



# HFS Top 10: Sustainability Services, 2022

Our assessment of the leading sustainability consulting, technology, and services firms

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Excerpt for EY

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Sustainability is a massive systems-level problem. Those systems need to rapidly align to the global context. Consulting, technology, and services firms sit at the center of these vast systems. The leaders have realized the scale of impact they can have from that center. They are addressing their own organizations' sustainability—but more importantly, they are doing so with their clients and partners. They use their networks to drive the level of collaboration and alignment we need. They can scale best practices and solutions. The leading providers of sustainability consulting, technology, and services in this report influence and help to transform organizations, industries, systems, and governments, which must all build and execute transition plans that align towards decarbonization and every other environmental, social, and governance factor underpinning the UN Sustainable Development Goals.

Josh Matthews | Practice Leader, HFS Research

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# 1

## Executive summary

# Executive summary: The state of sustainability services

The *HFS Top 10: Sustainability Services, 2022* report is an analysis of consulting, technology, business, and broader sustainability services firms. The 18 leading providers in this report are (alphabetically): Accenture, Arcadis, Atos, Capgemini, Cognizant, Deloitte, ERM, EY, GEP, HCL, IBM, Infosys, KPMG, L&T Technology Services, PWC, TCS, Wipro, and WSP. See page 27 for the overall rankings of these firms across execution, innovation, and voice of the customer criteria.

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## The winners

ERM, EY, IBM, Accenture, and Capgemini make up our top 5 overall. The firms that lead the leaders in this study are set to make the most significant impact across the global sustainability context (see next page). However, it is not just a token nicety to say we have been beyond impressed with all 18 firms profiled. Most have developed scaled revenues and headcounts, growing at pace with the market. They have broad capabilities across the value chain and beyond. They have large clients and case study pools with examples of deep strategic engagements with the most influential firms poised to change their systems. Their strategies are clear, ambitious, and aligned with the global context. They use a broad range of technologies and IP and have impressive R&D initiatives. Their ecosystems are powerful across partnerships, acquisitions, co-innovation, and global networks. Customer references speak highly.

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## Benchmarking sustainability services

Growth is soaring across sustainability services revenues, headcounts, and clients—we expect approximately 240%, 190%, and 210% growth, respectively, over the next two years. Together, the 18 leading firms in this study account for more than \$13 billion, 68,000 employees, and 22,000 clients dedicated to sustainability services. Seventy-five percent (75%) of clients are located in North America or Europe. Clients are more impressed with execution capabilities versus innovation. Case studies and references, proving technical and domain expertise are more vital in winning business for sustainability than in most areas. Maturity is high across the value chain, with net-zero roadmapping, platforms, and ESG reporting as standouts.

# Executive summary: the global sustainability context

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## Framing sustainability

Companies, governments, industries, and entire ecosystems must build and align roadmaps under the global sustainability context: reducing emissions to zero (or at worst) net-zero by 2050 (or as soon as possible) and addressing all the other environmental, social, and governance (ESG) factors underpinning the 17 UN Sustainable Development Goals (SDGs). These roadmaps must start at the systems level and break down to day-to-day operations within organizations. The most ambitious and influential organizations in their ecosystems must be the ones to drive collaboration and alignment to this context. [See our detailed outline for more.](#)

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## The glaring opportunity for ecosystem leadership

Our systems are not good enough to address sustainability. But too many of the most influential firms use this as an excuse for not moving first and bringing their ecosystems with them. There is a glaring opportunity in all industries and ecosystems for organizations and coalitions to set the standard by reinventing business models and loudly disclosing their transition plans. These leaders must show their ecosystems—including competitors and regulators—that addressing the entire global sustainability context is not only competitive but also by far the best environmental, social, and financial option now and in the coming decades. This applies in spades to sustainability consulting, technology, and services firms.

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## Benchmarking organizational sustainability

More than 80% of organizations don't have the plans they need to address sustainability internally, let alone influence systems. Employees want to work for firms that act on sustainability and have it embedded throughout the organization. There's a talent shortage for deep sustainability expertise. The energy, utilities, manufacturing, financial services, and consumer goods industries show the most demand for sustainability services. Given their impacts on sustainability beyond their industry walls, they are critical in addressing the global context. Analytics is the most widely used digital technology for sustainability efforts, followed by cloud and automation. Demand is increasing across the sustainability services value chain from consulting to technology and managed services; supply chain and procurement strategy, net-zero roadmapping, platforms, and ESG reporting stand out. The roadmapping approach must also be applied to social sustainability.

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## Recommendations to businesses, policy, and providers

The glaring opportunities in sustainability apply to everyone: organizations, policymakers, and the consulting, technology, and services sector. All must meticulously detail how they can and will address the entire global sustainability context on the three key fronts. First is addressing internal sustainability by reducing emissions to zero and tackling all other ESG factors underpinning the SDGs. Second is helping clients address their sustainability by positioning products and services under the global sustainability context. Third, organizations and coalitions with the greatest influence over their ecosystems must move first, prove the commercial models work, and publicly disclose their transition plans. This influence must also drive adaptation—given the desperate state of climate and ecological breakdown currently being experienced. It is set to get worse. The final element is a call to all at the forefront to be unashamedly ambitious and transparent. Too many are playing not to lose in sustainability. Leaders can help everyone win.

# 2

## Introduction

# Introduction to the HFS Top 10

In November 2021, [we spoke at COP26, the UN climate summit](#), about the desperate state of sustainability. We then published our [Sustainability Services Ecosystem Mapping study](#) covering the consulting, technology, and services firms that can and must change this. This *HFS Top 10: Sustainability Services, 2022* builds on both. We will be refreshing our Ecosystem Mapping study, including further market analysis based on this Top 10 report, shortly.

- **Sustainability, for us, includes all environmental, social, and governance (ESG) elements.** We also refer to the global context encompassing the desperate need to decarbonize—by reducing global emissions to net-zero emissions by 2050 at the absolute latest—and address all 17 UN Sustainable Development Goals underpinned by all ESG factors. The fact we have goals for sustainability is a tremendous advantage. Yes, the goals that make up the global context need refinement and detail the transition planning underpinning them, but contrast this to the last 10 to 15 years in which organizations chased the vague specter of digital transformation without an endpoint in sight.
- **This Top 10 maps the consulting, technology, and business services firms targeting sustainability outcomes with their clients.** We are considering firms that can bring the full picture across the value chain (see next page), whether via their internal capability or partnerships. We are not including pure management consulting firms or technology firms where software or hardware, rather than services, is the focus (we will be refreshing our full ecosystem map soon). We include leading engineering and EHS (environment, health, and safety) firms that have developed capability across the value chain.
- **We analyze firms' abilities to execute:** their scale and resources, growth and trajectory, breadth and depth of capability, and clients and outcomes delivered. **We look at their capacity for innovation:** their use and development of technology for sustainability, ecosystems, and strategies and visions. **In our voice of the customer assessment**, we analyze case studies and our own engagements with client references.
- **The world needs to change. Consulting, technology, and services firms have a massive role.** We're far behind in addressing the global sustainability context of decarbonizing and meeting all 17 UN Goals ([see more here](#)). Consulting, technology, and services firms have a vital role in helping organizations and industries plan and meet these goals. They can shape transition plans aligning to the global context, break them down throughout organizations, deliver the technology, execute plans, and manage day-to-day processes. They can also replicate best practices and success stories on the global scale we need. This is all true in the public and private sectors. COP27, the UN climate summit scheduled later this year in Egypt, will test the extent to which governments have put together the transition plans they promised last year at COP26. I'm hoping that the results of COP27, combined with the next six months of foundational research we have planned at HFS, will give us the knowledge we need to make the biggest impact possible through sustainability services.

# The HFS sustainability services value chain, 2022

Sustainability consulting	Technology supporting sustainability	Managed sustainability services	Engineering, EHS, and other services
<ul style="list-style-type: none"><li>Emissions footprint measurement and benchmarking across Scope 1, 2, and 3</li><li>Net-zero strategy and roadmapping</li><li>Domain, industry, and technology consulting</li><li>Sustainable investing advice</li><li>Policy and regulation advice</li><li>Merger and acquisition (M&amp;A) advice</li><li>Corporate social responsibility (CSR) strategy</li><li>Circular economy strategy and design</li><li>Sustainable IT and technology strategy</li><li>Emissions offsetting strategy</li><li>Climate risk assessments and mitigation</li><li>UN Sustainable Development Goals strategy</li><li>Diversity and inclusion (D&amp;I) strategies</li><li>Brand and CX design and marketing</li><li>Sustainability talent strategy and training</li><li>Supply chain and procurement strategy</li></ul>	<ul style="list-style-type: none"><li>Platforms for sustainability measuring, monitoring, reporting, and optimization</li><li>Sustainability reporting automation</li><li>Sustainability business process tools</li><li>Sustainability data services</li><li>AI and analytics for analysis, insight, etc.</li><li>IoT software, integration, and monitoring</li><li>Building management systems (BMS)</li><li>Industry 4.0, e.g., smart factories</li><li>Smart city initiatives, including smart spaces</li><li>“Green” data center technology</li><li>Blockchain applications, e.g., for climate accounting, energy trading, or supply chain</li><li>Quantum computing</li><li>Cloud platforms and integrated tech</li><li>CX and EX tools</li><li>5G and edge computing</li></ul>	<ul style="list-style-type: none"><li>ESG reporting</li><li>ESG auditing</li><li>Regulation and standards tracking</li><li>Insurance, legal, and claims management</li><li>Emissions offsetting management</li><li>Procurement services for sustainability</li><li>Supplier monitoring and partner support</li><li>Sustainability risk management and mitigation</li><li>Sustainability business process management</li><li>Supply chain management focused on sustainability</li></ul>	<ul style="list-style-type: none"><li>Environment, health, and safety (EHS) performance management</li><li>Site assessments for EHS compliance</li><li>EHS reporting and monitoring</li><li>EHS risk management and mitigation</li><li>Incident and emergency systems</li><li>Incident and emergency strategy</li><li>Waste management and treatment</li><li>Decommissioning, site redevelopment</li><li>Chemicals, materials management</li><li>Air quality and pollution management</li><li>Capital project management</li><li>Industry-specific operating technology</li><li>Sustainable product and service design</li><li>Plant and process engineering</li><li>Life-cycle analysis</li></ul>

**Sustainability is manifesting throughout industries and in industry-specific practices, solutions, and services across consulting, technology, and business processes**

Energy and utilities | Banking and financial services | Insurance | Manufacturing | Healthcare | Life sciences | Technology, media, and telecom | Travel, hospitality, and logistics

## Ecosystems

United Nations | World Economic Forum | Charities | Networks | Campaign groups | Global standards | Industry bodies | Academia | Finance | Local and national governments

# 3

## Research methodology

# The 18 service providers covered in this report



# Sources of data

This Top 10 research report relies on multiple and varied data sources to support our methodology and help HFS obtain a well-rounded perspective on the service capabilities of the participating organizations covered in our study. Sources are as follows:



## RFIs and briefings

- Each participating organization is asked to complete a detailed RFI.
- HFS conducts **vendor briefings** with senior executives from each organization.



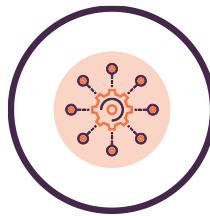
## Reference checks

- HFS conducts reference checks with **active clients** of the study participants through a combination of detailed phone- based interviews and surveys.



## HFS vendor ratings

- Each year, HFS fields multiple demand-side surveys in which we include detailed vendor rating questions. For example, the HFS Pulse survey features specific provider **ratings from 800+ Global 2000 enterprises**.



## Other data sources

- **Public information** such as press releases, web sites, etc.
- **Ongoing interactions**, briefings, virtual events, etc., with in-scope vendors and their clients and partners.

# Assessment criteria

Execution   33%			
<b>Scale and resources</b> <ul style="list-style-type: none"><li>• Sustainability services revenue</li><li>• Sustainability services headcount</li><li>• Degree to which sustainability is embedded throughout the company's services capability</li></ul>	<b>Growth and trajectory</b> <ul style="list-style-type: none"><li>• Past and next two-year growth across revenue, headcount, and clients</li><li>• Analyst and client take on trajectory</li></ul>	<b>Breadth and depth of capability</b> <ul style="list-style-type: none"><li>• Sustainability consulting</li><li>• Technology supporting sustainability</li><li>• Managed sustainability services</li><li>• Engineering and broader EHS and sustainability services</li><li>• Analyst and client take on breadth and depth of capability</li><li>• Delivery partnerships</li></ul>	<b>Client and case study portfolio</b> <ul style="list-style-type: none"><li>• Number of sustainability services clients</li><li>• Quality of case studies and clear outcomes delivered</li><li>• Value generated relative to practice size</li></ul>
Innovation   33%			
<b>Strategy and vision</b> <ul style="list-style-type: none"><li>• Clarity and focus in addressing the global sustainability context and how consulting, technology, and services position toward that context</li><li>• Scale of ambition</li></ul>	<b>Technology use and development</b> <ul style="list-style-type: none"><li>• Breadth of digital and emerging-technology use in sustainability engagements</li><li>• Platforms, tools, and intellectual property (IP) developed and leveraged for sustainability</li><li>• R&amp;D strategy and investment</li></ul>	<b>Ecosystem</b> <ul style="list-style-type: none"><li>• Partnerships leveraged for sustainability</li><li>• Acquisitions related to sustainability</li><li>• Co-innovation with clients and ecosystem for sustainability</li><li>• Leadership in global sustainability networks</li></ul>	
Voice of the customer   33%			
<ul style="list-style-type: none"><li>• Client quantitative assessments of execution and innovation</li><li>• Overall client satisfaction with the engagement, outcomes, and financials</li><li>• Analyst conversations with reference clients and the broader sustainability landscape</li><li>• Analyst assessment of references and case studies</li></ul>			

# 4

## The sustainability services market

# Benchmarking the leading sustainability services providers: soaring growth with North America and Europe dominating

**\$725 million**

Average dedicated sustainability services revenue

**163%**

Growth over the last two years of the 18 leading providers' sustainability services revenues

**242%**

Expected growth over the next two years of the 18 leading providers' sustainability services revenues

**3,800**

Average dedicated sustainability services headcount

**150%**

Growth over the last two years of the 18 leading providers' sustainability services headcounts

**190%**

Expected growth over the next two years of the 18 leading providers' sustainability services headcounts

**1,250**

Average number of dedicated sustainability services clients

**136%**

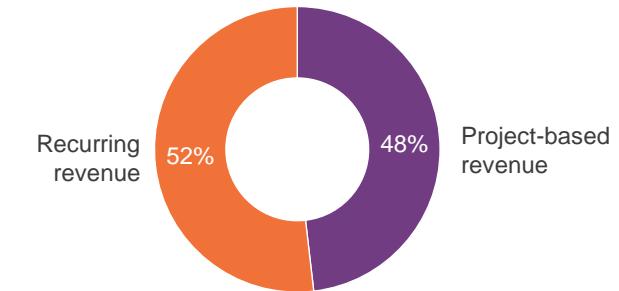
Growth over the last two years of the 18 leading providers' number of sustainability services clients

**207%**

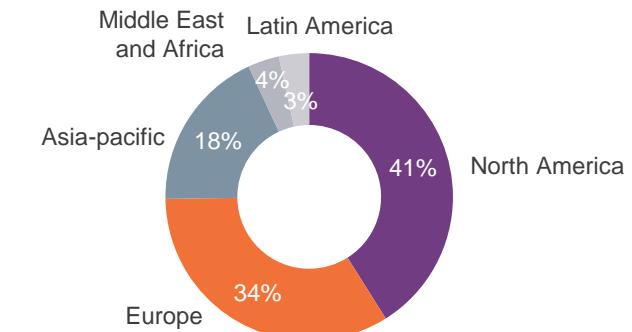
Expected growth over the next two years of the 18 leading providers' sustainability services clients

Sample: The 18 leading sustainability services firms in this market analysis study  
Source: HFS Research, 2022

**Sustainability revenue split across the revenue of the 18 leading sustainability services providers**



**Geographic split of sustainability services clients across the 18 leading providers**



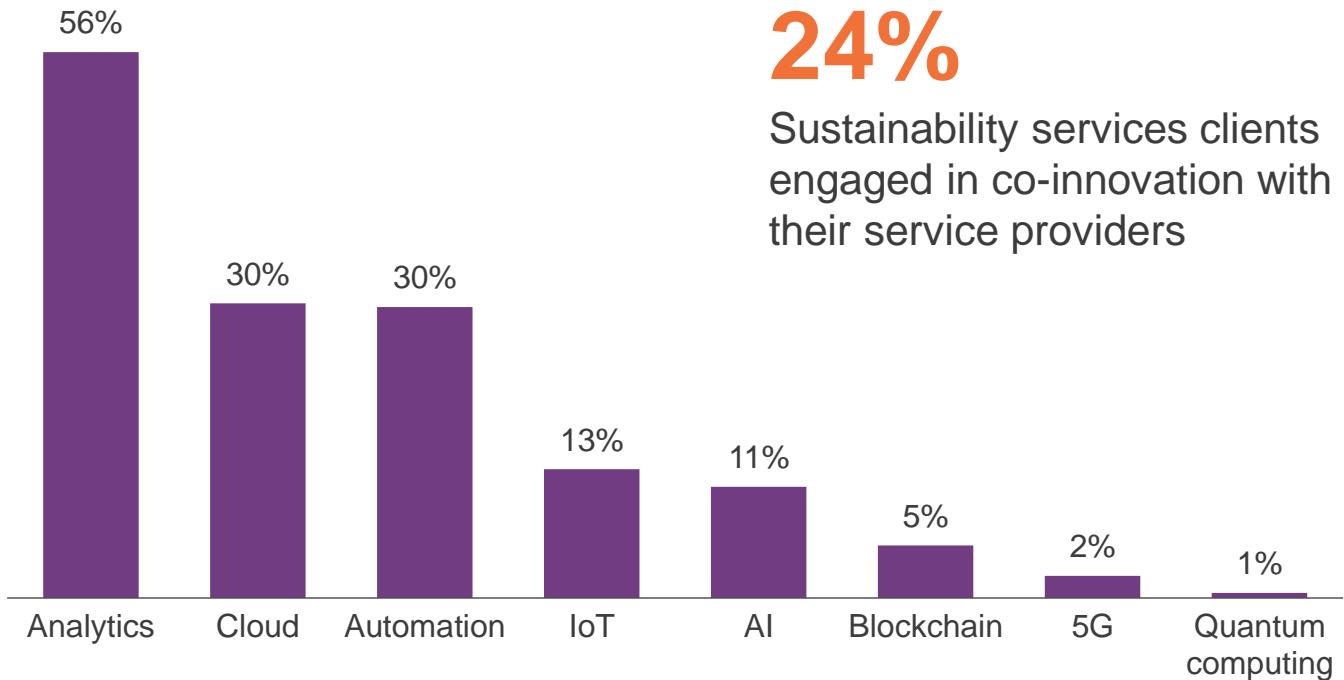
# The leading sustainability consulting, technology, and services firms align their capabilities to the global context, leverage their ecosystems, and are unashamedly ambitious

This section presents our analysis of the maturity of services across the value chain, the changes in demand seen by the 18 firms in this study, their use of technology, the views of their clients, and commentary on their internal sustainability. Here are some of the characteristics that define the leaders of the leaders in sustainability services:

- **Organization:** The usual approach across the 18 leading sustainability consulting, technology, and services firms in this report is to have a global leader and a globally aligned practice (of varying size) with champions and leadership structures throughout other groups like industries, functions, and geographies. The CEO must be the ultimate champion and holder of responsibility for sustainability across ESG and the SDGs. Thankfully, this is the case across leading firms.
- **Ecosystem:** Ecosystems across partnerships, acquisitions, co-innovation, and global networks are powerful. The most common partnerships are with hyperscale cloud and platform firms, ESG platforms, ESG data providers, sustainability specialists, industrial bodies and industrial giants, global networks like the UN (and divisions) and the WEF, as well as academia (MIT, Oxford, Cambridge, and Harvard are mentioned frequently). Collaboration between competitors is growing but not enough to change entire systems. Services firms can and must be the central players who help set the bar and bring their ecosystems along. Services sector acquisitions heavily prioritize consulting but also include specialized technology applications for sustainability; this adds to the growing service maturity (page 18).
- **Strategy and vision:** Every firm in this study aims to embed sustainability as a “native” or “by design” capability throughout the organization and to have dedicated specialists. The leaders are distinct in what is core sustainability capability and what is broad and embedded. But brand images will take a long time to change with new and existing clients, the subject of many of our reference conversations. There’s a lot of market education still to do.
- **Sustainability talent:** Employees increasingly want to work for a firm that has an impact and sustainability embedded throughout all roles. ESG policies and statements aren’t enough anymore. There is a talent war for deep sustainability expertise—leading to the soaring growth of services (p15) and acquisitions.
- **Scale and growth:** The previous page (15) shows double and triple digital growth as commonplace. The largest and smallest firms are growing at pace.
- **Breadth and depth:** Capability is both mature and deepening across the value chain, matching demand from clients, as shown on pages 18 and 19.
- **Clients, outcomes, case studies, and references:** Case studies will be much more important for sustainability than other areas. Proving to new and existing clients, who need to move fast, that you understand their industry, value chain, and processes and have achieved outcomes before was the biggest factor in selecting a provider in our reference interviews. Every provider has developed a strong case study pool; they must be made hyper-relevant to clients. This includes long-standing engagements that have realized inherent sustainability outcomes and new dedicated engagements. Just be clear.
  - **Methodologies and scale: we can’t afford for all organizations to start from scratch.** Given how far behind organizations, industries, and governments are in addressing the global sustainability context; if everyone starts from scratch, we’ve lost. Consulting, technology, and services firms work with numerous clients and are plugged into all manner of global networks and ecosystems; they have the license to scale best practices. We need them to.
- **Technology use and development:** Digital technology is increasingly used in sustainability engagements (see next page), and the demand (page 19) is growing. R&D strategies are detailed, and investment is strong, as are the pools of intellectual property (IP) available to services firms.
  - **The tech we have and tech we don’t:** Organizations and technology firms must determine: how much of sustainability can we address with the tech and capability we have now and what do we need to develop? The interviews that fed our COP26 presentation were clear: the technology exists. The challenges lie around getting data onto platforms from the value chain. Sustainability literacy and culture must also be addressed.

# Analytics dominates the use of digital technology for sustainability

What percentage (%) of your sustainability services clients do you use the following technologies (and co-innovation) with?



**24%**

Sustainability services clients engaged in co-innovation with their service providers

- Predictably, analytics comes in at the top of the digital technology pile regarding its use in sustainability services engagements. It has a role in many processes underpinning sustainability: measuring, monitoring, reporting, visualizing, and taking new insight from data for decision making at all levels of the organization.
- AI can play similar roles to analytics—but is yet to see the same level of use.
- Cloud is critical for decarbonizing storage and operations (making hosting and running more efficient, as well as the renewable energy underpinning much of hyperscale cloud providers' operations). Cloud and platform providers are also positioning as destinations for integrating, visualizing, and analyzing sustainability data.
- Automation has and will maintain a big role in ESG reporting and as a tool to improve the efficiency of all manner of processes.
- Internet of things (IOT) technology will continue to have a growing role in connecting processes and gathering data.
- Blockchain, despite promising much in terms of decentralization and assurance, is yet to see scale in sustainability services engagements.
- Quantum and 5G will certainly play a role in the future across complex computing (e.g., climate modeling) and in connectivity and IOT enablement, respectively.

Sample: More than 22,000 dedicated sustainability services clients of the leading 18 providers in this study  
Source: HFS Research, 2022

# Mature capabilities are emerging across the sustainability services value chain

Average maturity of capability across the sustainability services value chain from 1 (not a focus) to 5 (mature) as stated by the 18 leading providers in this study				
Sustainability consulting	Technology supporting sustainability	Managed sustainability services		
Average maturity	4.0	Average maturity	3.9	Average maturity
Domain, industry, and technology consulting	4.7	Sustainability data services	4.6	ESG reporting
Emissions footprint measurement and benchmarking across Scope 1, 2, and 3	4.6	Cloud platforms and integrated tech	4.6	Supplier monitoring and partner support
Net-zero strategy and roadmapping	4.5	Platforms for sustainability measuring, monitoring, reporting, and optimization	4.3	Sustainability risk management and mitigation
Supply chain and procurement strategy	4.4	Sustainability reporting automation	4.3	Sustainability business process management
Sustainable IT and technology strategy	4.4	AI and analytics for analysis, insight, etc.	4.3	Procurement services for sustainability
Circular economy strategy and design	4.3	IoT software, integration, and monitoring	4.3	Supply chain management focused on sustainability
Climate risk assessments and mitigation	4.2	Sustainability business process tools	4.2	Regulation and standards tracking
UN Sustainable Development Goals strategy	4.2	Smart city initiatives, including smart spaces	4.2	Emissions offsetting management
Emissions offsetting strategy	4.1	Industry 4.0 e.g., smart factories	4.0	ESG auditing
Brand and CX design and marketing	3.9	CX and EX tools	3.9	Insurance, legal, and claims management
Corporate social responsibility (CSR) strategy	3.8	5G and edge computing	3.7	
Sustainability talent strategy and training	3.7	Building management systems (BMS)	3.6	
Diversity and inclusion (D&I) strategies	3.4	"Green" data center technology	3.4	
Policy and regulation advice	3.4	Blockchain applications, e.g., for climate accounting, energy trading, or supply chain	3.3	
Sustainable investing advice	3.3	Quantum computing	2.3	
Merger and acquisition (M&A) advice	3.1			

- We asked all 18 service providers in this study to estimate the maturity of their capability across our sustainability services value chain from 1 (not a focus) to 5 (mature).
- Consulting is the most mature value-chain pillar, but technology and managed services capabilities are also strong and developing quickly.
- Existing domain, industry, and technology capability being leveraged for sustainability consulting is (encouragingly) the most mature, followed by emissions benchmarking and net-zero strategies. Supply chain, IT, and circularity factors are also maturing.
- Data is a critical sustainability enabler—getting it and using it—so it's good to see that at the top of the technology pillar. Cloud, platforms, reporting, AI, analytics, and IOT follow.
- ESG reporting is unsurprisingly the most mature sustainability managed service, alongside supplier engagement, risk, and business process management.

Sample: The 18 leading sustainability services firms in this market analysis study  
Source: HFS Research, 2022

# Demand is increasing across the whole sustainability services value chain

Average change in demand across the sustainability services value chain (from +5 to -5) as estimated by the 18 leading service providers in this study					
Sustainability consulting		Technology supporting sustainability		Managed sustainability services	
Average demand change	<b>3.4</b>	Average demand change	<b>3.3</b>	Average demand change	<b>3.3</b>
Supply chain and procurement strategy	4.7	Platforms for sustainability measuring, monitoring, reporting, and optimization	4.6	Sustainability risk management and mitigation	4.0
Emissions footprint measurement and benchmarking across Scope 1, 2, and 3	4.2	Sustainability reporting automation	4.0	ESG reporting	3.9
Sustainable IT and technology strategy	4.2	Sustainability data services	4.0	Supply chain management focused on sustainability	3.8
Net-zero strategy and roadmapping	4.0	Industry 4.0 e.g., smart factories	4.0	Supplier monitoring and partner support	3.5
Circular economy strategy and design	4.0	AI and analytics for analysis, insight, etc.	3.9	Sustainability business process management	3.5
Domain, industry, and technology consulting	3.8	Cloud platforms and integrated tech	3.8	Regulation and standards tracking	3.4
Emissions offsetting strategy	3.6	"Green" data center technology	3.6	Procurement services for sustainability	3.3
Policy and regulation advice	3.5	IoT software, integration, and monitoring	3.3	Emissions offsetting management	3.0
Sustainability talent strategy and training	3.1	Sustainability business process tools	3.2	ESG auditing	2.1
Climate risk assessments and mitigation	3.1	5G and edge computing	3.0	Insurance, legal, and claims management	2.1
Merger and acquisition (M&A) advice	2.9	Smart city initiatives inc smart spaces	2.9		
Diversity and inclusion (D&I) strategies	2.9	Blockchain applications, e.g., for climate accounting, energy trading, or supply chain	2.9		
UN Sustainable Development Goals strategy	2.8	CX and EX tools	2.6		
Sustainable investing advice	2.8	Building management systems (BMS)	2.6		
Corporate social responsibility (CSR) strategy	2.4	Quantum computing	1.4		
Brand and CX design and marketing	1.8				

- We asked all 18 service providers in this study to estimate the change in demand across our sustainability services value chain from +5 (biggest increase) to -5 (biggest decrease).
- Demand is increasing consistently across the value chain, with consulting slightly in the lead.
- The demand for supply chain and procurement strategies is soaring, echoing the disconnect we've seen between organizational-level strategies and business functions. Consulting for emissions benchmarking, IT, net-zero, and circularity are also among the biggest increases in demand.
- Holistic sustainability platforms are also seeing high demand growth, as are reporting automation, data services, and Industry 4.0 services.
- For managed services, risk is top of mind, with ESG reporting and supply chain management close behind.

Sample: The 18 leading sustainability services firms in this market analysis study  
Source: HFS Research, 2022

# Providers are all addressing their internal sustainability. But it is a bar for entry, not a benchmark for services, and their role with clients and ecosystems is far more important

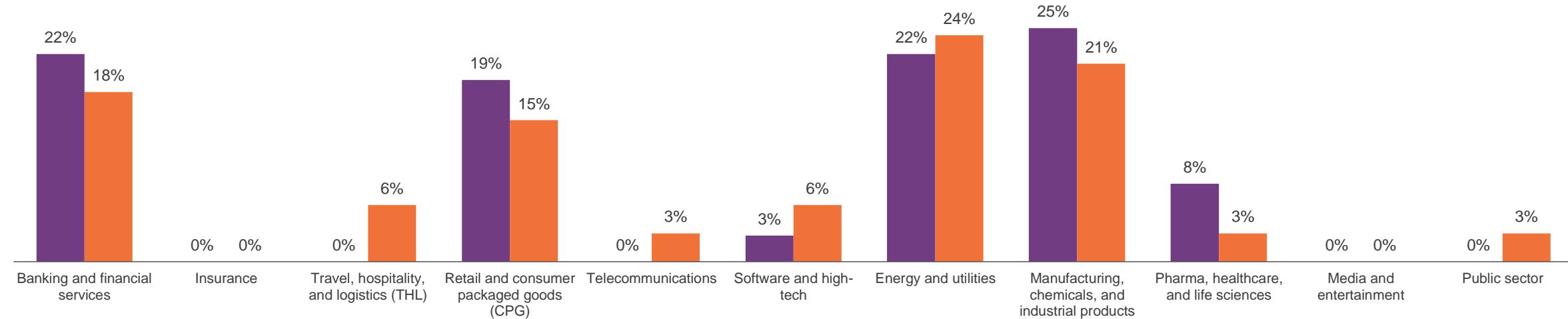
- **Internal sustainability is now table stakes for a service provider.** What isn't table stakes is the ambition and impact a service provider has on clients and in leading the ecosystem in collaboration and alignment with the global sustainability context. That is what distinguishes the leaders in this study. Internal sustainability is not a proxy for services. But for now, back on internal sustainability...
- **Internal sustainability is a bar for entry—but not a definitive factor—in competing for most engagements:** Internal sustainability is not a majorly differentiating factor when clients are choosing a provider. But there are signs that buyers consider the diversity of teams in advisory engagements, and commitments to decarbonize the technology or services in question where emissions are a serious consideration (e.g., energy-intensive cloud computing or large software projects). In some cases, decarbonization commitments are coded into contracts.
- **Most providers are involved in global networks**—whether related to bodies like the United Nations or World Economic Forum, in NGO and charity networks, or industry bodies and clusters.
- **Most providers boast several awards related to their internal sustainability:** Dow Jones lists, the CDP A List, and many more can be frequently found in press releases. It is worth noting that service providers do have it slightly easier than some industries when it comes to addressing sustainability internally for themselves (in contrast to oil and gas, banks, or consumer goods firms).
- **The average net-zero target is approximately 2031** across the 18 firms in this study.
- **Roadmaps to decarbonizing and reducing emissions to net-zero and beyond are strong.** Most firms are either validated or in the process of being validated by the SBTi (Science Based Targets Initiative).
- **Strong social sustainability initiatives are apparent in all 18 firms** covering diversity and inclusion in hiring and retention, employee experience initiatives, talent, and retraining efforts (including embedding sustainability as a “native” capability throughout their employees). In many cases, social sustainability services are becoming large parts of providers' portfolios; for example, helping clients address their own diversity strategies, improving accessibility, or community outreach/corporate social responsibility (CSR) projects and strategies.

# Sustainability is set to become a more vital factor in all industries. But providers will still see the highest demand in financial services, CPG, energy and utilities, and manufacturing

Which three industries do you see and expect the highest demand for sustainability services currently and over the next two years, respectively?

% noting an industry as top three

Currently | Over the next two years



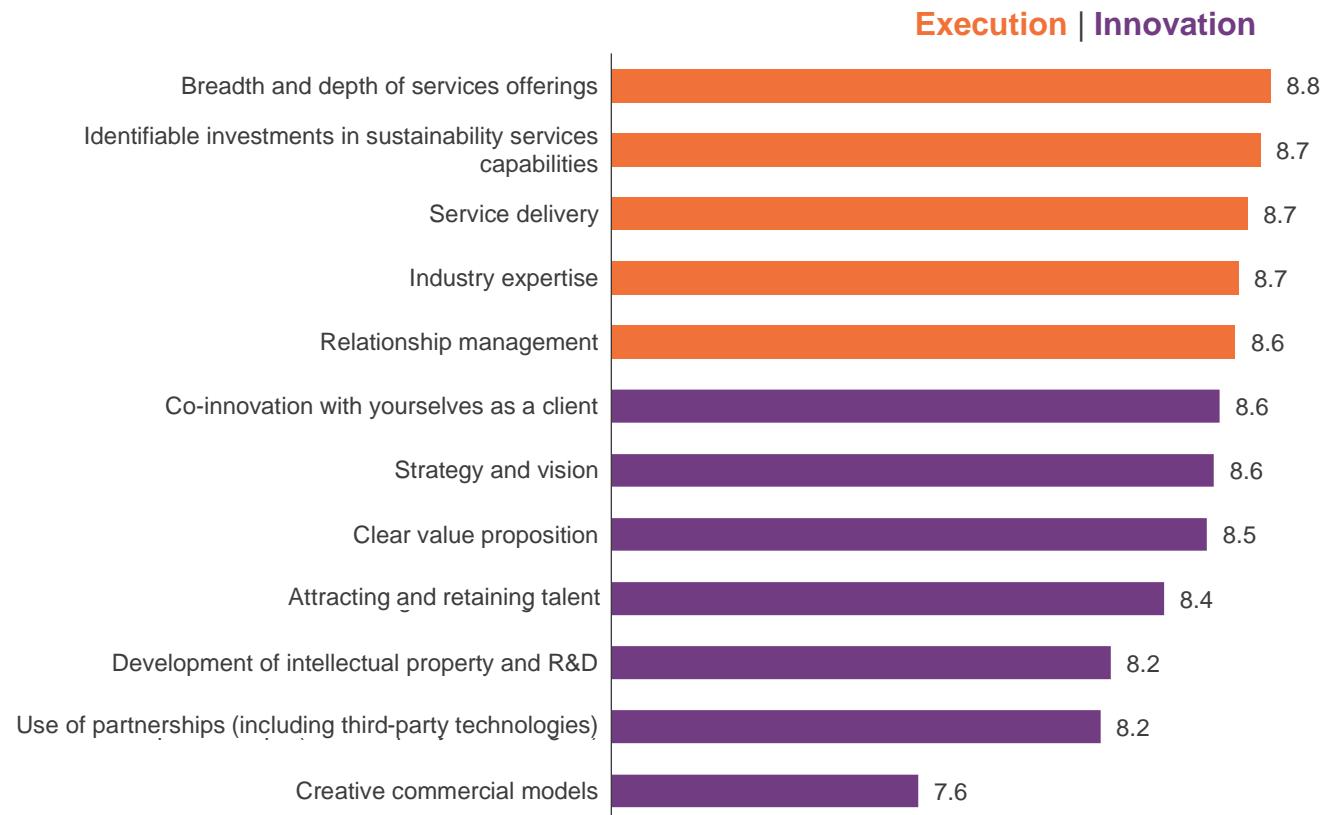
- The 18 services firms in this study expect demand to catch up across industries over the next two years. We agree.
- However, providers expect the highest demand to come from the financial services, retail and CPG, energy and utilities, and manufacturing sectors. We agree with this, too.
- These sectors have the largest material impacts in terms of emissions and many other elements across sustainability, but they also have the biggest opportunity to influence the sustainability of their clients and ecosystems due to the products and services they provide or produce and their central roles in multiple systems.
- We should not discount the importance of addressing sustainability in all industries—even in insurance and media and entertainment, which unsurprisingly were not noted in anyone's top three. They, and all industries, have vital roles, individual challenges, and challenges that transcend industries in addressing the global sustainability context.

Sample: The 18 leading sustainability services firms in this market analysis study

Source: HFS Research, 2022

# Clients are more impressed with execution capabilities over innovation. Sustainability outcomes top business and financial outcomes

Please rate your service provider's capability across the following elements



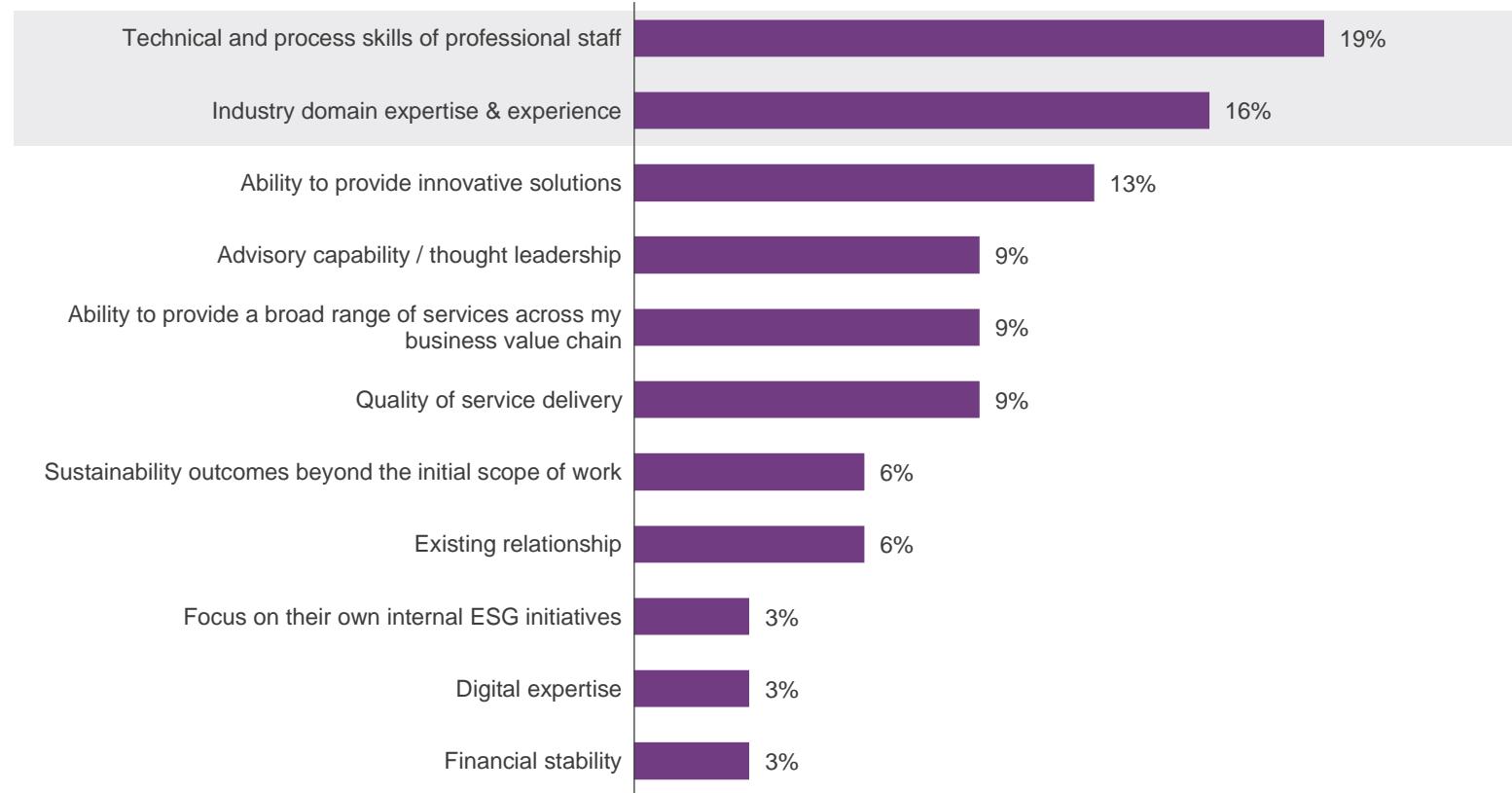
- Execution-based capabilities are more impressive to the clients of the leading sustainability services providers in this study.
- Breadth and depth tops the list, mirroring the high levels of maturity across the value chain on page 18.
- Matching the low satisfaction with commercial models is clients' overall satisfaction with financial outcomes (see table below), that come lower, albeit marginally, than sustainability and business outcomes.

Satisfaction with:	Score (of 10)
Sustainability outcomes	8.4
Business outcomes	8.2
Financial outcomes	8.1
Overall engagement	8.4

Sample: 34 client references provided by the 18 services firms in this study; interviewed and surveyed by HFS Research  
Source: HFS Research, 2022

# Understanding sustainability, the industry, domains, and their processes is critical in the eyes of sustainability services buyers

Which of the following options was the single most important when selecting this provider?



- In line with one of our main conclusions that case studies and reference clients are more critical in sustainability services than in most areas, the reference clients provided by the firms in this study outlined that technical and industry/domain expertise were the biggest two factors in selecting their sustainability services partner.
- Interestingly, digital expertise comes in close to the bottom despite its importance in addressing various aspects of the sustainability context. We can likely attribute this to digital capability being table stakes for any firm looking to address sustainability.
- Existing relationships were also low on the list. There are a lot of new business opportunities. This perhaps goes against most anecdotal evidence where services firms are looking to go after their existing clients by expanding relationships to include sustainability services and technology.

Sample: 34 client references provided by the 18 services firms in this study; interviewed and surveyed by HFS Research  
Source: HFS Research, 2022

# 5

## Top 10 results: Sustainability Services, 2022

# HFS Top 10: Sustainability Services, 2022—a summary of the providers in this report

Providers (alphabetical)	HFS point of view
Accenture	Established sustainability services scale on a steep trajectory from an early-mover position, outspoken ambition throughout global ecosystems
Arcadis	Deep experience in sustainability and engineering, competing across the board with consulting and technology firms
Atos	EcoAct continues to integrate; data and technology scale combined with climate advisory build on an early-mover advantage
Capgemini	Breadth of capability from business models to physical engineering, global leadership spans ecosystems and international governments
Cognizant	Data, roadmapping, and sustainable business model approaches underpin a clear vision for the sustainability practice
Deloitte	Reputation for complex consulting and strength in audit and tax, now positioned toward sustainability with scale and breadth developed
ERM	Sustainability experience and engagements that set the standards others follow. “Boots to Boardroom” approach to operationalize full sustainability
EY	Setting strategic direction for sustainability at the C-suite and United Nations, scaled global practice complements a powerful ecosystem
GEP	Procurement and supply chain experts able to operationalize and professionalize sustainability for large clients
HCL	Broad capability, case studies, and sustainability ecosystem with the depth in engineering, data, and domains to match
IBM	Ambition and ecosystem combined with longstanding technology and innovation bring IBM to the global sustainability forefront
Infosys	Proven Practical Sustainability approach throughout clients; strategic government engagements have been delivered, and more are emerging
KPMG	Technology and innovation that leads the advisory space, purpose and employee experience woven better than most through the firm
L&T Technology Services	Process engineering history and life cycle assessment expertise stand out among a broader scaling sustainability services focus
PwC	Scale and talent have earned a reputation for execution and thought leadership alongside prominent roles in global networks
TCS	Breadth of capability and industrial history aligned toward the sustainability context, strategic advisory is increasingly proven
Wipro	Scaled sustainability services and philanthropy focus beyond a historic IT and digital base, critical depth in financial services and energy
WSP	Engineering and infrastructure heavyweight with a longstanding sustainability practice continuously developing through acquisitions

# HFS Top 10: Sustainability Services, 2022 notable performances

## HFS Podium Winners

Top three providers overall across execution, innovation, and voice of the customer criteria

#1	#2	#3
 ERM	 EY	 IBM

### Execution powerhouses

Top three providers on execution criteria

#1	#2	#3	#1	#2	#3	#1	#2	#3
 EY	 TATA CONSULTANCY SERVICES	 ERM	 IBM	 Capgemini	 accenture	 ERM	 IBM	 EY

### Other notable top three performances

- Atos ranks #3 for *Technology use and development*
- ERM ranks #1 for *Clients and Outcomes*
- Accenture ranks #1 for *Ecosystem*, and #2 for *Technology use and development* and *Growth and trajectory*
- IBM ranks #1 for *Strategy and vision* and *Technology use and development*, and #3 for *Ecosystem*
- WSP ranks #2 for *Scale and resources* and #3 for *Client and case study portfolio*
- TCS ranks #1 for *Growth and trajectory* and #2 for *Breadth and depth of capability*
- EY ranks #2 for *Client and case study portfolio* and #3 for *Strategy and vision* and *Breadth and depth of capability*

# The HFS Top 10: Sustainability Services, 2022 rankings

Rank	Overall HFS Top 10 position	Execution					Innovation				Voice of the customer
		Overall execution	Scale and resources	Growth and trajectory	Breadth and depth of capability	Client and case study portfolio	Overall innovation	Strategy and vision	Technology use and development	Ecosystem	
#1											
#2											
#3											
#4											
#5											
#6											
#7											
#8											
#9											
#10											

More information on positions 11-18, as well as detail profiles of the firms in this chart, can be found in Section 6

# 6

## EY profile: Sustainability Services, 2022

# Setting strategic direction for sustainability at the C-suite and United Nations, scaled global practice complements a powerful ecosystem



Dimension	Rank	Strengths	Opportunities
Overall Top 10 position	2	<ul style="list-style-type: none"> <li><b>Broad services spectrum and ecosystem play:</b> EY has a scaled sustainability practice of more than 3,500 sustainability consultants, and it expects strong growth. It is the founder and coordinator of many global networks and has played strategic roles in setting global standards. EY also works closely with the ranking and ratings agencies, which set and assess those standards.</li> </ul>	<ul style="list-style-type: none"> <li><b>Keep pushing the limits of ambition across all UN Goals:</b> EY can be unashamedly ambitious about being one of the few firms with the ecosystem, position, and clarity to play a major role in solving the broader sustainability problem—it should aim to address the whole global context. It can prove this without risking the accusation of greenwashing. Strategic roles with the UN and most of the wider sustainability services ecosystem mean EY can set the bar for the central challenge that will dominate the next half-decade.</li> </ul>
Overall execution	1	<ul style="list-style-type: none"> <li><b>25+ year sustainability practice puts EY ahead of most competitors:</b> Core capabilities across tax, assurance, audit, and real estate, combined with consulting, technology, and managed services, give EY a breadth few can compete with.</li> </ul>	<ul style="list-style-type: none"> <li><b>Stay ahead:</b> Few firms can engage at the level that EY does within organizations. Its competition will seek to differentiate on the scale of execution, engineering, and technology they can offer, and they are moving fast. EY's position in the ecosystem and consulting work shaping these competitor offerings is a massive head start. But the space will only continue to get noisier and more competitive.</li> </ul>
Scale and resources	6	<ul style="list-style-type: none"> <li><b>Consulting for the competition:</b> EY is strategically involved across the sustainability services ecosystem, playing a central role in shaping the strategies of many competitor technology and services firms.</li> <li><b>Advisory at the highest levels of organizations:</b> EY also advises on strategy behind UN COP summits.</li> <li><b>Globally consistent climate change and sustainability team of 25+ years, with a Global Vice Chair sitting on the executive board:</b> EY's global structure combines with dedicated regional and functional heads for sustainability, its broad set of sector experts, and its employees' technical skill base.</li> </ul>	<ul style="list-style-type: none"> <li><b>Specific sustainability-specific acquisitions</b> will only serve to expand an already extensive portfolio, alongside the high level of investment EY is putting into hiring sustainability talent.</li> </ul>
Growth and trajectory	6	<ul style="list-style-type: none"> <li><b>EY's 50 Wavespace innovation centers have sustainability embedded as a strategic direction:</b> EY has also invested heavily in proprietary digital solutions and co-develops with the largest tech firms.</li> </ul>	
Breadth and depth of capability	3	<ul style="list-style-type: none"> <li><b>Sustainability leadership is a critical part of EY's talent retention:</b> Skilling programs are embedding sustainability internally, including through a unique EY master's in sustainability from Hult Business School.</li> </ul>	
Client and case study portfolio	2		
Ecosystem	Practice information	Key offerings	
Partnerships	<p><b>3,500+ headcount dedicated to sustainability</b></p> <p><b>3,500+ estimated engagements</b> delivered across</p> <ul style="list-style-type: none"> <li>North America, 25%</li> <li>Europe, 46%</li> <li>Asia-Pacific, 22%</li> <li>Middle East and Africa, 3%</li> <li>Latin America, 4%</li> </ul>	<p><b>Key capabilities cover</b></p> <ul style="list-style-type: none"> <li>Strategy development, design, and implementation; ESG goal setting</li> <li>Decarbonization and net-zero centers</li> <li>Governance advice and implementation</li> <li>Stakeholder engagement, prioritization, and analysis</li> <li>Materiality assessments</li> <li>ESG maturity assessments</li> <li>Training, development, and capacity building</li> <li>Policy development and research</li> <li>Portfolio sustainability risk and opportunity assessment</li> </ul>	
Overall innovation			
Strategy and vision			
Technology use and development	8		
Ecosystem	5		
Voice of the customer	3		<p><b>In-house technology developed alongside go-to-market tech partnerships</b> (see left) includes EY CAP for scenario modeling, EY Materiality Assessment Tool, and the EY-Enablon alliance codeveloped an ESG reporting and management solution, Arena Analytics financial services tool</p>

# 7

## About the author

# About the HFS Research author



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Practice Leader

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Josh Matthews is a Practice Leader at HFS, based in Cambridge, UK. Josh leads HFS' coverage of sustainability, the energy and utilities industries, and supply chain, built on academic and industry expertise across chemical engineering, management, and sustainability; he spoke at COP26, the 2021 UN climate summit, presenting the latest HFS sustainability research study. Other subjects of interest and coverage include quantum computing and diversity and inclusion (D&I). Previously, he has covered the TMT (telecom, media, and technology) industry, the HFS Triple-A Trifecta of automation, analytics, and AI, the internet of things (IoT), and manufacturing.

Josh is a former City Councillor in Cambridge, where he held the opposition portfolio for Climate Change, the Environment, and the City Center.

Josh graduated from an Engineering and Management master's program at Cambridge University. His research tackled operational and environmental improvements in industry, and the implementation and management of sustainable initiatives. On behalf of the university, Josh worked on consulting projects at Unilever, as well as SMEs in the tech and marketing spaces.

Josh had previously graduated from Loughborough University with a first-class master's in Chemical Engineering. Over the course of this degree, he worked in the energy industry, and was a visiting researcher at UC Santa Barbara, publishing designs and analysis of low-CO<sub>2</sub> hydrogen production in the Chemical Engineering and Technology journal.

# About HFS

Insight. Inspiration. Impact.

HFS is a unique analyst organization that combines deep visionary expertise with rapid demand side analysis of the Global 2000. Its outlook for the future is admired across the global technology and business operations industries. Its analysts are respected for their no-nonsense insights based on demand side data and engagements with industry practitioners.

HFS Research introduced the world to terms such as "RPA" (Robotic Process Automation) in 2012 and more recently, the HFS OneOffice™. The HFS mission is to provide visionary insight into the major innovations impacting business operations such as Automation, Artificial Intelligence, Blockchain, Internet of Things, Digital Business Models and Smart Analytics.

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