EXECUTIVE OVERVIEW

the 451 group

Analyzing the Business of Enterprise IT Innovation

ECO-EFFICIENT IT: POLICY, LEGISLATION AND COMPLIANCE

The impact of environmental and energy policy on enterprise IT, 2008–2012

Governments seeking to address climate change and energy security are looking for opportunities to dramatically improve energy efficiency. They are aware that corporate IT is a huge consumer of electricity and a powerful force for managing energy consumption.

ECO EFFICIENT IT

4 FINDINGS

- Governments tackling climate change, and energy security and prices, have identified energy efficiency as a top priority, with IT playing a major role. **PAGE 11**
- Compliance is a weak driver for the adoption of eco-efficient IT, with economic factors dominating. But it will become stronger over time. **PAGE 14**
- Carbon cap-and-trade schemes will combine with energy capacity issues to drive up electricity prices, making energy efficiency more important. **PAGE 19**
- Compliance around eco-efficiency is multifaceted, spanning new laws, power company mandates, product labeling and procurement rules. **PAGE 15**

5 IMPLICATIONS

- In the next several years, most large organizations will develop the ability to record, collect and report on their energy use and CO2 emissions. **PAGE 43**
- Investment by end users is likely to be cautious and made in the context of tight financial constraints. **PAGE 14**
- The UK's Climate Change Act and Carbon Reduction Commitment will be tracked by IT suppliers and users as a pioneering example of emerging eco-efficiency law affecting IT. **PAGE 22**
- Datacenter eco-efficiency legislation remains a possibility in Europe and, later, the US. But the preferred policy is currently publicity and awareness. **PAGE 25**
- Power companies will feel pressure to intelligently control energy demand, creating major opportunities for IT suppliers and end-user organizations. **PAGE 35**

1 BOTTOM LINE

- Legislation and related compliance pressures around eco-efficiency is currently light and cautious, but will increase and tighten over time. There will be significant opportunities for suppliers.

NOVEMBER 2008

Executive Summary

In the IT industry – and certainly in the datacenter industry in particular – there is a widespread expectation that significant legislation aimed at reducing the environmental footprint of IT is on the way. Even though it is far from clear, in many cases, what that legislation might look like or how it will be policed, suppliers and end-user organizations are attempting to work out if, how and when it will affect their businesses.

The IT industry has long had an ambivalent relationship to legislation and compliance issues, and eco-efficiency legislation is no different. On the one hand, it is a threat, potentially increasing costs, adding new risks and, in certain cases, enforcing unwelcome business practices and even new directions in R&D. On the other hand, as the Sarbanes-Oxley Act in the US shows, compliance can drive sales, and even innovation. It is difficult to think of any law, in any sector, that has resulted in a reduced reliance on IT.

This report examines how environmental and energy security law and policy, both in the US and internationally, will affect, or is already affecting, the IT industry and corporate IT. It discusses the type and scope of existing and coming legislation, and how this might benefit, or threaten, IT suppliers.

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