Competitive Landscape: Sustainability Consulting

Published 18 January 2022 - ID G00746208 - 33 min read

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Initiatives: Technology Market Essentials

Organizations are increasingly turning to outside experts for help with strategic and operational sustainability initiatives. This market demand is being met by a diverse group of service providers aiming to meet client needs in a wide range of business and technology domains.

Overview

Key Findings

- End users' growing attention to sustainability, and their lack of in-house expertise to support it, is driving demand for consulting services that can support sustainability projects and programs.
- As a market, sustainability consulting consists of eight distinct vendor categories, which vary by the providers' emphasis on different areas of sustainable business and sustainable technology.
- In the coming years, the market will be shaped by the increasing strategic importance of sustainability, an intense competition for new skills, as well as far-reaching shifts in policymaking.

Recommendations

Technology and service providers investing in sustainability consulting should:

- Develop a vision and a strategy for the sustainability offering by scoping the value proposition and mapping the capabilities required for execution.
- Maximize the chances of market success by analyzing the eight distinct vendor categories and positioning the offering based on the relative capability strengths.

- Align with the market's future direction by addressing the strategic importance of sustainability, investing in new skills and tools, and monitoring policy shifts — especially the upcoming carbon flip.

Strategic Planning Assumptions

By 2024, 60% of the client engagements in sustainability consulting will be funded by business functions other than the sustainability function, up from 30% today.

By 2025, over half of the world's 20 largest consulting providers by revenue will be reporting Scope 3 emissions attributed to their advice to clients, up from none today.

Analysis

Sustainability consulting services are professional services that support end-user organizations to plan, deliver and monitor sustainability-related projects or programs. Since 2020, demand for such services has been increasing as a result of the growing strategic importance and cross-functional relevance of corporate sustainability initiatives.

In the 2020 Gartner Sustainability Survey, 92% of the respondents indicated that investments in existing sustainability programs had increased from 2017. Many organizations that are under pressure to improve their sustainability profile in line with such ambitions often lack internal expertise and experience, which makes them turn to external consultancies.

In both the private and public sectors, the scope of sustainability is defined increasingly holistically: through the lens of environmental, social and governance (ESG) principles. However, in terms of strategic priorities, there is a noticeable emphasis on the environmental dimension, driven most of all by the heightening urgency over climate action. This trend is particularly pronounced in energy-intensive industries, where the financial risks from energy transition and decarbonization are directing investment into far-reaching, multiyear sustainability programs. Because of such drivers, although sustainability consulting services in the definitional sense encompass social and governance-related activities, most service providers tend to focus currently on environmental sustainability.

This research defines what constitutes sustainability consulting through the lens of value propositions and attached service capabilities. Based on the commonalities observed in those two areas, it also segments the types of service providers into eight distinct categories, which are further illustrated in the form of representative vendor profiles. Additionally, the research discusses some of the most important trends that are shaping the market and its future direction.

Competitive Situation and Trends

Sustainability Consulting as Value Propositions

Sustainability consulting providers go to market with dedicated offerings that they have developed to address specific market needs related to sustainability that they have identified among clients. Though the names and details of the offerings may differ, they reflect common elements of the same overall value propositions. Identifiable in the market there are five common value propositions, each of which comprises three main elements:

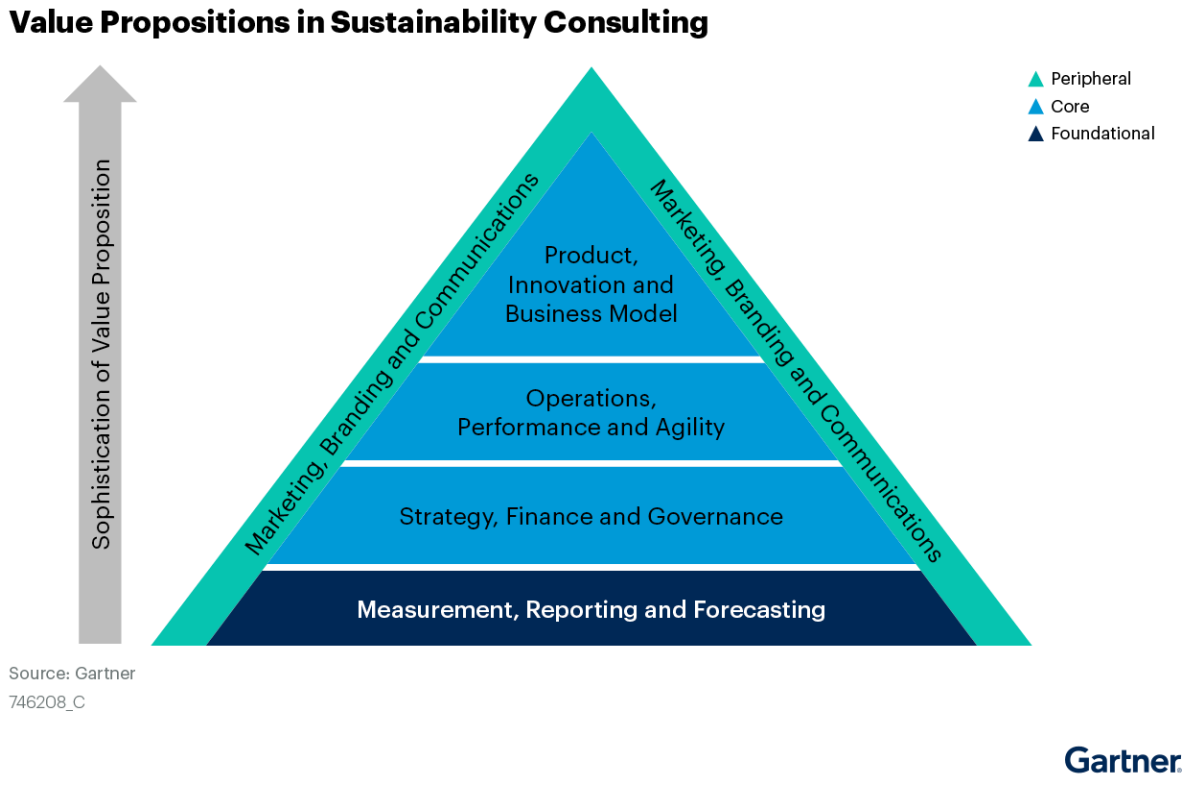
- **Managing the Complexity of Sustainability Measurement, Reporting and Forecasting**
  - Analyzing the current state of clients' environmental footprint and other sustainability vectors
  - Predicting the future state of clients' footprint, risks and liabilities without change
  - Reporting that meets stakeholder and government requirements
- **Addressing Sustainability Risks and Opportunities in Strategy, Finance and Governance**
  - Defining a sustainability vision, strategy and roadmap
  - Developing new, sustainability-oriented business and financing models
  - Creating organizational and governance structures to address sustainability/ESG risks and opportunities
- **Incorporating Sustainability Into Marketing, Branding and Communications**
  - Building a differentiated sustainability-driven brand narrative in the market
  - Crafting, managing, and delivering messages on sustainability
  - Aligning investments to mitigate or improve brand perceptions

- **Enabling Sustainability Improvements Through Operations, Execution and Agility**
  - Forming a specific plan to change operations and enable less-resource-intensive activities
  - Improving processes and aligning KPIs to sustainability goals
  - Enabling quicker operational responses to new sustainability-related risks and opportunities
- **Driving Sustainability Innovation in Products, Services and Business Models**
  - Ideating and prototyping new products and services focused on sustainability — or reapplying existing ones in the sustainability context
  - Commercializing, launching, and scaling new products or services focused on sustainability
  - Developing new business models that transform the approach to sustainability in products or services

The value propositions are illustrated in Figure 1 below. Measurement, reporting and forecasting constitute a foundational value proposition that supports the three core value propositions above it. These are arranged in order of the degree of sophistication, with the value propositions involving the most sophisticated sustainability consulting services at the top. Less mature clients that are closer to the beginning of their sustainability journeys usually lack the capacity to pursue the more sophisticated value propositions initially, and therefore typically start at the bottom of the pyramid. The most highly mature clients, on the other hand, often consume services from all five value propositions.

Unlike the three value propositions that affect the core of the client organization, marketing, branding and communications have a more peripheral impact on the client organization. This value proposition is also not dependent on a foundation of measurement, reporting and forecasting. Marketing, branding and communications services are sought out by clients of all maturity levels, and can be consumed alongside any of the other value propositions, regardless of sophistication level.

Figure 1: Value Propositions in Sustainability Consulting



Recommendations for technology and service providers involved or interested in sustainability consulting services:

- Form an offering vision by assessing which of the specific value propositions constituting sustainability consulting to focus on as a provider.
- Reinforce the credibility of the sustainability offering by improving the internal sustainability of service delivery and client advice across *all* offerings.

Key Capabilities in Sustainability Consulting

Gartner has identified 15 capabilities that providers need in order to successfully compete in this market. Depending on the scope and future ambition of their activities, sustainability consulting providers draw on these capabilities to deliver the client value promised by the value propositions specified above.

These capabilities fall into two main groups, depending on whether they are primarily related to business (e.g., sustainable finance, environmental economics) or to technology (e.g., information technology [IT] and operational technology [OT] systems and engineering). Business capabilities are generally a result of dedicated investment in relevant disciplinary and functional skills. Technology capabilities, meanwhile, are often an extension or enhancement of what service providers have delivered under their existing offerings, with some exceptions in dedicated energy and sustainability systems, which do not often feature in engagements not related to sustainability. Capabilities attached to the two groups are listed in Table 1.

Table 1: Sustainability Consulting Capabilities

(Enlarged table in Appendix)

Sustainability Domain	Capability
Business Capabilities	■ Social and Environmental Footprinting, Impact Assessment and Pathway Creation ■ ESG Risk, Compliance and Assurance ■ Strategy and Business Transformation ■ Sustainable Finance and Venturing, Environmental Economics ■ Sustainable Operations (e.g., Environmental Services, Health and Safety, Ethical Sourcing) ■ Vertically Specific Sustainability Drivers ■ Sustainable Product Development and Design ■ Sustainability Asset and IP Development and Management ■ Sustainable Revenue Streams and Ecosystems ■ Sustainable Marketing, Branding and Communications
Technology Capabilities	■ Operational R&D and Engineering (OT, ET) ■ Hardware (Computing, Networks, Components) ■ Software (Cloud, Edge, AI/ML) ■ Utility Management (e.g., Energy and Water) ■ Sustainability Systems (e.g., EHS, QMS, ESG)

AI = artificial intelligence; EHS = environmental, health and safety; ESG = environmental, social and governance; ET = engineering technology; IP = intellectual property; ML = machine learning; OT = operational technology; QMS = quality management system

Source: Gartner (January 2022)

Some capabilities are largely specific to certain value propositions — for example, marketing, branding and communications capabilities are required to provide consulting services in that area. Other capabilities are more broadly applicable across most or all value propositions. This is true of most of the technology capabilities, as well as business capabilities such as industry vertical or operational expertise.

Recommendations for technology and service providers involved or interested in sustainability consulting services:

- Create an offering strategy by mapping the available sustainability capabilities and the most pressing gaps based on the vision.
- Unlock the maximum range of market opportunities by consolidating sustainability capabilities into a packaged, stand-alone offering and by embedding them also into other services.

Competitive Landscape Diversifies

The evolving, increasingly extensive value propositions and capability sets that can be found among providers are diversifying the competitive landscape. Previously a territory of pure-play specialists focusing exclusively on sustainability-related engagements, the market is now being contested by a much larger set of constituents. The vendors from different market categories may not always compete head-to-head against each other, but in many cases they are going after the same clients and budgets.

Based on the market approaches and typical strengths among providers, Gartner has identified the following eight vendor categories, as presented in Table 2. The vendors listed as examples have been mapped to their respective categories according to their primary focus in sustainability consulting, as perceived by Gartner. Many vendors may also possess additional, secondary capabilities that align with other categories.

Table 2: Vendor Categories in Sustainability Consulting

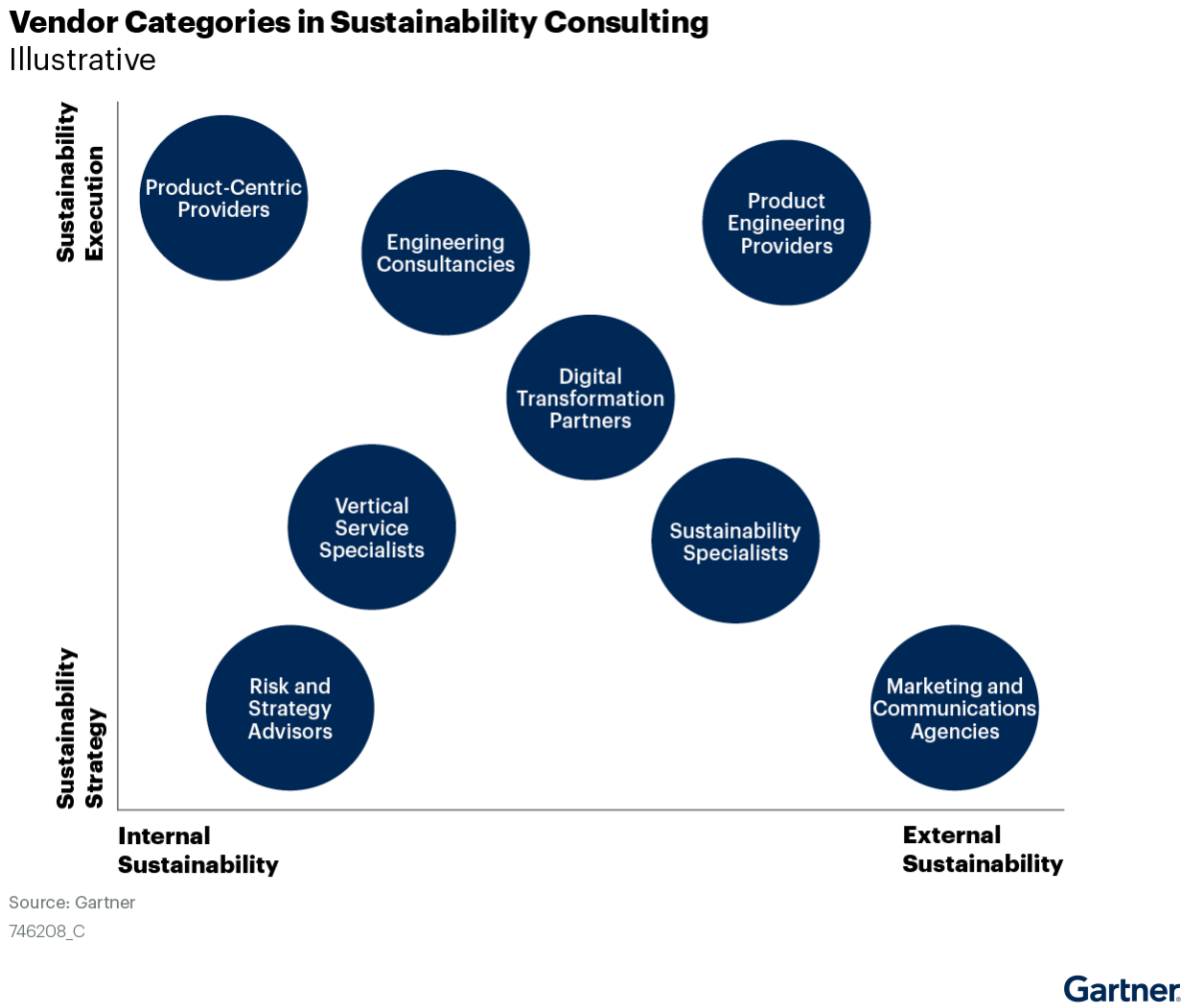
(Enlarged table in Appendix)

Vendor Category	Approach	Typical Strengths	Vendor Examples
Digital Transformation Partners	Enabling sustainability as a new key outcome that customers can achieve through digital transformation projects. Vendors in this category commonly have relevant execution capabilities under their traditional portfolios, but most have gaps in sustainability strategy.	▪ Sustainable IT infrastructure and services ▪ IT/OT integration ▪ Breadth of digital capabilities	▪ Accenture ▪ Atos ▪ Capgemini ▪ Fujitsu ▪ IBM ▪ Infosys ▪ NTT DATA ▪ TCS ▪ TietoEVRY ▪ Wipro
Engineering Consultancies	Treating sustainability as a parameter in planning, design and project delivery, particularly in the context of civil engineering. Vendors in this category tend to embed sustainability services into their regular capital projects, but some provide them also on a stand-alone basis.	▪ Environmental science ▪ Feasibility studies (technical and commercial) ▪ Expertise in large capital projects	▪ AECOM ▪ Arcadis ▪ Arup ▪ China Energy Engineering Corporation ▪ CTI Engineering ▪ Eiffage ▪ Jacobs ▪ Mott MacDonald ▪ Ramboll ▪ WSP
Marketing and Communications Agencies	Facilitating a compelling communication of sustainability benefits represented by a company or an offering. Vendors in this category often focus on either marketing or communications, although the larger ones may also deliver both types of services.	▪ Marketing and/or communications strategy ▪ Consumer research and trend spotting ▪ Sustainability reporting	▪ Area 10 Marketing ▪ Edelman ▪ Fleg ▪ Futerra ▪ Golin ▪ Landor & Fitch ▪ Orange Bird ▪ R&G Strategic ▪ Superson ▪ Weber Shandwick
Product-Centric Vendors	Leveraging sustainability services to differentiate and extract additional revenue from their product offerings. Vendors in this category usually do not push consulting services to the market as stand-alone offerings.	▪ Technology implementation and integration ▪ Product-specific sustainability optimization ▪ Ecosystem partnerships	▪ ABB ▪ Ant Group ▪ Danfoss ▪ Hitachi ▪ Microsoft ▪ Schneider Electric ▪ Siemens ▪ Sphera ▪ Watershed ▪ Wolters Kluwer
Product Engineering Providers	Handling sustainability as a priority for product innovation, design or development engagements. Vendors in this category may contribute to product sustainability in both software and hardware, as well as complex industrial systems.	▪ Granular, product-level sustainability improvement ▪ Outsourcing experience ▪ Non-technical sustainability innovation	▪ EPAM Systems ▪ Futurice ▪ Globant ▪ Harman International ▪ HCL Technologies ▪ IDEO ▪ Luxoft ▪ RKS ▪ Thoughtworks ▪ Zühlke Group
Risk and Strategy Advisors	Driving sustainability primarily under the remit of risk management and financial analysis. Vendors in this category have the greatest exposure to sustainability initiatives launched by CEOs and CFOs.	▪ Corporate strategy ▪ Quantitative modeling and forecasting ▪ Sustainable finance and investing	▪ Bain & Co. ▪ Baringa Partners ▪ Boston Consulting Group (BCG) ▪ Deloitte ▪ EY ▪ KPMG ▪ McKinsey & Co. ▪ PwC ▪ Shanghai Goldstone Investment Consulting ▪ Willis Towers Watson
Sustainability Specialists	Focusing on sustainability strategy under a pure-play value proposition. Vendors in this category also cover the companies providing (operational) environmental services, when not mapped to engineering consulting.	▪ Sustainability strategy ▪ Footprinting and impact assessment ▪ Operational technology systems (e.g., EHS, QMS)	▪ Anthesis Group ▪ Carbonstop ▪ DuPont Sustainable Solutions ▪ ERM ▪ E-Square ▪ Gaia Consulting ▪ Quantis ▪ SLR ▪ South Pole ▪ The Carbon Trust
Vertical Service Specialists	Viewing sustainability as a key pillar of wider industry transformation in specific industry verticals. Vendors in this category also comprise vertical trade associations that may facilitate cross-enterprise collaboration through service offerings.	▪ In-depth knowledge of industry dynamics ▪ Regulatory expertise ▪ Geographical specialization	▪ ICF (aviation) ▪ JLL (real estate) ▪ LOGYCA (logistics) ▪ Projective (manufacturing) ▪ Sahel Consulting Agriculture and Nutrition (agriculture) ▪ ScottMadden (energy) ▪ Sea Going Green (tourism) ▪ Skanska (construction) ▪ The Consumer Goods Forum (consumer goods) ▪ Veolia (water and waste)

Source: Gartner (January 2022)

Figure 2 illustrates the eight vendor categories and their typical strengths vis-a-vis each other, specifically as far as their presence in sustainability consulting is concerned. The horizontal axis depicts whether the impact of the activities is primarily internal to the client organization, or external, facing the organization's customers and partners. Internal sustainability resides in functional activities such as IT, operations, risk and compliance. External sustainability spans, for instance, product management, supply chain, marketing and public relations. The vertical axis splits the service providers based on whether their focus is on sustainability strategy or sustainability execution. Strategy encompasses areas such as financial planning, ESG frameworks, ecosystem development and business models. Meanwhile, execution covers process optimization, technical delivery, system integration and field services, among others.

Figure 2: Vendor Categories in Sustainability Consulting



It is worth noting that, while in the figure all categories cover an equal amount of the landscape, in reality some of them are inherently more heterogeneous than others.

For example, among sustainability specialists, the providers with capabilities in environmental services are more inclined toward execution than their category peers that focus almost exclusively on strategy. The ones with a more operational approach may have a greater competitive overlap with providers classified as engineering consultancies. Similarly, vertical service specialists constitute a relatively broad category of providers with differing value propositions. Such companies, understandably, often compete more with digital transformation partners or risk and strategy advisors than they do with the specialists targeting different verticals from their own. Meanwhile, digital transformation partners often have capabilities that intersect with product engineering providers or marketing and communications agencies, even if their respective sustainability offerings may not be as mature as what one can find among more narrowly positioned providers.

Recommendations for technology and service providers involved or interested in sustainability consulting services:

- Improve the go-to-market success by studying the most relevant competitors and defining the respective key differentiators against them.
- Align with the market dynamics by competing only in functional or vertical areas that are covered by the capabilities and exploring partnerships with providers that represent no overlap.

Corporate Sustainability Continues to Gain Strategic Importance and Complexity

In the near term (in 2022), the most important trend that is playing out in the market for sustainability consulting is the convergence between sustainability strategy and business strategy, under a model that Gartner has termed *sustainable business*.

Previously, most enterprises viewed sustainability as a reputational overlay, which affected mostly the marketing and communications use cases described above. Nowadays, a growing number of companies see sustainability as a strategic parameter that directly affects how they do business and run their operations. The outlook is far from uniform among enterprises, but, for example, in the Mid-2021 Update of Gartner's CEO and Senior Business Executive Survey, over 70% of the respondents stated that sustainability matters help attract customers and employees, as well as investors.

Responding to such signals, CEOs and management teams are trying to better factor ESG *risks* into strategy. In the meantime, some companies are also trying to get ahead of the expected — voluntary or regulated — tightening of corporate demands by addressing sustainability as an *opportunity* to differentiate and gain competitive advantage. **Both approaches create demand for external service partners, which can help executives manage the new types of risks better and potentially convert them into opportunities.**

Another major, parallel change is that the extent of sustainability activities continues to expand. For example, when it comes to GHG emissions, there is an intensifying pressure to measure and manage Scope 3 emissions, which span an organization's entire value chain. In comparison to the inward-facing Scope 1 and Scope 2 emissions, Scope 3 emissions intersect much more closely with companies' core competencies. Managing Scope 3 often requires material changes to the actual business, and thereby more extensive change management than is the case with Scopes 1 and 2. This trend can be expected to accelerate as enterprises adapt to the business implications of COP26 (see Quick Answer: What Does COP26 Mean for Businesses?).

Elements of similar “Scope 3 thinking” can be seen also outside of climate action and decarbonization. In the environmental context, the same value-chain approach can be applied to water, waste and biodiversity. In social sustainability, issues such as labor practices and human rights require similar 360-degree ownership and accountability from a growing number of companies with global presence. Ultimately, this shift is about the importance of corporate *impact* as a new sustainability paradigm. It adds another layer of complexity to sustainability decisions and thereby strengthens the rationale of contracting external consultancies to lend specialized expertise and independent advice.

Recommendations for technology and service providers interested or involved in sustainability consulting services:

- Leverage the increasingly strategic nature of sustainability by investing in strategy and planning capabilities that resonate with senior executives outside of sustainability departments.
- Help clients navigate the impact-oriented sustainability demands by adding methods and tools that assess business activities throughout the value chain.

Demand for New Skills Drives Hiring, Acquisitions and Automation

In the medium term (by 2025), the market will be reshaped by competition over the new kinds of domain expertise that service providers require to deliver sustainability-driven engagements.

Environmental engineering, climate science, ESG reporting and sustainable finance are examples of the functional skills that are needed in planning and strategy. Similarly, technical implementation of operational improvements often requires capabilities for software development and system integration in technology domains such as environmental, health and safety (EHS) compliance, energy management, and supply-chain traceability. Meanwhile, if service engagements involve design and development of physical products, then the relevant skills include power and cooling management, materials science, life cycle assessment (LCA) and product stewardship.

Apart from pure-play sustainability specialists, most service providers currently investing in sustainability have not previously possessed such skill sets within their core portfolios. The most visible approach to filling the emerging skills gap is acquisitions of specialist firms by large service providers — with recent examples including Atos and EcoAct, Capgemini and Purpose, as well as McKinsey and Vivid Economics. In engineering consulting, the purchase of Golder Associates by WSP is part of the same trend. At the same time, sustainability is affecting hiring and training priorities across the services industry. For instance, PwC has announced that it plans to add 100,000 "ESG specialists" by 2026 (through both hiring and acquiring), and that it will create a dedicated ESG academy to educate existing staff on integrating the relevant fundamentals into their work.

For context, as of December 2021, there were only around 100,000 LinkedIn members globally with either the word "sustainability" or "ESG" in their job title. According to a survey by Acre, an executive search firm specializing in sustainability and corporate social responsibility, the average salary among the professionals in the field was $95,228 worldwide in 2020. This represented an increase of 9% from 2018. The median salary stood at $78,125, up over 6% against 2018.

The shortage of domain expertise among both graduates and experienced consultants is further exacerbated with the fast-evolving nature of many sustainability domains. Climate risk is a case in point. Measurement of long-term *physical* risks is only starting to mature, while *transition* risks remain much less understood even at the conceptual level and *litigation* risks are seldom even being assessed yet methodically. In such a dynamic environment, it is not realistic that the supply of talent would be able to catch up with the demand for it within the next five years. This makes a strong case for digital innovation and automation as another avenue for filling gaps. As an example of such an approach, ERM — the largest sustainability specialist by revenue — is investing in software tooling across various fields, such as climate risk analytics and ESG due diligence. To drive this strategy, in December 2021, ERM acquired OPEX Group, a startup providing AI-based emission management software for oil and gas.

Recommendations for technology and service providers involved or interested in sustainability consulting services:

- Facilitate growth in the number and scale of client engagements by creating an integrated talent and acquisition plan to address skills shortages.

- Strengthen the offering's scalability by developing new digital tools and services that increase the productivity of consultants and create potential for new, product-based revenue streams.

Changing Priorities in Policymaking Will Accelerate the Market Further

In the long term (by 2027), the most impactful trend affecting the market is the stronger prioritization of sustainability issues in both governmental and intergovernmental policy.

This shift applies to environmental sustainability in general, and to climate action in particular. In different countries, the new policy objectives are being pursued at different levels of ambition, but the overall direction of travel is the same. For example, in 2021 alone, the world saw the following developments:

- In the U.S., the new administration rejoined the Paris Agreement and climate action and reprioritized the role of environmental regulations.
- In China, the national commitment to reach the peak GHG emissions by 2030 and carbon neutrality by 2060 was officially reiterated.
- In Japan, the predictability and longevity of national decarbonization goals was reinforced by codifying them in law.
- In Russia, federal authorities introduced a taxonomy framework for the classification of sustainable investments.
- In Germany, the new government combined economic, energy and climate policies under a new, consolidated "super ministry."
- In the European Union, the scope of the emission trading system was being extended, and the legal definitions of sustainable finance were being established.
- In the United Nations, the COP26 summit concluded with various business implications, while also setting the scene for COP27 — and further decisions — in only a year's time.

Individually, none of these developments is set to bring sweeping overnight changes. **Collectively, they are strong indicators of things to come, especially for GHG-intensive, hard-to-abate sectors.** They are pointing toward what Gartner views as the "carbon flip": a change in orientation of bodies politic and business leaders toward massive investment in climate change mitigation. Based on the current trajectory, the carbon flip is set to start happening between 2025 and 2035, depending on the region or the country. The differing timelines will cause extra challenges for multinationals, in particular, as they must navigate potentially misaligned compliance, investor and customer requirements.

In sustainability consulting, the policy-driven acceleration is currently manifesting itself especially when it comes to carbon and climate accounting, owing especially to the TCFD framework. Nature and biodiversity accounting is likely to emerge later as a new nonfinancial risk domain, under the TNFD initiative. Water consumption and stress may gain similar attention, too. Meanwhile, the development of less resource-intensive, ultimately net-zero products, equipment and buildings is set to gain momentum, boosted by the postpandemic stimulus programs, such as Build Back Better in the U.S. and the European Recovery Plan in the EU. The same stimulus boost will apply to renewable energy and electrification infrastructure. Furthermore, Gartner expects "right to repair" legislation and other circularity policies, as well as international carbon trading schemes (supported by carbon border adjustments), to act as additional drivers for sustainability consulting.

Recommendations for technology and service providers involved or interested in sustainability consulting services:

- Respond to policy developments by investing in corresponding opportunity areas, covering both horizontal requirements, such as climate and biodiversity risk, as well as more vertical ones, such as methane reduction and supply-chain traceability.
- Prepare the organization for the carbon flip by monitoring emerging changes in policy sentiment and by investing in regionally targeted sustainability capabilities more aggressively than the near-term client demands alone would indicate.

Competitive Profiles

Atos

Product or Portfolio Overview

Headquartered outside Paris, France, Atos serves the sustainability consulting market as a **digital transformation partner.** It offers a comprehensive portfolio of sustainability consulting services, organized into four main solution areas. These include Strategy (including measurement and reporting), IT Footprint Reduction, Business Impact Reduction (including carbon pricing), and Offsetting (including offset curation). Atos brings together established and newly developed capabilities and resources from across its business to address opportunities in each of the areas.

How This Provider Competes

Atos stands out as one of the first IT services vendors to put decarbonization at the center of its strategy, giving it equal footing alongside digital transformation. While Atos is not alone in highlighting environmental credentials in its branding and positioning, at the offering level, it has moved earlier and further than most of its peers. Instrumental to this strategy has been the acquisition of a sustainability specialist, EcoAct, in October 2020. The acquisition increased the ranks of Atos's sustainability specialists, strengthened its strategy expertise, and provided it with established offerings and methodologies. These include CraFT, a data platform for carbon footprinting and scenario modeling.

In sustainable IT, Atos relies on its energy-efficiency hardware assets (gained via the Bull acquisition in 2014) and presence in IT outsourcing. On the business side, the company leverages largely the digital platforms and expertise with technologies such as digital twin, IoT and analytics, originally built out for digital transformation. As part of this end-to-end ambition, Atos is integrating decarbonization into wider IT services — by applying, for example, Decarbonization Level Agreements in areas such as digital workplace, data centers and cloud computing. It also has a portfolio of vertical sustainability offerings, based on industry-specific decarbonization use cases and supported by a new carbon management platform, MyC02Compass.

Boston Consulting Group

Product or Portfolio Overview

Headquartered in Boston, Massachusetts, Boston Consulting Group (BCG) serves the sustainability consulting market as a **risk and strategy advisor.** The company focuses predominantly on sustainability engagements that apply to C-level executives, with enterprise decarbonization and sustainability-driven business opportunities being of particular focus. When it comes to the opportunity dimension, BCG's offering is being strengthened by BCG Green Ventures, a dedicated venturing consulting arm that aims to improve clients' sustainability through digital transformation and technology initiatives.

How This Provider Competes

To advance its sustainability expertise, BCG operates a center-of-excellence model, under the BCG Center for Climate & Sustainability. The unit comprises over 1,000 experts worldwide. Besides climate mitigation and adaptation strategies, the center covers areas such as biodiversity, circular economy, sustainable agriculture, transition financing and water management. It also drives BCG's advisory capabilities related to diversity, equity and inclusion (DEI). The core consulting offering is supported by BCG Green Ventures, which was launched in July 2021. Under the venturing arm, BCG provides strategic and operational assistance, bringing to bear its vertical industry expertise and its capabilities in business model innovation, as well as product and service development.

The Green Ventures part of the offering is targeted at large incumbent enterprises that are established leaders in their respective industries. Unlike most of its consulting peers, BCG actively invests alongside its clients in the new businesses it is helping to launch, leveraging its ecosystem of technology partnerships, including startup-level vendors. The scopes of the ventures are structured thematically around 12 sustainability domains, which span, for instance, net-zero materials, carbon offsetting, renewables infrastructure and climate change adaptation. The venturing arm is modeled after — and governed under — the BCG Digital Ventures, which specializes in broader initiatives related to digital transformation.

Danfoss

Product or Portfolio Overview

Headquartered in Nordborg, Denmark, Danfoss serves the sustainability consulting market as a **product-centric vendor.** The company sells engineering solutions that are used in refrigeration, air conditioning, heating, power conversion and motor control, as well as mobile and industrial machinery. All product segments have a significant sustainability dimension, both in terms of technical specifications and expected business outcomes. To better enable such outcomes, Danfoss is investing in professional services and SaaS applications that facilitate sustainability-driven enterprise solutions alongside the core products.

How This Provider Competes

Danfoss's sustainability services are centered around a Climate Solutions division, which combines expertise in energy efficiency and enterprise decarbonization from the heating and cooling domains. As the foundation for solution delivery, Danfoss places extra importance on the baselining stage, during which service teams define what the customer seeks to achieve and what the materialized gains will be compared against. On top of baselining, Danfoss offers various SaaS products and professional services to deliver end-to-end solutions. The solutions enable enterprises to achieve energy savings, food loss reduction and cost optimization — by utilizing, for instance, predictive maintenance and other AI applications. When needed, the solutions leverage partner providers.

Through such "solution thinking," Danfoss aims to position itself as a continuous sustainability partner instead of a product vendor. The solution strategy is underpinned by the company's own climate and energy agenda. In 2020, Danfoss committed to achieve CO_2 neutrality by 2030 at the latest — supporting the Business Ambition for 1.5°C and the Science Based Targets initiatives. Importantly, the provided solutions are expected not only to generate new business, but to improve the company's own sustainability, as well. In particular, they allow Danfoss to actively manage its Scope 3 emissions and thus make progress toward the decarbonization targets.

EPAM Systems

Product or Portfolio Overview

Headquartered in Newtown, Pennsylvania, EPAM Systems serves the sustainability consulting market as a **product engineering provider.** The company offers strategy, design and engineering services to organizations aiming to bring new hardware, software or data solutions to the market. It also supports the operation and optimization of delivered technology. Based on an integrated consulting and engineering approach, EPAM's sustainability work involves creating sustainability-driven solutions and making technology, in general, more sustainable.

How This Provider Competes

EPAM builds, or co-develops with partners, custom software to deliver differentiated digital experiences. In addition, such software is sometimes delivered alongside connected products. As enterprises ramp up investment in digital products and customer engagement in order to create new revenue streams, EPAM has been growing to meet such demand over the past years. The company sometimes develops the solutions alongside partnering system integrators, but as digital product engineering is often driven by a search for new value streams, EPAM has also its own service brand for integrated consulting, EPAM Continuum. In addition, since new products are continually refined to attract and retain customers, the company can manage these services under ongoing engagements.

Bringing the spectrum of expertise from ambition setting to design and implementation has positioned EPAM to compete effectively as these services continue to proliferate in the market. While EPAM is well-placed to compete in sustainability consulting with its breadth of capabilities, sustainability as domain expertise is a newer addition to its portfolio of offerings. EPAM has developed thought leadership and a perspective for sustainable organizational development, investment and measurement. Of specific sustainability domains, it has so far focused especially on enabling carbon management and sustainable finance. Going forward, EPAM has opportunities to further expand its sustainability expertise via additional investment or targeted acquisitions.

ERM

Product or Portfolio Overview

Headquartered in London, U.K., ERM serves the sustainability consulting market as a **sustainability specialist**. It is the largest provider in the specialist category, with annual revenue of over $1 billion. The company's services offering consists of capabilities in areas such as strategic advisory, compliance and risk management, as well as product stewardship. In addition to consulting services, ERM has a Digital Services offering, which includes products and platforms to help clients meet sustainability and ESG commitments with extensive use of data.

How This Provider Competes

ERM differentiation is based on a combination of scale and domain expertise. As most sustainability specialists, it positions itself as a go-to partner for strategy and planning activities, but in addition has extensive resources for implementation and integration of EHS- and ESG-related software systems. The company calls its model a "boots to boardroom" approach. The implemented software comes typically from third-party vendors, but ERM is also increasingly competing through its own digital portfolio. For example, ERM's subscription-based ESG Fusion product has been built to accelerate the due-diligence processes that investors or corporations undertake to analyze privately owned acquisition targets' ESG profiles. ERM's other product initiatives target health and safety, regulatory intelligence, as well as climate risk.

Of verticals, ERM has historically enjoyed its strongest traction especially in ones with the most rigorous environmental regulations, such as mining, chemicals and energy. However, with the focus of sustainability initiatives shifting from technical compliance to strategic improvement, the company also has gained clients in financial services and technology, where priorities are driven more by the value chain. Moreover, the same shift is extending ERM's functional market. Where the company used to sell mainly to sustainability managers, it now also targets business functions like risk, finance and strategy.

LOGYCA

Product or Portfolio Overview

Headquartered in Bogotá, Colombia, LOGYCA serves the sustainability consulting market as a **vertical service specialist.** It operates as a not-for-profit association and is composed of 1,800 member companies based in Colombia and elsewhere in Latin America. The association focuses on strengthening regional value networks, standards and collaboration in logistics and adjacent verticals, such as retail, healthcare and agriculture. In sustainability, LOGYCA specializes in research and education on specific sustainability impacts and related remedies. The findings from research are shared with the organizations that invest in the respective projects and programs.

How This Provider Competes

Through their participation in LOGYCA, the member companies pool their resources to drive technology and process innovation in areas of logistics that would otherwise remain underserved from the regional perspective. Sustainability is one such area, having been identified as an industry priority by the association's members already in 2005. Without such collaborative pooling between enterprises, the logistics players in Colombia and the neighboring countries would individually lack adequate access to the sort of domain expertise and research infrastructure that is required for commercially relevant sustainability innovation.

LOGYCA's sustainability activities focus on four investment themes: carbon footprinting, circular economy, food waste and last mile. As an example of its geographically aligned priorities, LOGYCA's work on food waste aims at, for instance, improving the shelf life of fruit and vegetables sold in independent market stalls, which play a major role in Latin American grocery retail. In last-mile innovation, one priority is to reduce road traffic and emissions caused by goods deliveries in large metropolises, which in the region often suffer from heavy congestion and poor air quality. Recently, the members have mandated LOGYCA to also advance social sustainability in the form of online learning modules on vertical subjects.

Superson

Product or Portfolio Overview

Headquartered in Helsinki, Finland, Superson serves the sustainability consulting market as a **marketing and communications agency.** Its offering consists of communications strategy, proposition creation, thought leadership support, content services and product ideation. The company's work is underpinned by what it calls a "compelling unique sustainability proposition" (CUSP), which is its own framework to systematically align customer brands with relevant sustainability actions.

How This Provider Competes

Superson uses its expertise and track record in sustainability to differentiate itself from other agencies. In general, sustainability is an area that many of the larger agencies in the market struggle to address effectively due to the friction that it causes with the traditional approach to marketing. The traditional approach requires an element of exaggerated focus on one single "big idea" — whereas concrete sustainability actions tend to be slow-moving and technical initiatives progressing behind the scenes. Ignoring such nuances may lead agencies to push their chosen idea too aggressively, which then risks exposing the brand to greenwashing accusations, if the concrete actions do not align with what is marketed.

Superson addresses the challenge by applying the CUSP framework, through which it assesses the specific sustainability areas that could substantiate the strategy. If the assessment concludes that there is not enough substance to justify sustainability-driven communications, the company recommends not proceeding with them. Another pillar of Superson's model is to timeline sustainability engagements more patiently than other engagements — treating them more as programs than projects. The company sees that as another check against greenwashing. Finally, in the engagements, Superson leverages sustainability experts, in addition to its staff's core creative expertise. The company does that by maintaining a network of experts that it brings into assignments on a temporary basis, based on customers' industry-specific requirements.

WSP

Product or Portfolio Overview

Headquartered in Montreal, Canada, WSP serves the sustainability consulting market as an **engineering consultancy.** The company's core business spans the full breadth of civil infrastructure services, from design to delivery. The increasing importance of sustainability as a project parameter has seen WSP investing in areas such as materiality assessment, environmental footprinting, energy sourcing, water management and climate adaptation. WSP's acquisition of Golder Associates, completed in April 2021, shored up its capabilities in environmental services and earth sciences.

How This Provider Competes

WSP's extensive involvement with the value chains of large infrastructure projects gives it an instrumental role in driving sustainability in sectors such as transportation, industrial facilities and office buildings. WSP's sustainability work is typically limited to the infrastructure projects that it is contracted to deliver on a turnkey basis, and it is less common for the company to provide such services as a stand-alone proposition. In addition to other engineering consultancies, the company's main competition in the field comes from sustainability specialists, which can be contracted by infrastructure owners to deliver only a project's specific sustainability elements.

In its home market of Canada, WSP competes also through its WSP Smart solutions, which are a set of vertically developed technology offerings leveraging IoT, AI, robotics and other digital enablers. This aspect of WSP's strategy puts it in competition with digital transformation partners. Delivered as managed services, the WSP Smart solutions cover domains such as smart buildings, utilities, Industry 4.0 and environmental sensing. For example, the environmental sensing solution focuses on measuring and monitoring the sustainability parameters like air quality, noise and vibration. The solution provides the infrastructure owners with data on the built assets' environmental performance over their life cycle, allowing them more sophisticated adaptive measures if such are needed.

References and Methodology

This research is based on both primary and secondary research. The primary research has involved, most of all: a series of vendor briefings from service providers offering different forms of sustainability consulting services; client inquiries with end users of the offered services; and research interviews with technology product vendors engaging with service providers as ecosystem partners. The secondary research has involved, especially, an evaluation of how different providers communicate and position their capabilities in sustainability consulting on their websites and in their marketing materials.

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A Framework for Sustainable Technology

Executive Leadership: Sustainability Primer for 2021

Table 1: Sustainability Consulting Capabilities

Sustainability Domain	Capability
Business Capabilities	■ Social and Environmental Footprinting, Impact Assessment and Pathway Creation ■ ESG Risk, Compliance and Assurance ■ Strategy and Business Transformation ■ Sustainable Finance and Venturing, Environmental Economics ■ Sustainable Operations (e.g., Environmental Services, Health and Safety, Ethical Sourcing) ■ Vertically Specific Sustainability Drivers ■ Sustainable Product Development and Design ■ Sustainability Asset and IP Development and Management ■ Sustainable Revenue Streams and Ecosystems ■ Sustainable Marketing, Branding and Communications
Technology Capabilities	■ Operational R&D and Engineering (OT, ET) ■ Hardware (Computing, Networks, Components) ■ Software (Cloud, Edge, AI/ML) ■ Utility Management (e.g., Energy and Water)

- Sustainability Systems (e.g., EHS, QMS, ESG)

AI = artificial intelligence; EHS = environmental, health and safety; ESG = environmental, social and governance; ET = engineering technology; IP = intellectual property; ML = machine learning; OT = operational technology; QMS = quality management system

Source: Gartner (January 2022)

Table 2: Vendor Categories in Sustainability Consulting

Vendor Category	Approach	Typical Strengths	Vendor Examples
Digital Transformation Partners	Enabling sustainability as a new key outcome that customers can achieve through digital transformation projects. Vendors in this category commonly have relevant execution capabilities under their traditional portfolios, but most have gaps in sustainability strategy.	■ Sustainable IT infrastructure and services ■ IT/OT integration ■ Breadth of digital capabilities	■ Accenture ■ Atos ■ Capgemini ■ Fujitsu ■ IBM ■ Infosys ■ NTT DATA ■ TCS ■ TietoEVRY ■ Wipro
Engineering Consultancies	Treating sustainability as a parameter in planning, design and project delivery, particularly in the context of civil engineering. Vendors in this category tend to embed sustainability services into their regular capital projects, but some	■ Environmental science ■ Feasibility studies (technical and commercial) ■ Expertise in large capital projects	■ AECOM ■ Arcadis ■ Arup ■ China Energy Engineering Corporation ■ CTI Engineering

	provide them also on a stand-alone basis.		■ Eiffage ■ Jacobs ■ Mott MacDonald ■ Ramboll ■ WSP
Marketing and Communications Agencies	Facilitating a compelling communication of sustainability benefits represented by a company or an offering. Vendors in this category often focus on either marketing or communications, although the larger ones may also deliver both types of services.	■ Marketing and/or communications strategy ■ Consumer research and trend spotting ■ Sustainability reporting	■ Area 10 Marketing ■ Edelman ■ Flag ■ Futerra ■ Golin ■ Landor & Fitch ■ Orange Bird ■ R&G Strategic ■ Superson ■ Weber Shandwick
Product-Centric Vendors	Leveraging sustainability services to differentiate and extract additional revenue from their product offerings.	■ Technology implementation and integration	■ ABB ■ Ant Group Danfoss

	Vendors in this category usually do not push consulting services to the market as stand-alone offerings.	■ Product-specific sustainability optimization ■ Ecosystem partnerships	■ Hitachi ■ Microsoft ■ Schneider Electric ■ Siemens ■ Sphera ■ Watershed ■ Wolters Kluwer
Product Engineering Providers	Handling sustainability as a priority for product innovation, design or development engagements. Vendors in this category may contribute to product sustainability in both software and hardware, as well as complex industrial systems.	■ Granular, product-level sustainability improvement ■ Outsourcing experience ■ Non-technical sustainability innovation	■ EPAM Systems ■ Futurice ■ Globant ■ Harman International ■ HCL Technologies ■ IDEO ■ Luxoft ■ RKS ■ Thoughtworks ■ Zühlke Group
Risk and Strategy Advisors	Driving sustainability primarily under	Corporate strategy	Bain & Co.

	the remit of risk management and financial analysis. Vendors in this category have the greatest exposure to sustainability initiatives launched by CEOs and CFOs.	■ Quantitative modeling and forecasting ■ Sustainable finance and investing	■ Baringa Partners ■ Boston Consulting Group (BCG) ■ Deloitte ■ EY ■ KPMG ■ McKinsey & Co. ■ PwC ■ Shanghai Goldstone Investment Consulting ■ Willis Towers Watson
Sustainability Specialists	Focusing on sustainability strategy under a pure-play value proposition. Vendors in this category also cover the companies providing (operational) environmental services, when not mapped to engineering consulting.	■ Sustainability strategy ■ Footprinting and impact assessment ■ Operational technology systems (e.g., EHS, QMS)	■ Anthesis Group ■ Carbonstop ■ DuPont Sustainable Solutions ■ ERM ■ E-Square ■ Gaia Consulting ■ Quantis ■ SLR ■ South Pole

			■ The Carbon Trust
Vertical Service Specialists	Viewing sustainability as a key pillar of wider industry transformation in specific industry verticals. Vendors in this category also comprise vertical trade associations that may facilitate cross-enterprise collaboration through service offerings.	■ In-depth knowledge of industry dynamics ■ Regulatory expertise ■ Geographical specialization	■ ICF (aviation) ■ JLL (real estate) ■ LOGYCA (logistics) ■ Projective (manufacturing) ■ Sahel Consulting Agriculture and Nutrition (agriculture) ■ ScottMadden (energy) ■ Sea Going Green (tourism) ■ Skanska (construction) ■ The Consumer Goods Forum (consumer goods) ■ Veolia (water and waste)

Source: Gartner (January 2022)