

Sustainability Initiatives Emerge as Strategic Success Factor for Network Service Providers Around the World

technicolor



Atlanta, Georgia Apr 28, 2022 ([IssueWire.com](https://www.issuewire.com)) - Network service providers (NSPs) have come a long way when it comes to embracing environmental, social, and governance (ESG) principles to address the demands of both shareholders and customers. However, while most NSPs have published intentions and outlined ambitious plans for achieving sustainability objectives — a key component of ESG — many have struggled to take significant steps to reduce their environmental impact. One of the main challenges is the absence of engaged and coordinated participation by value chains that feed the NSP community. Corporate policies, in a vacuum, will not do the trick. Teamwork is required.

This was one of the core conclusions of a Technicolor Connected Home virtual roundtable titled **Sustainability Strategies for the Telecommunications Industry: 2022 and Beyond**, held on March 30, 2022. Executives participating in this virtual roundtable included:

- Tom Derry, Chief Executive Officer at the Institute for Supply Management;
- Rebecca Haagsma, Strategic Partners and Devices at Telstra;
- Mercedes Pastor, SVP Global CPE business unit at Technicolor Connected Home;
- Dominique Rousseau, Group Director of Device Operations at Vodafone;
- Eric Rutter, President for Americas at Technicolor Connected Home; and
- Lloyd Switzer, Chief Procurement Officer at Telus.

Internal and External Factors Drive NSP Sustainability

Pressure to develop, design, and execute tangible sustainability practices that can be measured and managed has been building for decades, according to Tom Derry, Chief Executive Officer at the Institute for Supply Management.

“To address the growing demand from shareholders, we are seeing banking regulators and financial authorities direct capital toward companies that perform best when it comes to ESG factors. It is emerging as a key differentiator as highly competitive industries — like the telecommunication sector —

look to the financial markets to raise money and pursue their business objectives,” he said.

For instance, in the United States, the government has issued \$1.87 billion of sustainability-linked bonds. Companies that do not comply with government regulations will pay steep penalties if they do not meet their net-zero carbon emission goal by 2030. It is an aggressive goal with significant penalties.

In addition, Derry noted that government regulations around the world are forcing companies to be more transparent and provide granular reports on greenhouse gas emissions, waste reduction, resource optimization, and other factors. These regulations have teeth, and companies must account for them.

“The final source of pressure we are seeing is coming directly from consumers around the world who are expressing an interest in selecting vendors that are doing their part to preserve the planet. But beyond the environment, it is important to keep the broader ESG picture in mind. Sustainability is part of a broader trend in which consumers express their desire to do business with companies whose values they share,” explained Derry.

According to Lloyd Switzer, Chief Procurement Officer at Telus, the good news is that, in many organizations, sustainability goals can be effectively matched to business objectives set at the board level.

“These values actually do align,” said Switzer. “As the saying goes... doing good is good business. Energy reduction, for instance, leads to bottom-line benefits — especially now as oil prices spike. At Telus, sustainability has been a key part of our strategy for decades. We’re the only telecommunication company that’s been in the Dow Jones Sustainability Index for 21 consecutive years.”

Public Commitments, Private Efforts

To hold themselves — and the industry as a whole — accountable for accomplishing sustainability targets, leading players in the industry have taken the approach of making bold announcements and setting aggressive objectives in a very public manner. That has certainly been the case with Australia’s Telstra.

“Telstra has set company objectives and key results (OKRs) that have been publicly announced to the market,” said Rebecca Haagsma of Strategic Partners and Devices at Telstra.

“This means we absolutely must deliver on them. This OKRs range from emissions reductions to device packaging. We’ve also launched an energy business and are working on as many parts of the supply chain as possible to influence and change the company’s direction to be more sustainable. By making them public, we are holding ourselves accountable,” she explained.

In fact, the company’s current supplier agreements include terms and conditions around sustainability that pertain to all vendors and suppliers. They address all aspects of their business relationships — including recycling targets.

“As a result, we have been making smart decisions and planning for much more than profitability. For example, our new Telstra Smart Modem 3 has a casing made of 85% recycled plastic, and all the packaging is made of recycled material as well. These are the types of commitments, or KPIs, companies can put in place to make real progress towards greater sustainability,” she said.

Teamwork Makes the Dream Work

ESG in general — and sustainability in particular — is not a game that can be played and won alone. For telecommunication companies, supply chain management and optimization are a major focus for carbon footprint reduction. Removing excess packaging and maximizing the amount of recycling at every stage in the process offer major opportunities to advance sustainability goals.

“Really moving the needle will involve developing greener, more ethical processes across the entire ecosystem. We need to work with our partners to find ways to reduce waste by reusing and refurbishing products, increasing ESG scores, and developing effective consumer narratives,” stated Dominique Rousseau, Group Director of Device Operations at Vodafone.

On the last point about consumer narratives, Rousseau pointed out that consumers should be seen as the last link in the supply chain and therefore incorporated into the community effort to improve sustainability.

“In fact, the latest statistics we have collected revealed that 50% of the consumer base is willing to pay a little extra for goods and services that are proven to be sustainable. Today's consumers expect companies to develop greener, more sustainable products. They will even switch to companies that have messaging that is better aligned with their own beliefs,” he said.

Devices, he observed, are ranked among the top three Scope 3 emissions contributors. These emissions result from activities not owned or controlled by an organization but which contribute to the carbon footprint of the value chain. It is interesting to note that Vodafone has announced plans to eliminate Scope 3 emissions entirely by 2040. This carries implications far beyond Vodafone's corporate borders.

Mercedes Pastor, SVP global CPE business unit at Technicolor Connected Home, concurred. “The consumer electronics sector represents 50 billion tons of waste every year. If we continue at the same pace, the projected electronic waste will be around 120 billion tons by 2050,” she stated.

“This is why it is so important to integrate sustainability into every part of the ecosystem. From the design of the products to the complex technology collaboration that must take place among chip vendors, component manufacturers, and service providers. Doing this will require collaboration from every part of the ecosystem, which is why Technicolor Connected Home incorporates sustainability into every step of every process — from product development to delivery,” she said.

It is a strategy that delivers results.

“Technicolor and Vodafone have worked together to design our next gateway,” noted Rousseau. “Technicolor has helped us develop a device composed of 95% recycled materials. This is truly outstanding and is something we plan to elevate in our marketing efforts to consumers,” he said.

Early Miles in a Marathon Race

As much progress as is being made, it is crucial to recognize that the industry is still very much in the early stage of its sustainability journey.

“I think we all agree that we are in the early stages of adoption,” noted Eric Rutter, President for Americas at Technicolor Connected Home. “The first investment that needs to be made in educating ourselves, employees, and partners on sustainability and market opportunities in each sector. The next step is focused on three areas: greenification, renewable energy, and power reduction. We need to hold

ourselves and our suppliers to a set of standards and then work with our partners to reduce the environmental impact from every step of our business by creating and going to market with the most sustainable products and services possible. Then we must make sure that we communicate our advancements in sustainability to consumers and show them how we are all working together to improve the world we live in,” he concludes.

To watch the full roundtable event visit:

<https://bit.ly/3uYSdbx>

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