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New IBM Report Shows Strong Tailwinds Behind Corporate Investment in AI for Sustainability; But Ambitions Don't Yet Match Actions

Business leaders see the benefits of investing in IT for sustainability, with 88% planning to increase investments in IT for sustainability over the next 12 months

90% of executives surveyed believe AI will positively influence sustainability goals — yet more than half of organizations aren't leveraging AI for sustainability

Significant perception gap between top execs and their staff on sustainability expectations

ARMONK, N.Y., Nov. 12, 2024/PRNewswire/ -- Today at Web Summit Lisbon, IBM (NYSE: IBM) released its first-ever State of Sustainability Readiness Report 2024, revealing that 88% of business leaders surveyed are planning to increase investment in IT for sustainability over the next 12 months. The research showcases that over half of respondents across a range of industries see investing in technology for sustainability as an opportunity for growth, not just cost mitigation.

Despite business leaders' view on sustainability-related IT, however, the report reveals that action is not matching ambition — especially when it comes to AI technology.

The State of Sustainability Readiness 2024 report was conducted independently by Morning Consult and sponsored, analyzed and published by IBM. Interviews were conducted between April and May of 2024 with 2,790 business leaders and decision-makers across 15 industries and 9 countries. The report also includes case studies at the intersection of sustainability and technology from Water Corporation (Australia), Downer Group (Australia & New Zealand), and Neste (Finland).

The untapped potential of AI

Almost universally, respondents had a positive take on AI's potential for sustainability: 9 out of 10 surveyed executives agree that AI will positively influence achieving their sustainability goals. However, the report found that 56% of organizations are not yet actively using AI for sustainability. This discrepancy may come from budgetary constraints, as survey respondents identified financial planning as the top challenge to investing in sustainability. According to the report, 48% of IT for sustainability investments are "one-off" rather than funded from a regular operational budget.

To responsibly tap into the potential of AI, organizations also need to account for the energy use it demands—something leaders are trying hard to mitigate. This new trend of AI adoption is

galvanizing organizations to employ more sustainable practices, such as optimizing data processing locations, investing in energy-efficient processors and leveraging open-source collaborations. These strategies can not only reduce the environmental footprint of AI, but also enhance operational efficiency and cost-effectiveness. Finding the right AI talent is also an issue: staying staffed with experienced workers amid current skills shortages is in the top three sustainability business challenges leaders are facing, according to the report.

"Businesses see huge potential for AI to boost both their sustainability efforts and their bottom line, and it is exciting to see those incentives aligned," says Christina Shim, Chief Sustainability Officer at IBM. "Leaders should stay thoughtful about minimizing environmental impacts while adopting AI, but the data shows a lot of opportunity for progress on both sustainability and costs."

Difficulty Measuring Sustainability

As organizations continue to embed sustainable practices and technology into their operations, one key question remains unanswered: How do you measure sustainability? Surveyed leaders mostly looked to resource efficiency, citing renewable energy consumption, total energy consumption and recycling as their top 3 KPIs for sustainability outcomes. (IBM similarly measures those areas through consumption of megawatt-hours of energy, percentage of electricity consumed worldwide from renewable sources, and percentage by weight of waste from landfill and incineration. Learn more about IBM's Impact Report here)

The report also revealed that measuring sustainability KPIs is a top-three current challenge faced by respondents. Fifty percent of business leaders noted that their data to measure sustainability KPIs isn't mature, which can make the reporting process even more challenging.

"Whether organizations are looking to begin their sustainability journey or already have experience in the matter, collecting and accurately classifying their data is critical to develop more sustainable practices," says Kendra DeKeyrel, VP, ESG & Asset Management Products Leader at IBM. "This research shows that business leaders understand the importance of a data-driven approach to sustainability – and are willing to invest in technology to accelerate this process"

Over half of respondents agree that reporting and compliance is challenging for their organization, yet only some (29%) of respondents identified improving accuracy of reporting as one of the top 3 benefits they would most appreciate from implementing new technology. Organizations like Ikano group, for example, are seeing the positive outcomes of investing in solutions to automate ESG data capture and analysis. They were able to capture and track over 15,000 data types for CSRD reporting in turn saving thousands of manhours on the reporting process.

Perception Gap Between Executives, Staff

The report also revealed a significant disconnect between top executives and their staff when it comes to sustainability perceptions and expectations. C-suite executives are more optimistic than their vice presidents and directors when it comes to bolstering climate resiliency. Indeed, 67% of top executives surveyed viewed their climate resiliency efforts as proactive, compared to just 56% of lower-level decision makers. This disparity spans topics including financial risks, physical infrastructure risks, and supply chain risks.

Actionable Recommendations

IBM's State of Sustainability Readiness Report provides key recommendations to business leaders and organizations eager to confront sustainability challenges. Among them:

- **Invest in the AI tools that are right for your organization** – For example, generative AI can provide insights that help identify opportunities to reduce carbon emissions and [create scenarios](#) and algorithms for more sustainable business practices. This can provide organizations the insights needed to address climate crises and turn sustainability ambition into action.
- **Lean in on data to lessen the perception gap between C-suite and lower-level decision makers –** As top challenges to sustainability continue to evolve, organizations should collect data from across their business to better understand the difference in perceptions between C-suite and lower-level decision makers. Leveraging data analysis and reporting [tools](#) can uncover blind spots and maintain visibility and alignment across the organization.

For the full report, visit https://www.ibm.com/think/reports/sustainability-readiness

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