDP. Just imagine that 75 percent of the world's beers are produced using SAP, for instance, and our utility customers serve 700 million households. We see this as an obligation because our software can optimize how these companies operate. And finally, sustainability is going to be a large software market with new quickly accelerating regulation and customer requirements.

How much of a competitive advantage has this focus been for you in terms of what prospective clients are looking for in a partner?

We interviewed about 100 customers before we created our sustainability strategy. We found that sustainability clearly is a boardroom topic. We also understood there are some significant flaws in how business is run today, and we can effectively address those in order to not run into a social or environmental disaster. Companies want to be around in 20 years, and that is why business leaders view sustainability as significant. As a business process expert and by co-innovating with the most advanced companies in the world, SAP has the ability and credibility to advise on better business practices. SAP is the only company that can bring this into the logistics, production, and sourcing processes, and into the heavy-load business processes that every organization runs. We also deliver overarching management systems, like our sustainability performance management system or our on-demand carbon management solution. The key is that companies start now to articulate their business and IT strategy in terms of sustainability.

What do you see as the biggest internal obstacle to driving sustainability at SAP?

Very much to my own surprise, the challenge to driving sustainability throughout the entire organization is not with employees or top level management; it's at the level in between. Middle management is certainly not against sustainability, but they often feel restricted by the resources available to prioritize sustainability in line with its strategic importance. That is where you need the CEO, the board, and the most senior people in the company to provide the required leadership and prioritization.

Did your employees understand sustainability early on?

I think they understood it even earlier than senior management. With employees, it's not a motivational exercise; it's more about sharing information and engaging them in the dialog. For example, when we announced the strategy and set-up inside SAP, I asked for 150 people to volunteer as "Sustainability Champions" to help me drive employee engagement. Within only two days, we had three times more applications than we had open positions. When we ran our internal commuting survey, one third of our employees replied within 24 hours. I am extremely proud to work at a company like that. Sustainability creates such a great sense of purpose – and it is much more engaging than "only" driving shareholder value. ●