

## Sustainability on scrutiny: One out of three companies states that sustainability must also be cost-effective

- Reducing operating expenses is one of the main drivers for sustainability initiatives
- 23 percent of companies surveyed do not have a sustainability strategy
- More than half of the respondents have not yet recognized the potential of sustainability in their IT hardware procurement

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**Businesses are facing immense challenges in today's world. The concept of linear business is increasingly being called into question. At the same time, there is high pressure to digitize and innovate. Companies must therefore operate in a resource- and cost-efficient manner in order to remain competitive in the future. That's the theory at least. In reality, planning is rarely adequate. Although many companies already have a sustainability strategy, half of them have not yet recognized the potential of becoming greener in areas such as IT. This is the finding of CHG-MERIDIAN's representative survey of 1,000 IT decision-makers at companies in Germany.**

CHG-MERIDIAN joined forces with market research company Civey to conduct a survey, called 'Pulse Check 2023: Green IT'. The survey focuses on sustainability initiatives and the integration of resource-saving IT hardware procurement as part of a circular economy. The questions were put to 1,000 IT decision-makers in companies from a wide range of sectors in Germany.

**"Companies run the risk of failing to invest in an area that will help to secure their future"**

For many companies, a sustainability initiative is only implemented if it improves the bottom line. Indeed, 37.2 percent of respondents stated that the 'reduction of operating expenses' was their main reason for pushing ahead with such projects. This was closely followed by 'securing long-term viability' (35.5 percent) and, somewhat further behind, 'legal requirements and regulations' (29.0 percent).

When asked about the hurdles to implementing sustainable IT hardware procurement, cost-effectiveness also appears to be the biggest obstacle. The survey shows that "doubts about cost-efficiency" (27.2 percent), "availability of suitable suppliers" (23.1 percent) and "limited financial resources" (22.9 percent) are the three biggest concerns of German companies.

Given the current economic situation and the associated cost pressures on many businesses, this is hardly surprising. "Sustainability and cost-effectiveness do not have to be mutually exclusive", explains Mathias Wagner, CEO of CHG-MERIDIAN. "For IT hardware investments, switching from a classic purchase to models such as leasing, rental, or 'as-a-service' can reduce both capital commitment and carbon footprints."

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A shift towards using instead of owning is crucial, as companies otherwise risk missing out on sustainable future investments due to cost pressures.

### **In most cases, companies are not even aware of the levers for sustainability**

Many companies have not yet recognized how effective it can be to go green in areas such as IT hardware procurement. Almost half of the businesses surveyed do not see this as a lever for improving their sustainability performance. Currently, only around 30 percent of IT experts believe that green IT based on a circular economy would add value. This is partly because only one in five are aware of how much the manufacturing stage contributes to the overall carbon footprint of IT assets. Measured over the entire lifecycle of the devices, this figure works out at 75 percent.

“Education is needed here,” says Wagner. “In a joint study conducted in 2022 with the independent research body VITO, the Flemish Institute for Technological Research, we were able to present that emissions are cut by three quarters when IT assets are used and then reused rather than always being bought new.”

By refurbishing IT devices and transferring them to a second life cycle, the amount of electronic waste and the need for new devices is significantly reduced. “Last year, we have provided to around 924,000 IT devices a second life. That’s one device every 35 seconds,” stated Wagner.

### **Companies often exhibit a notable contrast between their stated actions and their actual operational behaviors**

Despite advancing climate change and increasing regulatory requirements, more than 20 percent of the companies surveyed state that they do not yet have a sustainability strategy. And for those that do, only a quarter (24.3 percent) consider sustainability in their procurement of IT hardware. Moreover, less than half of these companies expect this to change over the next one to three years.

“Sustainability is more than marketing,” says Wagner. “I still see a discrepancy between talking about sustainability and the actions taken by companies. Moreover, sustainability goes hand in hand with an overall responsibility that we all need to commit to. This applies to business, politics, and consumers too. Use and reuse as part of a circular economy is the model of the future, and we should be working together to support it in as many areas as possible. There is clear evidence that this protects resources and therefore the environment too.”

#### **The CHG-MERIDIAN Group**

The CHG-MERIDIAN Group is a leading global technology2use company. It has more than 1,300 employees and develops, finances, and manages customized technology usage models for the IT, industrial, and healthcare sectors. CHG-MERIDIAN manages a technology portfolio worth €8.95 billion (2022) and is active in 30 countries worldwide without being tied to any specific banks or manufacturers. Its customers include international corporations, SMEs, public authorities, and hospitals. The Company’s deep understanding of the principles of the circular economy, which it has been acquiring and expanding since 1979, is a cornerstone of its technology2use business model. CHG-MERIDIAN manages its customers’ technology investments along the entire lifecycle, from procurement and use to data erasure, refurbishing, and remarketing of used devices at its modern technology centers. The Company’s headquarters are in Weingarten, Germany.

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