

Five financial benefits of a sustainable future for your business



Building a sustainability-first future

A sustainability-first approach for business is no longer a passion project or something that is simply nice to have, it's essential for the long-term profitability of your organization. Whether you view it as a key priority, it is now no longer an option to ignore the business case for developing and maintaining a sustainable business model.

Sustainability is about both the bottom line and the survival of your business.

As the pandemic and a succession of natural disasters have demonstrated, linear operations are vulnerable to disruptions—costing organizations time and money, as well as restricting the scope of available talent.

Supplies of raw materials and components can be cut or delayed.

Employees can be unable to reach factories and distributions centers. Logistics networks can be disrupted.

By designing and manufacturing for sustainability, organizations can mitigate these risks within the business while ensuring a robust, resilient and profitable future.

The key to sustainable business is connected data.

End-to-end visibility allows businesses to create an auditable, efficient process in which every component is reusable or recyclable. But this is not all about idealism, investors recognise that sustainability supports the business as well as the the global ecosystem.

Similarly, customers have shown a willingness to pay more for responsibly made products. Plus, businesses who can demonstrate their sustainability credentials are able to attract and retain the very best talent.

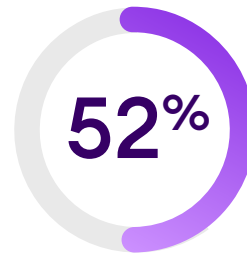
With all this in mind, why wouldn't an organization recognise, and then prioritise, a sustainability-first future?

1. Attracting and retaining customers

Customers increasingly demand evidence of a business's sustainable approach. And, with Generation Z rapidly gaining purchasing power, customers today have a growing influence over the entire supply chain.



Therefore, committing to a quantifiable approach to sustainability will give businesses a viable way to ensure a financially secure future.



As many as 52% of CEOs are concerned about shifts in consumer spending and behaviour,¹ demonstrating that a move away from a culture of consumption toward a true circular economy is the key to a more cost-effective future for business.

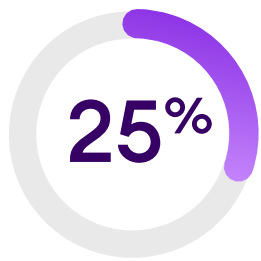
IFS solutions provide the comprehensive auditable data you need to track everything from end-to-end. With the right digital solution, businesses can quickly identify opportunities to reduce waste and boost efficiency, from modes of transport along the supply chain to the re-use, re-manufacturing or recycling of components.

Every step taken towards a more circular manufacturing cycle helps to attract, and retain, customer loyalty.

¹ <https://www.pwc.com/gx/en/ceo-survey/2014/assets/pwc-17th-annual-global-ceo-survey-jan-2014.pdf>

2. Attracting investment

The new generation of investors understands the value of sustainability. Much like customers, investors want proof of your sustainable credentials.



More than 25% of the world's assets under management are invested according to Environmental, Social and Governance (ESG) factors.²

It's clear therefore that a new era of investors are applying fresh values to their financial strategies, rather than just chasing returns. This makes it even more imperative for organizations to focus on their ESG policies if they want to retain market value and continue to attract lucrative investment opportunities.

Now, more than ever, the ability to apply analytics and demonstrate the sustainability of a product, from the sources of materials through to the end-customer demand, is critical to a manufacturer's ability to win new investment. Businesses today need to be able to demonstrate the role they are playing toward the collective 'greater good' with policies and demonstrable actions that adhere to the three pillars of ESG. Failure to take these steps will reduce an organizations ability to access preferential ESG borrowing and investment.

3. Attracting talent

Finding and keeping skilled people is tough and costly. Demonstrable business values and commitment to sustainability can give you a decisive advantage in the battle to recruit and retain valuable talent.

Sustainability and servitization also have key roles to play. Today's digitally savvy know all about new ideas of ownership.

They are aware of, and are already actively engaged in, living in a more sustainable way. So much so, that Gen Z are the first generation to prioritise purpose over salary³ when it comes to employment.

Solutions like IFS Human Capital Management are designed to help develop people today for the sustainability-led teams of tomorrow. From strategic sourcing and planning, talent development, time and expense allocation and performance management to core HR for global corporations.

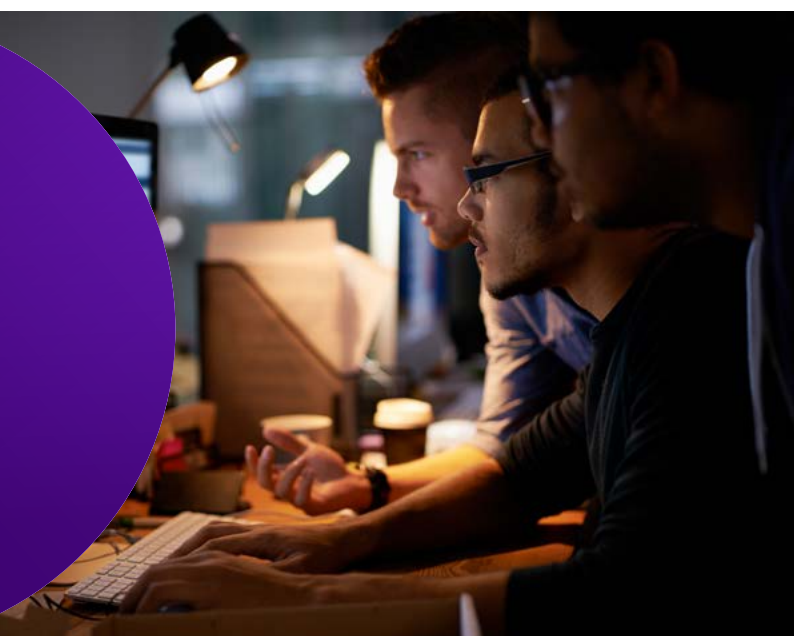
By investing in a sustainable enterprise from top to bottom, organizations can in turn create a more financially efficient future supported by cost-effective recruitment.

² <https://www.mckinsey.com/industries/private-equity-and-principal-investors/our-insights/from-why-to-why-not-sustainable-investing-as-the-new-normal>

³ <https://info.themanufacturer.com/amr-2020>

4. Powering innovation

Sustainability is the driving force of innovation. Transitioning to a sustainable model spurs innovation everywhere.



By driving growth, winning customers, reducing costs and boosting efficiency from end-to-end, a sustainable strategy is one that underpins and supports transformative innovation.

The principle of the circular economy shows how sustainability drives innovation across the supply chain. Sustainable service and maintenance regimes prolong the working life and value of the product, especially if it has been built to last.

Every drop of efficiency squeezed from the manufacturing process less water and power, plus lower cost of manufacture. In addition, a more sustainable approach to manufacturing reveals new sources of competitive advantage and differentiation that contribute directly to growth and the bottom line.

Innovation has to happen on the foundations of clarity and practicality. Organizations require technology that provides insight and visibility to find new paths to sustainability, driving out waste and inefficiency, and fuelling financial growth and resilience for the future.

5. Leveraging achievements

Transparency is key when unlocking almost every aspect of sustainability and its benefits, not only in proving the effectiveness of sustainable practices to stakeholders, but also in having access to the data needed to take informed decisions.

With the right technology, organizations can demonstrate already ingrained sustainability from any point in the supply chain and manufacturing process, meaning that historical practices can be leveraged to show what a business has already achieved when it comes to making more sustainable, ethical and financially progressive choices.

IFS Digital Twin of the Organization (DTO) solutions allow you to review and orchestrate processes to ensure that execution delivers against strategy. By gaining a clear view of which functions deliver real sustainability and customer value, businesses can identify processes that are less effective and those that waste time and resources.

Often, sustainability credentials are linked to better business performance.

Therefore, utilizing technology that demonstrates that an organization has already taken steps toward a more sustainable future gives you a considerable competitive advantage.

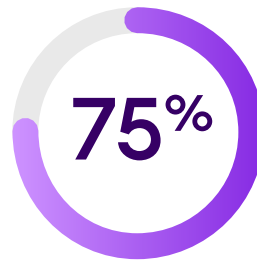


The business case is indisputable

Even if we put the important ethical concerns about climate change to one side, the business case for a sustainable model is indisputable.



The technology to achieve this has long been in place, but it's the utilization of the right digital solutions that can really enable organizations to reap the financial benefits of being able to quantify their sustainability.



More than 75% of manufacturers⁴ are adapting their business models to the changes and challenges of the modern marketplace, meaning that when it comes to provable sustainability, it's a win-win for everyone. In an increasingly disrupted and fast-moving world, sustainable manufacturing is a proven path to growth and competitive advantage.

For organizations, just talking about sustainability is no longer viable. Simply ticking a box to appease a cultural shift without following through on actionable outcomes will soon mean taxation penalties plus a competitive disadvantage in attracting and retaining investment, customers and talent. Failure to develop a sustainable business model will block a cost-effective and financially resilient future.

To learn more about how your organization can leverage, develop and prove its sustainability for a more profitable future, why not take advantage of a digital business evaluation for sustainability from IFS.

⁴ <https://www.pwc.com/gx/en/ceo-survey/2014/assets/pwc-17th-annual-global-ceo-survey-jan-2014.pdf>

About IFS

IFS develops and delivers enterprise software for companies around the world who manufacture and distribute goods, build and maintain assets, and manage service-focused operations. Within our single platform, our industry specific products are innately connected to a single data model and use embedded digital innovation so that our customers can be their best when it really matters to their customers—at the Moment of Service.

The industry expertise of our people and of our growing ecosystem, together with a commitment to deliver value at every single step, has made IFS a recognized leader and the most recommended supplier in our sector. Our team of 4,000 employees every day live our values of agility, trustworthiness and collaboration in how we support our 10,000+ customers.

Learn more about how our enterprise software solutions can help your business today at [ifs.com](https://www.ifs.com).

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