



Green IT Company Profile – Greenstone Carbon Management



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Company Background

Business

Greenstone Carbon Management is a specialist carbon solutions company which aims to help major commercial and public sector organisations to measure, manage and mitigate their carbon emissions. The company provides consulting and a set of online software tools for carbon management.

For the year ending 30th April 2008 Greenstone's revenue came primarily from consulting work as the carbon management software was developed. However, in January 2008 Acco₂unt was released as a stand-alone offering as well as becoming a part of all consulting assignments.

Overall the company made an operating loss of just over £1m in 2007/8. However, Acco₂unt was expected to make a substantial contribution to revenue in 2008/9. In the 2007/8 financial year the company raised £3m of external funding to finance the continued development of the software with a further rights issue in 2009. All the funding has been provided by the current shareholders and is expected to take the company well past the end of 2010.

No 2009 revenue figures were available at the time of writing, but the software is expected to account for a significant proportion of revenue for the 2008/9 financial year – around 50% of the total. Business has, though, been impacted by the poor economic climate. Whilst there continue to be lots of discussions with potential clients around future opportunities, they have been slow to come to fruition. The good news for the company is that it describes discussions as 'more mature', i.e. prospects are more aware of the need for a solution such as Acco₂unt and have more understanding of what the software can and should provide.

Ownership and Management

Greenstone is a private UK company formed in March 2006. It was founded by Andrew Stone and Nick Sutton, who remain non-Executive Directors and are the largest shareholders. Andrew Stone has expertise in biofuels and renewable energy and counts Grainfarmers UK as one of his independent directorships.

Greenstone is notable for having two scientists on the board as Non-executive directors:

Professor Kevin Anderson, Director of the Tyndall Centre for Climate Change Research at the University of Manchester. As Director of the programme at Tyndall, Dr Anderson focuses on carbon reduction instruments and the construction of demand for aviation and has lead-authored major reports in this area. He has also been widely engaged in climate change activities with the government and various public platforms and was particularly involved in Kyoto negotiations with both Russia and New Zealand.

Professor Paul Valdes, Professor of Physical Geography, University of Bristol. He leads the Bristol Initiative for the Dynamic Global Environment (BRIDGE) and directs the University of Bristol Global Change Research theme (which brings together more than 40 academics working on global change issues, in departments ranging from politics to archaeology). His work provides information to bodies such as the Intergovernmental Panel on Climate Change (IPCC) and ultimately feeds into the UK government's policy.

The other Non-executive directors include **Marcus Gregson**, Chairman, who was the founder Chief Executive of HSBC Private Bank (UK), and **Jonathan Knight**, a private investor who previously held the position of Managing Director with both Goldman Sachs and Lehman Brothers.

The executive directors are **Matthew de Villiers**, Chief Executive, **Steve Burton**, Finance Director and **Ram Ramachander**, Chief Operating Officer. The other members of the management team are Jamie Devlin, Head of Service Delivery, and Ravinder Singh Zandu, Head of Product Strategy.

Approach to Green IT

Greenstone's main focus is on helping clients manage, reduce and report their carbon footprint through its software offering and supporting consultancy. The objective is to replace much of the client's need for consultancy through its software-as-a-service solutions.

Greenstone is accredited by the Carbon Trust to provide specialist carbon management strategies and solutions. It does not, though, belong to any of the other Green IT organisations around lobbying or standards. Apparently it did talk to The Green Grid at one time, but decided that the organisation was too focussed on standards, whereas Greenstone's position is to be agnostic about which standards clients adopt and accommodate all needs.

Internal Actions/ Product and Service Greening

The company does measure its own carbon footprint, as you would expect, but as a very small organisation its CO₂ emissions are also very small. Greenstone recently moved into new, modern offices which are designed to minimise energy use. Business travel by employees is also low and the central London offices are easily reached by public transport.

Market Offerings

Greenstone's Acco₂unt product suite is a carbon accounting solution that allows organisations to take control of their carbon management through measuring, managing and reducing CO₂ emissions, reporting and tracking the data, and scenario/ROI planning of emissions reductions strategies.

The product comes in two forms:

- Acco₂untlite – A lower-cost introductory offering for those new to carbon counting. Acco₂untlite is a first step for users, allowing data input and analysis, but with one overall aggregated report as output.
- Acco₂untenterprise – As the chart shows, Acco₂untenterprise is a more comprehensive solution, capable of analysing more emissions sources, more detailed data analysis, e.g. by site, etc, benchmarking and scenario planning and more flexible reporting.

	Accountlite	Accountenterprise
	Ideal for SME's & organisations requiring a consolidated view of their enterprises' carbon emissions.	For large, complex &/or global organisations, which need a detailed & auditable account of their emissions at a national & global level.
Emission Sources	<ul style="list-style-type: none"> • Electricity • Natural gas • Travel & transport 	<ul style="list-style-type: none"> • Energy • Travel & transport • Process emissions • Waste • Water
Emission Standards	<ul style="list-style-type: none"> • GHG • defra 	<ul style="list-style-type: none"> • GHG • defra • Any country specific standard
Data Analysis	<ul style="list-style-type: none"> • Emission data 	<ul style="list-style-type: none"> • Emission data • Consumption data • Comparative data • Normalised data • Organisational scope • Multiple calculation methods
Financial Analysis		<ul style="list-style-type: none"> • Analysis of the financial cost associated with emissions
Benchmarking		<ul style="list-style-type: none"> • Internal benchmarking
Scenario Planning		<ul style="list-style-type: none"> • What-if analysis for future carbon reduction planning
Standard Reports	<ul style="list-style-type: none"> • Standard emissions report 	<ul style="list-style-type: none"> • Standard emissions report • Standard reports as per the needs of the client
Bespoke Reports		<ul style="list-style-type: none"> • Flexible reports can be generated by the client
Strategy	<ul style="list-style-type: none"> • Set carbon reduction targets • Create actions for each target 	<ul style="list-style-type: none"> • Set carbon reduction targets • Create actions for each target

The idea is that Acco₂untlite allows users to try the product, but that as they become more confident in its use and knowledgeable about their requirements there will be a need for more detailed analysis and reporting, leading to a migration to Acco₂untenterprise. The main product and the focus of on-going development is the enterprise version.

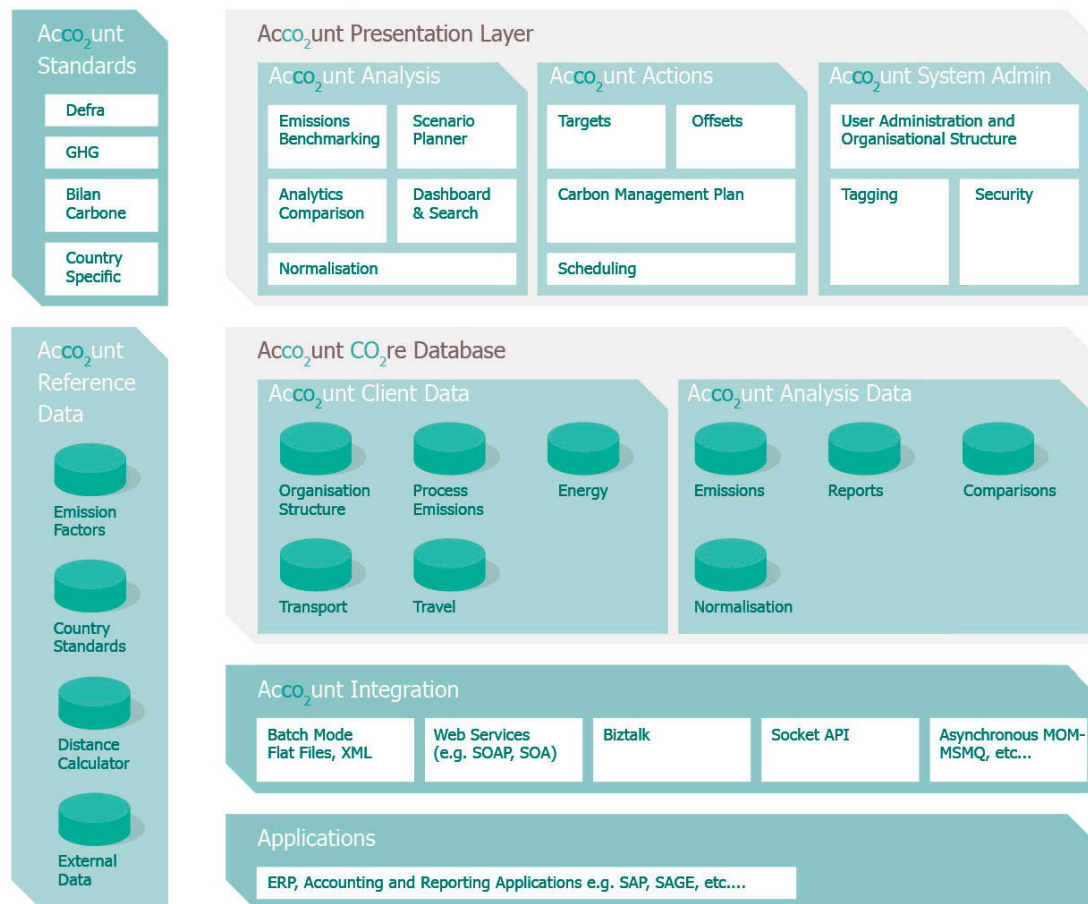
The company is putting a lot of functionality into the product suite. For example, 'what ifs' can go down to great detail, emissions reports can be generated in a variety of formats, including CDP, CRC, etc, which will become increasingly important, and reports can also be output in pdf format for circulation. Acco₂unt will also interface with other applications.

An important part of the solution is the database, which includes the latest energy impact factors, methodologies to allow various carbon calculation standards such as the GHG protocols and other national and international methodologies, government compliance requirements, benchmarks, etc. Extensive and often changing information is required to cover wide market demands.

It's an online (software-as-a-service) solution via Greenstone's data centre, which is now hosted by business ISP Star. The solution is sold on an annual subscription basis with prices related to the number of employees, nodes (i.e. reporting levels) and countries covered. The company wraps consultancy around the software.

The software is not industry sector-specific, although it is possible that some industry aspects may be included in the longer term, depending on requirements and how they are currently being fulfilled. Some industries already have partial solutions built in to other sector-specific solutions such as finance systems.

Acco₂unt Functional Architecture



Acco₂unt can also be provided as a portal solution to partners, who can then offer both Acco₂untlite and Acco₂untenterprise to their clients. The portals allow for partners to sell additional services, although the online solution is provided by Greenstone. It also means that the provider can aggregate the results to provide some benchmark comparisons to users via the dashboards as well as scenario planning based on the total portal data. For Greenstone the portal version has the advantage that the partners running it also have an incentive to market and sell to their own customers, helping expand the user base.

Strategy and Performance

It is still early days for Acco₂unt, but the company sees such a solution as a must-have in the long term, since the alternative is very expensive, one-off carbon footprint calculations conducted by consultancy organisations. In the past the process has involved consultants setting up the scope, defining data sources, etc, and then sending in a carbon analysis team to do the calculations and the come back with reductions targets, areas of focus and other conclusions. It is a process that would have to be repeated every year to check on progress.

An online solution is seen as far more cost-effective and gives on-going control and management of the process to the company using it.

Greenstone sees initial customer targets for the software as:

- Those responsible for reporting to the Carbon Disclosure Project (CDP)
- The public sector, since it will need to set an example
- Those who will need to conform to the CRC (Carbon Reduction Commitment) legislation (the company has recently launched a CRC risk-assessment service).

The Acco₂unt product is aimed at global organisations and the public sector. The company is not actively selling the solution outside the UK, but is in discussions with agents and potential alliance partners in three or four other countries. A lot of the marketing is via the web site, so information does get picked up in various countries and there have been discussions with potential clients in Germany, France, USA, Canada, South Africa and Ireland. The product is relevant to a global market, although no translated versions have yet been produced.

Large complex organisations are the ideal targets for Greenstone, although who to approach within those companies varies. Greenstone prefers to deal with business focused managers - anyone under pressure to provide emissions information or who sees the opportunity it represents. The CSR route is seen as a harder and longer sales cycle.

Solutions customers include:

Fujitsu – Initially needed to demonstrate carbon management and reduction as part of its Cabinet Office Flex project. Fujitsu Services in the UK was an early client and much of the proving of the solution has been as a result of that relationship.

Zenith Provecta - Commissioned Greenstone to develop a car leasing carbon footprinting product that could be integrated into their main business.

The company is talking to a number of other companies, some enterprise customers and others partners, who will take the portal version to sell through to their own clients. The company also sees potential through systems integrators looking to partner.

In addition, Greenstone's consulting customers include: online grocer Ocado, the Ryder Cup, brewer SAB Miller and the Virgin Group.

The company continues to develop the Acco₂unt software and enhance the functionality. The aim of future development is to address three areas:

- Since acquiring and managing the database of information required is a challenge to clients, Greenstone is working with Microsoft to help build integration capabilities, tools, etc. to manage the process. Microsoft is helping to provide some of the functionality through its Biztalk server.
- The functionality of the analysis and management information provided by Acco₂unt is complex, evolving and dependent on local country requirements and legislation. The aim is to ensure that the solution is as flexible as possible and evolves to supply all the analysis requirements of global enterprises.

The ultimate aim (or dream) is to build intelligence into the software, based on the accumulated experience of users, i.e. companies can be directed towards particular areas to focus on in reducing emissions based on the experience of similar companies in the same sector.

Also, an offset planning capability is being built into the software as a way to help users achieve emissions reduction targets. It has always been the plan, but was delayed as offset has gone more out of favour. Scenarios and reports will show the total carbon emissions, reduction targets, any targets not achieved and hence the offset/trade requirements.

- The immediate requirement is to grow the user base. The objective is to 'own' the enterprise carbon accounting solution base before moving on to extending the reach and scope or closer integration with other solutions.

In terms of competition, Greenstone sees relatively little in the market, citing the main contender as Carbon Navigator (from Australian company Tradeslot). Others include Enviance, which is more focused on health and safety aspects, and Carbonetworks. The company believes there are very few companies that offer an enterprise solution, often it is just a supply chain or accounting solution with carbon counting bolted on top.

Greenstone does concede, though, that there are lots of companies emerging in the market, but believes that most are behind the wave in terms of development. When prospects make serious product comparisons Acco₂unt wins out. To some extent the market is segmented between, for example, pure accounting solutions, those built on the back of an existing sector application such as supply chain, etc. To new customers it is often seen as a wall of companies with little obvious differentiation.

Comment

Greenstone has taken the bull by the horns in developing its carbon management solution. The company rightly believes that the future is in providing an online solutions to the corporate market which is as flexible as possible. Enterprise customers will want a comprehensive tool that can be applied across an international organisation and they will become increasingly sophisticated in using it to monitor and manage emissions. Only by appealing to as broad a range of requirements as possible will there be any chance of gaining some 'ownership' of the market, which is Greenstone's plan.

It faces an uphill struggle, though. This is a market in its infancy with, as yet, unsophisticated buyers. It may well be the case that when competitive products are compared Acco₂unt will acquit itself well, but the first hurdle will be in seeing off the wide range of competing solutions already available. These include:

- 'Bolt-on' modules to existing enterprise software from the likes of SAP, Oracle and Microsoft. Whether or not these products have the same capability is not the question – they have an existing client base that will be looking for an easy answer to a problem they don't fully understand. The current vendor is the easiest route.
- Other specialist carbon management solutions, often from companies that offer broader sustainability solutions, such as Enviance, ESS and Intalex.
- Direct competitors with carbon management solutions, e.g. Carbon Navigator, Carbon View and Enablon
- 'Industry-focused solutions from sector specialists, such as the supply chain company ILOG, with Carbon Footprint, Construction Carbon Calculator from BuildCarbonNeutral.

Again, they are more focussed and with less functionality than Greenstone is aiming to provide, but prospective purchasers will favour sector expertise.

- Free' carbon calculators, often available from public sector organisations. Again, they may not be sophisticated but are likely to be more focused on local country requirements and regulation/legislation. However, the users of these products will not be the international organisations that are Greenstone's target market.

Greenstone will need to be able to fight on a number of fronts to ensure that Acco₂unt gets in front of customers – competition can only increase. The company knows that it needs to create a critical mass in the market quickly in order to establish its position and grow with the market. It believes it has funds to see it through the development stage, so much will depend on the marketing and sales effort over the next 12 months – likely to be the make or break of the company.

One aspect of the product that could open more doors is some greater industry focus. The product itself might require little more than cosmetic changes to address different sectors, but more specific industry references and experience in marketing and sales might well prove fruitful. This is an aspect that the company is considering.

Apart from the product itself, there is one area where the Greenstone does seem to have been slow off the mark. Whilst it has established its own carbon footprint and has plans for reducing emissions, these have not yet been made public. It might be a trivial process, given Greenstone's size, but the company could lose credibility if its own internal operations do not reflect the intentions of its software.

It might also be worth becoming more active in organisations such as the Global e-Sustainability Initiative (GeSI), the Green Grid, International Climate Change Partnership (ICCP), or other organisations promoting green IT and lobbying for suitable regulation and legislation. It's another way to increase the company profile in an increasingly competitive market.

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About The Green IT Report

The Green IT Report is an independent market research and consulting company that reports on the impact of environmental issues in general and global warming in particular on the ICT market.

We provide information on the risks and opportunities that climate change represents to IT markets and players around the world. We help IT players, their customers and investors with their Green IT strategy through planning, development, implementation and support.

The programme is run by Pete Foster, a long-standing industry analyst. During his career Pete has worked with several IT research companies including IDC, Holway and Ovum. In 2002 he set up PAC's UK operation before returning to his own research organisation and creating The Green IT Report.

The Green IT Report publishes:

- Profiles of companies active in the Green ICT sector examining both their own internal efforts to be more environmentally friendly and the offerings to help clients become greener.
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