

Executive Brief



## Enterprise Asset Management Strategies:

Creating social and financial value by going Green.

➔ **Important information for those in your organization who care about the bottom line and the environment:**

- plant and facility managers
- financial managers
- senior executives
- others who share similar concerns



## What is Green?

Thousands of years ago, Egyptian farmers understood the business value of optimizing their key processes and making the most of their resources. By controlling the Nile's floodwaters and reclaiming the fertile silt left behind, for example, these agriculturalists were able to extend their growing season and increase their crop production and wealth, even in one of the most arid climates on Earth.

Business today is much the same. Enterprises use natural resources to produce goods or deliver services. How those goods and services are produced and delivered has an impact on the environment. Progressive companies have discovered that they can optimize their processes and assets to make the best use of resources, reduce negative impact on their surroundings, and strengthen their business results—all at the same time. This is what Infor™ and others call “going Green.”

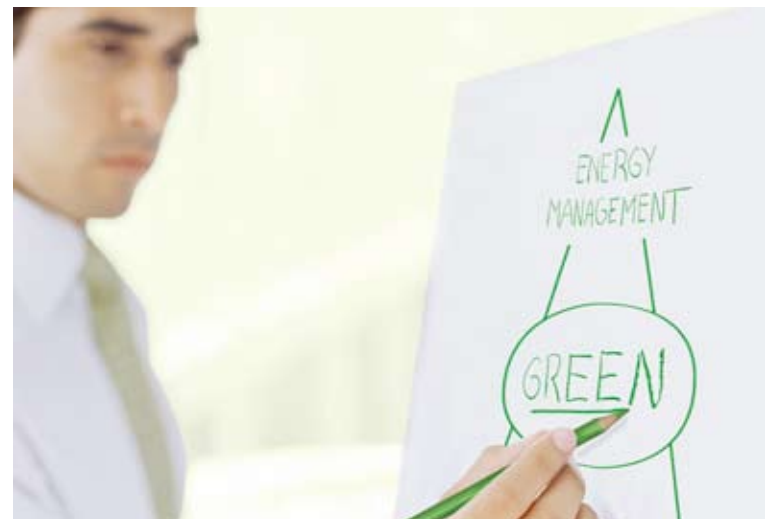
Because of the omnipresent media coverage about environmentalism and the fierce debate about global warming, going Green may seem like so much hype. However, as resources become less plentiful and more expensive, the reality is that going Green is good business. In Europe, for example, where energy costs are relatively high, semiconductor maker STMicroelectronics spent \$300 million to make its factories more energy efficient and saved \$1 billion from 1994 through 2006, according to an article in *The Wall Street Journal*.<sup>1</sup> Going Green can also help organizations grow the bottom line.

## Why go Green now?

While many organizations anticipate that government regulations will soon require them to make changes in the way they conduct business, customers, investors, citizens, and even boards of directors are starting to apply pressure today, further encouraging businesses and municipalities to go Green. There is plenty of evidence to suggest that organizations recognize the importance of doing so sooner rather than later. Corporate and municipal websites now often feature messages related to “sustainability” and “corporate social responsibility.” Large enterprises are adding management positions to their teams, such as “vice president of corporate environmental programs” or “vice president of sustainability,” and are including environmental factors in their public reporting.

No matter what size the organization, however, no single business or entity can solve all the issues facing society today. So the question is, where does it make the most sense to start? According to business thinkers Michael E. Porter and Mark R. Kramer, “The essential test that should guide CSR [corporate social responsibility] is not whether a cause is worthy but whether it presents an opportunity to create shared value—that is, a meaningful benefit for society that is also valuable to the business.”<sup>2</sup>

Improving EAM provides that opportunity to create shared value. When buildings, machines, vehicles, and services operate and are maintained at peak condition, the result is typically less waste, reduced resource (electricity, gas, water) usage, and decreased greenhouse gas emissions.



<sup>1</sup> Leila Abboud and John Biers, “Business Goes on an Energy Diet,” *The Wall Street Journal*, August 27, 2007.

<sup>2</sup> Michael E. Porter and Mark R. Kramer, “Strategy & Society; The Link Between Competitive Advantage and Corporate Social Responsibility,” *Harvard Business Review*, December 1, 2006.

When assets work as they should, results also can include a more efficient operation overall, longer asset life, and more satisfied customers or residents and citizens.

In the past, effective EAM was difficult because of the large amounts of data that had to be collected, processed, and managed. Asset management was seen as an expense rather than as an opportunity for top-line growth. Today's technology, however, makes now the perfect time to consider how asset management can be optimized to yield healthy financial and Green results.

## How can technology help?

How does EAM technology help create value that benefits society and an organization? Consider the effect of automatically receiving an alert as soon as an asset's condition becomes unacceptable. Fixing the problem in time to prevent extended unplanned downtime or catastrophic failure, as well as conserving the electricity, water, or gas that the asset uses or conveys, makes financial sense as well as Green sense.

Or consider having the ability to track energy consumption and rate details at the asset level. The enterprise could use that information to determine whether it makes business and environmental sense to invest in more energy-efficient equipment to lower overall costs. Further, by having better information to understand the lifecycle of assets, organizations can determine the ideal time to make such changes and budget accordingly.

The following list describes some of the functionality enterprising organizations should look for in any EAM solution in order to support Green initiatives.

**Benchmarking.** To make improvements, organizations need to understand where they are today—what they use, what they spend, how long assets live, etc., and be able to compare that to past and future results. An effective EAM technology solution will make it easy to collect, store, process, analyze, and report on the enormous quantities of information available to the organization about asset usage, energy usage, resource consumption, output efficiency, emissions, and more.

**Integration.** To go Green, organizations will need to integrate data from multiple sources, such as applications for energy management, utility bills, and environmental effects

monitoring or radio frequency identification (RFID), and they may want to link their EAM system with, for example, a billing system that enables them to charge for the use of resources. The chosen technology should be flexible enough to accommodate today's needs as well as tomorrow's.

**Automation.** Work smarter, not harder. For example, an EAM system should be able to generate early warning alerts to help organizations fix little problems before they become big problems. It should be capable of generating work orders in a way that maximizes efficiency (e.g., assigning a person to perform all the maintenance needed in one building on the same day rather than sending multiple people to the site multiple times). An EAM system could be used to track energy usage by assets, for example, and then if it is discovered that an asset is using more energy than it was designed to use, the correct maintenance actions could be deployed, thus reducing the amount of energy, which, in turn, will result in decreasing greenhouse gas emissions as well as energy costs.

**Scheduling.** To maintain peak operational efficiency of assets, organizations should be able to rely on rich scheduling capabilities in their chosen EAM system. Through continuous asset monitoring and effective preventive maintenance, businesses and municipalities can reduce their carbon footprint while extending the life of their critical assets, saving money for the organization.

**Visibility.** Having enough data is rarely a problem, but having too much data or the wrong data often is. EAM technology should allow enterprises to easily generate focused dashboards, reports, and analyses that make it easy to understand in an instant how assets are supporting Green goals and initiatives, as well as the overall business or organizational performance.

In summary, effective asset management can help organizations conserve energy and other resources, reduce greenhouse emissions, and decrease waste, even while it helps lengthen asset life, increase uptime, contribute to better-informed decision-making, and add to the bottom line. EAM, then, is truly at the intersection of social responsibility and financial accountability.

To learn more about how Infor is helping enterprising organizations like yours go Green, visit [www.infor.com/goinggreen](http://www.infor.com/goinggreen).

## Infor EAM solutions

More than 10,000 organizations worldwide—both public and private—use Infor EAM software to better manage, maintain, and track their assets, as well as drive better decision-making in maintenance, inventory/warranty, uptime, risk management, environmental sustainability, and strategic planning. Infor EAM software features a wealth of out-of-the-box functionality to help enterprises achieve a fast return on investment, and is based on Infor Open SOA (Service-Oriented Architecture) to enable the efficient movement of information between business applications.

## About Infor.

Infor delivers business-specific software to enterprising organizations. With experience built in, Infor's solutions enable businesses of all sizes to be more enterprising and adapt to the rapid changes of a global marketplace. With more than 70,000 customers, Infor is changing what businesses expect from an enterprise software provider. For additional information, visit [www.infor.com](http://www.infor.com).

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