

Sustainability Executive Briefing

Empowering Dynamic Retailers and CPGs with Data

Focus on All Business Performance Characteristics to Achieve Profitable Sustainability

Sustainability is a modern imperative. We are the first generation that really understands the extent of the damage we are doing to our planet, and the urgent need to address this issue before it becomes irreversible with catastrophic consequences.

However, sustainability quickly becomes a complex subject with many different and often competing facets. Couple this with the traditional challenges facing retailers and consumer packaged goods (CPGs) organizations, such as providing a high level of service or reducing costs while being resilient and agile, and the complexity further increases.

It is this level of complex interaction that drives the Teradata philosophy of not treating sustainability as an isolated subject, but rather to see it as a key characteristic that should be considered and balanced alongside all others (Figure 1). Only by approaching it in this way can we focus on driving profitable sustainability, rather than having to choose between the two—profitability or sustainability.

Business Model Transformation for Profitable Sustainability

When striving to achieve profitable sustainability, it is important to consider your overall business model. Historical methods of only driving for more revenue by selling more units do not necessarily fit well in a sustainable world, especially if significant amounts end up as waste.

Teradata has developed a framework that supports you as you think about how businesses should evolve and where potential focus areas could be (Figure 2).

Carrying out this high-level thinking is critical because it’s what will lead to specific objectives and transformational initiatives for your business.

Focus on all characteristics



Figure 1. Sustainability Must Be Considered with All Other Characteristics

Profitable Sustainability—Framework



Figure 2. Teradata’s Framework for Achieving Profitable Sustainability

Moving Along the Sustainability Maturity Journey

Figure 3 showcases a maturity journey. You start at a high-level ambition and move toward a series of granular executable initiatives that will deliver that ambition. In order to realize your ambitions, it's critical that you're able to not only measure performance across the multitude of sustainability facets, but also contextualize and understand what those measurements mean.

Essentially, it's all about gaining an in-depth understanding that leads to smarter, data-driven decision making, while balancing profitable sustainability against all of your other business performance characteristics. There is no point becoming the most sustainable business in the world if the business ceases to be a viable operation as a result of that vision. To succeed, you need to bring in vast new data sets to an already data rich environment. The challenge then becomes how to leverage all of that data by using analytics to deliver the optimum balanced outcome desired.



Figure 3. Maturity Journey: Achieve Sustainability Ambitions via Executable Initiatives

Measure and Improve CO₂ Emissions

CO₂ emissions are certainly not the only sustainability consideration, but they are a very significant one. CO₂ emissions account for c.75% of all greenhouse gas emissions, the key driver of climate change, and are predominantly generated from the burning of organic material. Reducing these emissions is therefore a key element of improving the sustainability of our planet.

While there is currently no formal international standard for measuring and reporting CO₂ emissions,

measurements using science-based targets are being increasingly adopted, with Scopes 1, 2, and 3 being used to define the areas those measurements are applied to for emissions (Figure 4). It's highly likely that governments will start to legislate and apply taxation using this methodology. Companies are increasingly adopting the methodology to benchmark against competitors and showcase evidence of the improvements they are making.

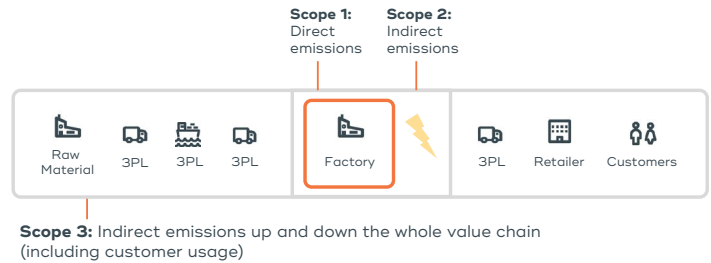


Figure 4. Scopes 1, 2, and 3 Help Organizations Understand Their CO₂ Emissions

Although businesses have been reporting on CO₂ emissions for a while now, traditionally reporting has been at a fairly high, aggregated level. In order to move through the maturity journey, it will become essential to start operating at a much more granular level, while also being able to frequently refresh the status and react in near real time.

Given the sheer breadth of Scope 3, this becomes an extremely large and complex data set. For example, how do you apportion the CO₂ emissions? Should the emissions of a vehicle transporting goods simply be divided between all the goods it is carrying? And if so, how do you divide? By size, quantity, or weight of the individual goods?

What Can Teradata Help You Accomplish?

Teradata has extensive experience and a proven track record of delivering exactly the type of capability to help retailers and CPGs reach their sustainability goals. This includes solutions in the complex financial worlds of multi-dimensional profitability and activity-based costing. For sustainability, many of the same principles and logic can be applied, enabling Teradata to help you:



- Connect your sustainability data sets to other data silos, providing an end-to-end view. This ensures all initiatives actually improve overall sustainability, rather than simply moving it to another area of the business—the “squeezing the balloon” approach
- Identify “target rich” environments to focus resources and prioritize areas where they can have the biggest bang for the buck
- Integrate sustainability data sets with other key business characteristic data sets
- Identify opportunities where improving sustainability aligns with other business objectives such as reducing costs
- Find the right balance for the business when sustainability conflicts with other objectives
- Include sustainability metrics in all scenario planning activities
- Automate sustainability reporting processes for Scopes 1, 2, and 3
- Significantly increase the frequency of status reporting, enabling the impacts to be assessed in near real time
- Identify patterns that may lead to improvement opportunities
- Enable rapid reporting through multiple lenses, such as region, product, function, etc.
- Reduce the time and effort required to produce sustainability reporting

About Teradata

Teradata is the connected multi-cloud data platform company. Our enterprise analytics solve business challenges from start to scale. Only Teradata gives you the flexibility to handle the massive and mixed data workloads of the future, today. The Teradata Vantage architecture is cloud native, delivered as-a-service, and built on an open ecosystem. These design features make Vantage the ideal platform to optimize price performance in a multi-cloud environment. Learn more at [Teradata.com](https://www.teradata.com).

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