

MARKET NOTE

Atos' Decarbonization Proposition for Enabling Clients' Transition to Sustainable Business

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EXECUTIVE SNAPSHOT

FIGURE 1

Executive Snapshot: Atos Decarbonization Proposition for Enabling Clients' Transition to Sustainable Business

This IDC Market Note covers Atos' strategy to achieve its ESG goals, as well as how it helps clients to achieve their own sustainability-related goals, as presented during Atos' webinar in March 2021. During the event, Atos presented its new decarbonization business line and its partner ecosystem for supporting clients on their journey to decarbonized operations.

Key Takeaways

- Atos embarked on its sustainability journey in 2019 while reformulating the company strategy under its *raison d'être* and reorganizing its business operations into industry-based units.
- Atos' environment, social, and governance (ESG) objectives have been aligned to the Science-Based Target initiative (SBTI) since 2020, and the company has been carbon neutral since 2018.
- In addition to its ESG approach, corporate governance is firmly entrenched in Atos' company culture and operations.
- To support its aims to become the leader in providing secure and decarbonized digital services, Atos has incorporated incentives related to decarbonization of its operations into the compensation plans of both its executives and line managers.
- Atos' commitment to sustainability has been evident for many years and was recently demonstrated by its acquisition of EcoAct, a company with a strong portfolio of solutions specifically focused on enabling sustainability for its customers.
- Together with its partners Atos is equipped to deliver end-to-end services and products that help clients create a decarbonization strategy and goals, along with implementing the tools to achieve them.

Source: IDC, 2021

IN THIS MARKET NOTE

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During the event, Atos also presented its new decarbonization business line and introduced the ecosystem of partners that would support their clients' efforts to decarbonize their operations.

Positioning for Sustainable Business

Back in 2019, Atos already recognized the significance of sustainability as a business driver while reformulating the overall company strategy under its *raison d'être*. The business mission upgrade led to a wider business transformation, during which Atos reorganized its business into industry-based units. Atos structures its sustainability strategy around three main pillars: environment, social, and governance.

Environment

In 2020, Atos' objectives were aligned to the Science-Based Target initiative (SBTi) to keep global warming at 1.5 °C. Atos has been carbon-neutral since 2018, relying on various offsetting projects to compensate for the emission of its defined carbon perimeter, as well as for its datacenter services. The company aims to reduce its emissions by 50% by 2025 compared to 2019 (across Scopes 1, 2, and 3 emissions) and achieve net zero emissions by 2028, while expanding its decarbonization program to include the Scope 3 (indirect) emissions (supply chain emissions and emission from the sold products) under its direct influence. All residual emissions will be offset in 2028.

Atos benefits in its compensation strategy from the knowledge of recently acquired decarbonization consulting organization EcoAct. In 2021, the vendor aims to assess suppliers to ensure that 70% of its business is conducted with partners/suppliers that have achieved sustainability certification from EcoVadis.

Atos focuses on proper CO2 emission measurement using an internal decarbonization data platform that allows an advance from environmental data estimation to real data measurement. Data related to company offices, datacenters, and travel are being collected and analyzed. In the datacenter space, Atos targets energy efficiency and reuse of waste heat and is testing green hydrogen technologies. Atos consumes 46% of its energy from renewable sources with the aim to increase this to 64% in 2023.

Atos, on its transition to operations decarbonization, understands that the effort relies heavily on its people. Hence, Atos invests in educating employees on sustainability-related topics and on sustainable IT equipment usage through carbon calculators that are available as mobile applications.

Social

Atos' focus on social sustainability comprises four key areas: diversity, digital accessibility, digital education, and employee experience. Atos runs various internal programs and initiatives promoting the advancement of women to senior management portions, with 30% of its management team composed of women. The company also signed the UN Standard of Conduct for Business and L'Autre Cercle charter, committing to support inclusivity for all. For example, Atos uses artificial intelligence (AI) tools to formulate bias-free job descriptions to demonstrate the organizational culture of inclusivity. Digital accessibility initiatives include the "Work from Home/ Work from the Office" manifesto, based on lessons learned from the COVID-19 crisis, which includes accelerated education of new digital skills.

Governance

Atos has a proactive approach to corporate governance, including its ESG policy that is firmly entrenched through the company culture and operations. In 2019, Atos set up a dedicated Corporate Social Responsibility (CSR) committee that is involved in defining ESG strategy and priorities. The company reports publicly on a wide range of non-financial indicators centered around three key areas: environment, social, and governance (Figure 2).

FIGURE 2

Atos' Key Non-Financial Performance Indicators



Source: IDC, 2021

Initiatives for Net Zero 2028

To support its aims to become the leader in providing secure and decarbonized digital services, Atos has incorporated incentives related to decarbonization of its operations into the compensation plans of both its executives and line managers. As an example, the internal carbon tax of EUR 80 for each ton of CO₂ emitted is applied across all Atos' operations and locations globally. The emissions related to activities such as business travel and energy management from datacenters and offices are calculated and taxed accordingly. Further, Atos promotes business decisions focused on suppliers with better environmental performance, using EcoVadis environmental assessment as a benchmark – Atos employees are incentivized to increase business with suppliers scoring more than 70 points in the assessment. In addition, Atos employees are rewarded for delivering decarbonized products and services to its clients, and top managers have decarbonization performance conditions embedded in the key performance indicators (KPIs) and compensation packages (weighted 20% in the compensation plan).

Atos' initiatives to achieve net zero emission by 2028 are further centered around several business areas:

- **Datacenters and office premises:** Decreasing emissions from datacenters and office operations using decarbonized (low carbon) energy sources such as nuclear or renewables. Innovation in datacenters, for example, is taking shape in the form of usage of green hydrogen for the datacenters, as well as waste energy reusage.

- **Remote work enablement:** The company is going through a revision of the future-of-work model, while optimizing work from home and office approaches, including digital collaboration for travel avoidance and the usage of electro/hybrid car fleets.
- **Circular economy models:** Atos contributes to the circular economy through the adoption of as-a-service consumption models for IT equipment, including IT equipment recycling, eco design and energy efficiency.
- **Sustainable supply chains for company operations:** Atos incorporates 20% sustainability weighting in its current request for proposal (RFPs) from suppliers. RFPs also assess decarbonization criteria.

Sustainability Enablement Through Decarbonization Services

In October 2020, Atos acquired EcoAct, a climate strategy consulting firm that added a team of 160 experts on emissions management and reduction, while also possessing expertise in non-financial reporting and standards and managing carbon offsetting projects. Together with EcoAct, Atos launched its Decarbonization Excellence Center to deliver advisory and implementation services related to achieving net-zero emissions for enterprises. Atos decarbonization services include IT and business consulting, while leading clients through the process of setting decarbonization goals with the focus on eliminating their digital carbon footprint. Through EcoAct's capabilities, Atos provides assessment of enterprises current maturity in terms of CO2 emissions monitoring and recommendations on areas in which customers can reduce emissions. Specific decarbonization services include measurement and setting of science-based targets, risk and opportunity measurement, data management (e.g., development of carbon data platform and carbon calculators), IT consulting, and solutions for decarbonization. Based on its own experience of implementing internal carbon pricing, Atos seeks to replicate its results for customers.

Atos offers services leading to emissions reduction specifically related to digital infrastructure, which include optimizing the energy consumption of applications, infrastructure, and servers, as well as recommendations on technologies (e.g. IoT, edge and quantum computing, cloud, and collaboration tools) for reducing carbon footprint and setting decarbonization-level agreements. Industry specific expertise is offered for the manufacturing industry, such as using digital twins and predictive maintenance or for the government sector in the area of Smart Cities.

The ultimate proof to the company's commitment to delivering decarbonized services to clients is demonstrated by the fact that Atos commits to a contractual agreement stipulating that if clients' decarbonization objectives are not met, Atos is obliged to pay for offsetting the residual emissions.

Quantum Computing to Tackle Decarbonization Challenges

Despite the fact that we are still a few years away from achieving fully fault-tolerant systems, quantum computing technology has opened new possibilities in many fields. Sustainability is one of the key areas where quantum computing could potentially have a transformational impact. Quantum computing could be instrumental in solving decarbonization challenges by radically transforming the way energy is processed and stored.

In collaboration with Total and UK-based Cambridge Quantum Computing, Atos is researching ways to develop quantum algorithms for carbon capture storage and processing. Back in 2020, Atos and Total, a French-based global energy company, started a multi-year alliance to advance the discovery of new materials and molecules that can facilitate decarbonization and increase the efficient use of sustainable energy. The partnership is underpinned by Atos's quantum computing simulator, dubbed quantum learning machine (QLM) that can simulate the behavior of a quantum computer made of up to 40 qubits. By leveraging QLM, the two companies are jointly developing a quantum algorithm to aid the identification of new materials that can capture CO2 emissions. While the use of a supercomputer to enable carbon capture may seem counterproductive given the volume of energy spent, the fact that it simulates quantum properties means potential energy-saving in the long run.

Quantum computers promise to unlock challenges that are beyond the capabilities of classical systems. While quantum computing technology has made enormous progress, with accelerated development in the last couple of years, currently available quantum devices have a limited scope of applications. Quantum computing simulators such as the Atos Quantum Learning Machine are actually high-performance computers that simulate the quantum devices that are currently available on the market. QLM customers have access to a quantum computing programming environment, which can develop quantum algorithms and is hardware agnostic. With QLM, is positioned as an enabler of quantum computing, helping its customers to get acquainted with the technology regardless of the underlying quantum architecture.

Atos has been heavily investing in quantum computing since 2016, when it launched its quantum program. These investments have led to a well-rounded offering that spans quantum programming platforms and simulation, quantum algorithms and cryptography, as well as quantum consulting services to help identify use cases that may benefit from quantum-based devices.

IDC'S POINT OF VIEW

Atos' commitment to sustainability has been evident for many years. Its recent acquisition of EcoAct and its strong portfolio of solutions specifically focused on enabling sustainability among its customers is testament to the company's sustainable mindset. The breadth and depth of its sustainability-enabling portfolio, combined with the company's new industry approach, should help position Atos at the forefront of the sustainability conversation.

Thanks to its investment into EcoAct, Atos can present a full gamut of sustainability-related consulting capabilities, including overall ESG strategy, climate risk analysis, and tools and models for achieving net-zero emissions. The vendor's consulting services are complemented by its inherent technological know-how and capacity for innovation, supported by practical monitoring and analytical tools such as its carbon calculator.

Based on solid client references related to delivering decarbonization solutions, as well as the fact that Atos provided its own internal use case for the implementation and operation of decarbonization solutions, the vendor is a compelling partner for clients looking to complete their own sustainability journey. With the backing of powerful partners, Atos is equipped to deliver end-to-end services and products that help clients create a decarbonization strategy and goals, along with implementing the tools to achieve them.

LEARN MORE

Related Research

- *An Overview of European Companies' Commitment to Sustainability* (IDC #EUR147528221, April 2021)
- *Technology and Sustainability: The C-Suite in the Anthropocene Era* (IDC #EUR246412520, June 2020)
- *Sustainability Becoming a Differentiator for Services Companies* (IDC #EUR246144520, March 2020)
- *Digital Society Impact: Where Technology Meets Sustainability* (IDC #EUR245654719, January 2020)

Synopsis

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