ACHIEVING ESG SUCCESS BY BECOMING AN AUTONOMOUS DIGITAL ENTERPRISE

As environmental, social, and governance (ESG) initiatives continue to grow, they're also becoming defining operating model characteristics for organizations striving to follow the Autonomous Digital Enterprise (ADE) framework for future success. Once a "nice to have someday" goal, ESG best practices, which include diversity, equity, and inclusion (DEI) and corporate social responsibility (CSR) activities, must now be built into every technical architecture and decision to drive efficiency, innovation, and growth and meet accelerating employee, customer, shareholder, and regulator demands for more responsible business practices.

On the environmental front, over 3,500 organizations, including BMC, are putting muscle behind their commitments, joining the Business Ambition for 1.5° C campaign established by the Science Based Targets Initiative (SBTi), a partnership between the Climate Disclosure Project (CDP), the UN Global Compact, World Resources Institute (WRI), and the World Wildlife Fund (WWF). By registering with the campaign, each company has committed to reduce its emissions by setting science-based targets that are independently assessed and validated by the SBTi.

For the social and governance components of ESG, organizations are reshaping how they operate to comply with current and future regulatory and reporting requirements. For example, the U.S. Securities and Exchange Commission (SEC) is adding disclosure requirements around climate and ESG initiatives, and the General Data Privacy Regulation in Europe (EU GDPR) rewrote how consumer data is handled across the EU.

While the U.S. still lacks a federal data privacy law similar to the EU GDPR, five states (California, Colorado, Connecticut, Virginia, and Utah) have passed state-level legislation and another 30 states

have bills pending that mandate additional protections for the personally identifiable information (PII) of consumers. The U.S. also has industry-specific regulations like the [Health Insurance Portability and Accountability Act (HIPAA)](), which led to the digitization of medical records and added protections for—and penalties for the misuse of—patient data, and the [Payment Card Industry Data Security Standard (PCI DSS)](), which established stringent requirements for the handling of consumer data by the major credit card companies.

ADE Tech-Enabled Tenets Support ESG Initiatives

ESG is an operating model characteristic of the ADE. As shown in the graphic below, an ADE has distinct tech-enabled tenets and operating model characteristics, each supporting transformation through actionable insights, business agility, and customer centricity.
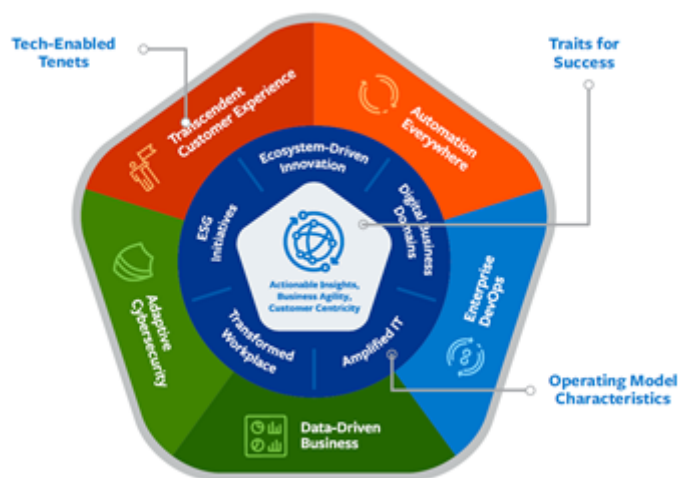

Figure 1. The Autonomous Digital Enterprise

The five tenets represent the areas on which organizations should focus their efforts and investments by developing skills and curating solutions and tools that deliver maximum impact. Each tenet can help organizations achieve business agility by laying the groundwork for ESG impact assessment and regulatory compliance, and become customer-centric by delighting socially conscious stakeholders, decision-makers, employees, and customers.

Data-Driven Business

A Data-Driven Business creates value from and monetizes assets by making data central to the business, prioritizing robust analytics capabilities, and supporting a systematic approach to data strategy, architecture, operations, and execution. As organizations face expanding ESG compliance and disclosure demands, ensuring better data quality, accessibility, timeliness, and relevance can drive better insights and decision-making. And including ESG considerations in the design of products and solutions can not only optimize the value of those programs, but also positively impact the company's ESG rating.

Transcendent Customer Experience

A Transcendent Customer Experience recognizes the full lifecycle of internal and external customer touchpoints and gives customers—the lifeblood of every business—what they need, where and

when they need it, in a highly personalized, frictionless experience. Organizations with a reputation for supporting ESG (and DEI and CSR) initiatives have a powerful competitive differentiator to attract and retain customers. PwC research found that 79 percent of consumers are more likely to buy from a company that stands up for ESG practices, and 84 percent of workers are more likely to work for those companies.

Adaptive Cybersecurity

Adaptive Cyberscurity automatically and programmatically mitigates new and evolving threats across the digital landscape to manage the ever-increasing risk landscape that's grown beyond manual intervention capabilities. Maintaining a secure posture is a crucial business practice in an increasingly remote workforce, and amid a rise in professional threat actors. Implementing proper data security protects employees, customers, partners, and the business, while also ensuring compliance with corporate policies and government regulations.

Enterprise DevOps

With Enterprise DevOps, organizations can help make better, more environmentally responsible decisions by adopting and developing DevOps processes, tools, skills, teams, and leadership across software initiatives and existing portfolios to create a frictionless environment for success and innovation. According to Deloitte, to achieve the most impactful ESG goals, like a net-zero economy—where the amount of greenhouse gases entering and being removed from the atmosphere even each other out, "organizations should strengthen operations that can lower carbon emissions by adopting new technologies and sustainable practices look for ways to transform business models and innovate market-making solutions." Almost 1,300 companies have started to make these changes, committing to meet SBTi's Corporate Net-Zero Standard criteria.

Automation Everywhere

This tenet is all about reducing toil and mundane tasks through automation. Automation Everywhere can help organizations identify efficiencies, boost innovation, and speed the measurement and reporting of ESG initiatives to gauge progress. While automation is invaluable to help quantify those efforts, it should also be monitored to ensure that the technology itself doesn't create ethics and sustainability issues. For example, automating employment pre-screening processes can introduce bias that eliminates candidates, and automated modeling can generate more CO_2 than traditional business processes.

There are many complex considerations as organizations evolve their business practices to be more aware, responsible, and ethical. Following the ADE framework and putting its tenets into practice is a great first step. To learn more about becoming an Autonomous Digital Enterprise, visit bmc.com/ade.