



BSR Conference 2009

Reset Economy. Reset World.

Sustainability Solutions

Breakout Session Summary

Wednesday, October 21, 2009 | 1:45-2:45 p.m.

Speakers

- » **Edan Dionne**, Director, Corporate Environmental Affairs, IBM Corporation
- » **Kim Hewitt**, Director, California Public Sector Enterprise, IBM Corporation
- » **Diane Melley**, Director, Corporate Citizenship and Corporate Affairs, IBM Corporation
- » **Dunstan Hope**, Managing Director, ICT Practice, Advisory Services, BSR (moderator)

Highlights

- » Due to the increasingly severe systemic problems such as population growth, growth in energy demand, and lack of access to education, collaboration among a variety of institutions is on the rise.
- » IBM's Smarter Planet—an integration of the company's citizenship and business strategies—is more than a rebranding exercise: While IBM has been doing systems integration work for decades, this program is much more integrated into the company. Employees are being asked to change, and the company is talking to a different set of customers.

Memorable Quotes

"This industry is a network; by necessity, we have to collaborate." —Edan Dionne, IBM Corporation

"The world is getting smarter because it must [deal with] deeper problems." —Diane Melley, IBM Corporation

"One of the fundamental challenges [to IBM] is getting our folks comfortable with having a higher-value conversation. There are so many stakeholders with a piece of a problem or solution that political barriers can be very daunting. If we can reduce barriers to making information available, it makes the conversations easier." —Kim Hewitt, IBM Corporation

Overview

Melley began the session by describing the IBM Smarter Planet program, noting that the company sees significant synergies between business and sustainability strategies, and it is demonstrating leadership and collaboration in that area. Interconnected technologies are changing the way the world works.

She noted that finding solutions for deeper problems like energy demand, population growth, the water crisis, and the lack of access to education requires a systemic view. IBM is using technology like road and water sensors to encourage large-system thinking on issues that can affect the quality of life around the world. These issues are core to both IBM's business strategy and citizenship strategy.

A core driver of these programs is demand from stakeholders, whether NGOs or employees. This is creating a tremendous opportunity for the company to have a positive impact on the world with technology, while also expanding profits.



To take advantage of these opportunities, IBM has launched efforts such as its Corporate Service Corps, which sends emerging company leaders on an international development assignment. Living in these communities helps these individuals understand emerging markets and cultures and design solutions that have positive impacts on those communities.

According to Melley, this is not just a corporate citizenship strategy, but a primary market strategy. IBM recently convened city leaders and other top customers to identify key issues, because collaboration with government customers is an important driver for IBM's core consulting and services business.

Hewitt added that everything in the Smarter Planet portfolio is about solutions, using not only IBM but also other companies' products to move into higher-value solutions.

Dionne discussed Smarter Planet environmental initiatives, highlighting the nexus between water and energy. IBM uses sensor technology to solve problems, for example by eliminating unnecessary water storage. Hewitt added that several of these efforts have opened conversations that have generated additional business. For example, IBM's work in the Hudson River and in the Galway Bay led to work with California water networks, including an engagement in Sonoma County water management.

Hewitt then commented on some of the obstacles to this business, such as encouraging IBM employees to have conversations about these higher-value systemic solutions, which often require a longer sales cycle.

In response to a question about how IBM is working with others in the IT industry, Dionne noted that the information technology industry is collaborative by nature; it is a network of companies, suppliers, and customers to one another.

After questions about how government and the new U.S. presidential administration affect IBM's business model, Dionne noted that it was very important to have government involvement to ensure that solutions are open and can integrate with each other and existing circumstances. Hewitt said "there is no better time to be bold," because people have had to stop and listen, and the U.S. government stimulus package is providing opportunities for collaboration that would not have happened otherwise.

In response to a question about whether Smarter Planet was simply a good rebranding exercise, Melley replied that getting people to understand that IBM is much more than an IT hardware company *is* partly a branding exercise, but IBM is also asking its people to change, to become bolder and more collaborative. Hewitt added that in most cases, the clients are also very different.

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