

Simon:

Hey everyone, Simon here. And with today's show we wrap up season five of Lead With We. We've produced over 100 episodes in our first five seasons and I can't thank you enough for joining us, and also deeply appreciate the time, wisdom, and leadership of our guests. We've had insightful conversations with CEOs, CMOs, and CSOs of some of the most innovative and impactful companies in the world, from Fortune 500s to startups, as well as nonprofits and thought leaders. I interviewed Charles Conn, Chairman of the Board for Patagonia, Ralph Chami, Assistant Director of the International Monetary Fund, and Justin Winters, Co-founder and Executive Director of One Earth. To all of you that listen in, on behalf of myself, We First, and Goal 17 Media, we so appreciate your questions, suggestions, and ongoing support. So have a wonderful holiday season and we'll see you next year.

Technology has the power to transform our future, and that's more true today of IT, the cloud, and AI than ever before. But how do you balance the power of technology with its environmental impact, and how do you leverage IT to move our climate solutions further forward? Better yet, how do you do that at scale and speed given the timelines we're working against? Today, we'll reveal answers to all of those questions so let's dive in. From We First and Goal 17 Media, welcome to Lead With We. I'm Simon Mainwaring, and each week, I talk with purposeful business and thought leaders about the revolutionary mindsets and methods you can use to build your bottom line and a better future for all of us.

Today I'm joined by Monica Batchelder, Chief Sustainability Officer at Hewlett Packard Enterprise, a global edge to cloud company sharing passion and purpose through technology and innovation. And we'll discuss how HPE leverages the power of IT, the cloud, and AI to not only become a sustainability leader itself, but also to empower companies of all sizes to do the same, and how you leverage sustainability commitments to be a growth, innovation, and impact driver all at the same time. So Monica, welcome to Lead With We.

Monica:

Thanks for having me.

Simon:

Now I've got to ask you, Monica. I'm always fascinated how people's personal lives informed their professional choices. I grew up in Australia. I know you've spent some time there. You're out in the bush, you're given a rock and a stick, and you run around outside and you have this deep visceral connection to nature. That really, ultimately informed my role. What led you into sustainability at a leadership level? What's the history behind that?

Monica:

Yeah, I think it's similar. I think I've always been interested in this intersection of people and science. And so if you look back, even through my education, it's always at the nexus of those two things, whether that's communications and environmental science, the policy side of it. And so I was really able to bring together that multidisciplinary background. Really, what I think people in science boils down to is corporate sustainability. And the other part that really drew me to it was this idea of solving really messy challenges. So I like to make order out of chaos and solve those problems, but they need to be problems that get me out of bed in the morning. I think I figured out early in my career that I wasn't problem-agnostic. I need to care about what I'm solving for. And I think of it as the 2:00 AM test. What am I willing to work on at 2:00 in the morning that is going to keep me going and that I'm passionate about? I think when I looked back at my love for the outdoors, science, people, that all boiled down to a career in sustainability,

Simon:

I love that. It's really important what you just said. I've never drawn that distinction myself where you can just solve problems outright because you just like solving problems, but it has to be passionate. It has to get that fire in your belly. And we talk about it at We First in terms of what is your enemy? What is that thing that you get up in the morning to solve for that really catalyzes or infuses your life with meaning? So I love that distinction. And just to clarify for those listening, Hewlett Packard is a name as ubiquitous all around the world. Hewlett Packard Enterprise is slightly distinct. So could you just draw the distinction between Hewlett Packard, Inc. and Enterprise and how that came about so people are clear?

Monica:

Yeah, thanks for asking. So they split into two companies back in 2015. Hewlett Packard Enterprise really does server storage networking. Think about the things that you put inside of a data center or that enable connectivity.

Simon:

And just to give people a sense of the scale of Hewlett Packard Enterprise, I know that you're in 170 countries. How big is the company? What is this industry size?

Monica:

Yeah, so we have about 60,000 employees, over about \$30 billion in revenue. But I would say almost every large company that you can think of in the world is an HPE customer in some way, and that's because data and those systems have become so integral to how any company and any industry is really going to scale.

Simon:

And as you say, you work with a lot of the commercial and the enterprise groups out there, but you also work with small and medium-sized businesses. So do you touch businesses of all sizes in all markets around the world? What does that look like?

Monica:

Yeah, all sizes, all markets, and different types of enterprises. So also, government, nonprofit, as well as corporate and startup.

Simon:

I think everyone can safely assume that there's a lot of HPE running in the background behind a lot of the companies and enterprises and so on that they know. Now shifting to what is such a passion point for me, which is purpose and how that animates a company. I know that the HPE purpose is really about to advance the way that people live and work. Now what does that mean to you as a chief sustainability officer? Because we all know words on a page, but in terms of your experience of that and how that comes to life, what would you share?

Monica:

Yeah, I think what's so exciting about technology, I mentioned this intersection of people and science. But what I've realized is that an essential part of that equation is technology, especially just due to the

complexity of the challenges we're solving. So we recognize that, of course, IT is part of that problem, the power consumption of the cloud or data centers. But the larger impact we can have, and where I'm focused on having a positive impact, is making sure that those positive impacts of technology can outweigh the negative environmental footprint of technology. And that's in the way that we can enable climate research through AI. We can transform industries. There's so many ways that we can apply our technology to create a more sustainable world.

Simon:

That tension you point to between, for example, energy consumption and the power of technology at the same time in IT, it's something that I think we hear a lot about in the news. But I think it's only going to get more and more important because at what cost does those benefits come? And I read an interesting quote by your CEO who said that, "At HP we're ushering in a new era, the age of insight, where we make all your data work for you wherever it is to elevate the greater being of every human on this planet." So there's that inherent tension. It's the power of data to benefit people. Where do you feel we are in the reconciliation of those two forces in the sense that we're leaning into IT, AI, so many different expressions of IT and technology now? At the same time, it's drawing on so much energy and consumption around the world. Where is that dialogue right now? Where is the movement? How is it shaking out in your experience?

Monica:

I mean, I think as large corporations, we have to realize that we are part of the problem, but that means we have to be part of the solution as well.

Simon:

Sure.

Monica:

So we think about it sort of in two lenses: sustainable IT and IT for sustainability. So if you'll bear with me for a sec.

Simon:

Please.

Monica:

Sustainable light is basically the bread and butter of what we do. Optimizing, right-sizing, making sure that you have the right equipment used the most efficiently for what you need to achieve. And particularly, as customers undergo these digital transformations, we know every company large and small is going through it, particularly out of COVID, which really accelerated it, we want to ensure that we are using technology in the most efficient way possible. But what's more exciting is that IT for sustainability. So think of it as digitally-enabled sustainability. So again, that's where we can apply AI applications to solve these massive challenges. For instance, HPE is actually the leading provider for supercomputers for climate research in the world. And so all around the world, all of the models that are helping to monitor and manage the impacts of climate change, that runs on our technology. So that's just one example, but I think the hand print, so to speak, of what we can do with our technology needs to far outweigh the negative impacts.

Simon:

No, you're so right. And I think one of the great challenges for any large company out there is how to address the potential demonizing of any technology out there. If you lose control of the narrative of technology outright, no matter what company you are, people can misunderstand it, there can be misinformation out there, and so on. And you saw that with robotics. You saw it with blockchain. You saw it now with AI, where people are very fearful of it. So how is HPE leaning into the positive impact that AI, that IT can have?

Monica:

Yeah, I think there's been a lot of talk about AI to solve human challenges and fears around that as well, but less talk about AI for solving the environmental. And so that's where I think what you're seeing the shift in corporate sustainability is really around this idea of ambition setting. Everything was all about, "How do we set this big goal on the hill that we all need to work towards?" and everyone's saying, "Okay, we set that. Now we need to operationalize that," right? "How do we do that?" And they're realizing that the transformation that they need to get to that is an Everest-size challenge really, and the only way to scale that into it efficiently is to apply technology, especially given the time constraints that we're working around in the sustainability space.

Simon:

No, I completely agree. We were talking before the show and the whole preoccupation for me is speed and scale. Are we getting there far enough, fast enough to solve these issues that are going to compromise a greater number of lives every single day? And you mentioned 60,000 employees, integration of sustainability into a business. That's a challenge in its own right. Yet at the same time, 2023 is probably most notable for a public retreat from the term "ESG," even though the sustainability commitments more broadly have stayed as strong as ever, especially with the Inflation Reduction Act and so much more. At a very challenging time with a lot of economic headwinds and so on over the last few years, and COVID, how do you approach a board to help them understand why sustainability is so material to the business and how they've got to prioritize that no matter what other forces are out there?

Monica:

Yeah, I think the benefit is I don't really think that we are convincing anymore that sustainability is important to the long-term viability of a business because a business cannot operate in a thriving, sustainable world. The difference now is really how we're going to work within the existing boundaries of what we have and the existing systems. And I think there's this idea that perfect is being the enemy of the good. There's almost a paralysis, or you've probably heard of the term "green hushing," where companies are almost scared to talk about what they're doing because they're not doing it perfectly or because the bar is raising. And that's one of the frustrations of boards as well is we've just convinced them to set this goal to invest here to do this, and now that's not good enough anymore. Now the bar has raised, and so you've spent all this work moving the needle and even the language changing. You just need to constantly re-educate. First we're talking CSR, then we're talking sustainability. Now we're talking ESG. They really just want a consistent language and consistent picture of what we're driving toward than how to get there.

Simon:

I so agree. This acronym soup that's out there, where there's so many different metric systems depending on whether you're looking at Europe and the US. And this moving target, I always think it went from philanthropy to CSR, to sustainability with a small S to sustainability with a large S, to purpose to ESG, to net positive to nature positive. It just keeps on going and it's really hard for anyone in business to really put an opinion in it for themselves at the same time as taking their company with them. So how do you engage 60,000 employees? How do you level up or upskill them to understand not only your commitments, but why it needs to be integrated into the business?

Monica:

Honestly, tools and data are the most successful way that we've found to do it recently. I think one of the challenges is ... So for HPE, the majority of our carbon footprint is the use of our products. So basically, electrons, electricity use when a product is plugged into the wall. It's really easy for a designer to think about what a dollar of investment is when they're making a design decision. It's really hard for them to understand what a ton of carbon is when they're making a decision, right? Carbon is this very amorphous thing. And so we've really spent a lot of time in the last year trying to get that underlying data correct and not just provide them the data, but actually steward it and provide it in a way that helps them inform their decision-making and forecast.

And I think a lot of business leaders are used to having that enterprise-grade data to make decisions off of. And one of the biggest challenges in sustainability is we haven't had that level of rigor of our data. And I think regulations are going to help push that forward as well, but we really need the people in our business units to be the front line of our sustainability strategy. We can't lead it from this ivory tower that we sit in a corporate function.

Simon:

I think it's more challenging from an operational executional point of view than ever. You've got the tension between, for example, Europe and the US, where Europe has been ahead for some time, yet you've got all this new regulatory pressure coming in to the US at the end of 2023 and into 2024. Then you've got the different markets, then you've got the centralized HQ and so on. How do you A, authentically integrate sustainability into the business, for example, through the data? So just in the broad terms, how do you integrate it? And then how do you herd all these cats, all these different markets, all these different regulatory standards, at the same time?

Monica:

Yeah, so I think I'll take it first from the top, which is executive alignment. I think everyone says, "Okay, we've set a net-zero target for X year. For HP, it's 2040, and so that means we must all be aligned on the level of ambition and how to get there." That's not true. There are several levels of things below that and we can't be leaders on everything. I think the job of the chief sustainability officer is to help the company understand where we need to lead. And so one of the things we do at an executive level is that when we bring them a new challenge or solution, we help them identify, "This is what's defensive, this is what's competitive, and this is what's needed to lead." And we get consensus on where it is we want to lead, the resources that we need, the buy-in that we need, the trickle-down messaging that we need in order to make that a priority for the business.

Simon:

I love that. I mean, we talk about in similar terms when we're working with companies, we sort of ask them, "Do you want to lead, do you want to be a leader of leaders, or do you want to be the leader?"

And I think this point could not be stressed enough for those who are listening. If you don't define your level of ambition and create alignment around that, then you spend all your time using the work to expose the tension between different people's ambitions or what they're comfortable with. So what's that process like for you, Monica? How do you work through it, an executive level, to work out, to get that alignment from an ambition level, and then how do you cascade that through the organization?

Monica:

Yeah, it's going to depend on the issue a little bit. I think, as I mentioned, the way that we see our organization is we own nothing and influence everything, which means our role is really to figure out how we can speak quantitatively about what we expect the company to do, give them guardrails for how to do it, but then really help them operationalize it. So one of the things we've done to move towards that is rethought the composition of the sustainability team. So in the past, a few years ago, we had deep sustainability experts, long histories in the sustainability field. Today, we have more people on my team that are from non-traditional, non-sustainability backgrounds from a global operations perspective, from engineering perspectives. And that's because they speak the language of the people that we need to influence. They can bring that business acumen and that understanding as a translator to help us figure out how we go from really high level objectives, let's say a net-zero target, to, "What does that mean for your specific organization?"

Simon:

I love that because I think the more and more the regulatory pressure is put on companies, the more data-driven the sustainability space is becoming, and the more impenetrable it's becoming for people who don't understand sustainability. So I think that's a really smart way to solve for that, which is to bring those translators, those bridges within the business, to the table so that you can take it out and operationalize it. Because I go to sustainability conferences all the time and I've really noticed this trend now where unless you're deep in the wormhole, it's very easy to be lost on people, a lot of the drivers of the dialogue around what it means to be sustainable. And you said something interesting when I was doing some reading before we were chatting, which is you're really proud of being at the forefront of sustainability, and taking it from being a box-ticking exercise to being a true differentiator. Are there any other things that you might point to in terms of how HPE is really trying to differentiate the way it goes about sustainability?

Monica:

So I think probably the most interesting and impactful thing we've done is tying our climate targets and human capital targets to executive compensation, but that's an increasingly-common best practice. The way we've done it I think is really unique, which is, to my point earlier, we are not tying executive compensation to be a net-zero company by 2040 because that's not something that our leaders can understand how they influence. So we actually put the onus on our executive committee to come back to us with an understanding of where they can impact, what their own KPI should be, and what the action plan to get there is. And the reason we did that is because we wanted to force them to do the mental gymnastics.

Simon:

Hey, this is the wrap up. Just a couple of reads for the wrap up of season five. Hey everyone, Simon here. And with today's show, we wrap up season five of Lead With We. We've produced over 100 episodes in our first five seasons and I can't thank you enough for joining us and also deeply appreciate

the time, wisdom, and leadership of our guests. We've had insightful conversations with CEOs, CMOs, and CSOs of some of the most innovative and impactful companies in the world, from Fortune 500s to startups, as well as nonprofits and thought leaders. I interviewed Charles Conn, Chairman of the Board for Patagonia, Ralph Chami, Assistant Director of the International Monetary Fund, and Justin Winters, Co-founder and Executive Director of One Earth. To all of you that listen in, on behalf of myself, We First, and Goal 17 Media, we so appreciate your questions, suggestions, and ongoing support. Have a wonderful holiday season and we'll see you next year. I'll do that again.

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I thought that was good. Hey everyone, Simon here. And with today's show, we wrap up season five of Lead With We. We produced over 100 episodes in our first five seasons and I can't thank you enough for joining us, and also deeply appreciate the time, wisdom, and leadership of our guests. We've had insightful conversations with CEOs, CMOs, and CSOs of some of the most innovative and impactful companies in the world, from Fortune 500s to startups, as well as exciting nonprofits and thought leaders. I interviewed Charles Conn, Chairman of the Board for Patagonia, Ralph Chami, Assistant Director of International Monetary Fund, and Justin Winters, Co-founder and Executive Director of One Earth. To all of you that listen in, on behalf of myself, We First, and Goal 17 Media, we so appreciate your questions, suggestions, and ongoing support. So have a wonderful holiday season and we'll see you next year. I think maybe the second run was the best. Okay.

Monica:

That comes with creating an action plan for a climate. And so now they've bought in, they understand their role, it's tied to their compensation, which of course is the best way to make sure we hold anyone accountable to something, but they also have an action plan that they can then trickle through their organization that is specific to the actions they can take.

Simon:

It's interesting. That distinction is really important because the very process of defining their role generates the buy-in to their sustainability commitments because it is about them. It's framed through the lens of their role rather than, "Oh, what's this new thing that I don't understand that I have to do on top of everything else that I'm already doing?" And shifting the focus away, it's almost like you're decentralizing sustainability in a way and it's becoming a kind of "hub and spoke" or "nodes in a network" approach. Would that be fair?

Monica:

Yeah, absolutely. And I still think everyone has always said, "The goal of sustainability is for the team not to exist anymore. That's how you know we have true integration." I don't know if that's entirely true and I definitely don't think we're there yet. You still need someone to quarterback that for the organization, and my personal goal is for every employee in the company to see the role that they can play and have

every job be part of a sustainability job because we need everyone across the company to get to the really aspirational places that we need to go. But through the data I mentioned, through tools, through some of those guardrails, we can actually make sure that the passion of our employees, our 60,000 strong passion of employees, which is really our greatest tool, is harnessed to where we really think we need to move the needle.

Simon:

And there's a benefit there that I've observed in companies, which is when you share the responsibility, you build resilience into the culture as well because the load of sustainability or other things is shared so widely across the organization. And we all know the resilience of a culture during COVID and ever since has been so under pressure and challenged. What else might you suggest or share from an HPE commitment point of view? I mean, there are things that are peculiar to the IT industry, whether it's D&I or whether it's slavery or transparency. What other commitments beyond net-zero is HPE making?

Monica:

Yeah, so we have commitments across our supply chain. Obviously, human rights and forced labor is something that we're really passionate about and need to make sure that we eliminate from our supply chain. It's sort of an "out of sight, out of mind" issue where I don't think the general public realizes how big of an issue it is and how many people in the world are trapped in these forced labor conditions today. And then DEI is just going to be an ongoing challenge. I think, for us, we have such a shortage of skills that we can't afford not to bring in people from diverse backgrounds. And particularly, as we design solutions like AI, we know that bringing people from diverse perspectives and diverse backgrounds to co-create these solutions is the only way they're actually going to work for society.

Simon:

Yeah. No, I couldn't agree more. And all the data bears out in the research that it's additive to a business through productivity, through an innovation lens. I mean, you've also mentioned that looking at reducing carbon emissions, which were directly responsible, scope one, scope two, is not enough. We need to look at scope three and so on. Is there anything unique that HPE is doing to really level up its response to the vast majority of carbon emissions, which are actually very indirect to a company?

Monica:

Yeah, so 97% of HPE's emissions are outside of our direct control, so scope three. So it's definitely a place that we're laser focused. The other thing is in the past, everything has been based on estimates and industry averages in the scope three space, and that's what makes it so hard to wrestle with. So we need to start moving to actuals. We need to get that data in the hands of the right people and make sure it's accessible, as I said. But we also need to make sure that data is connected to the right outcomes that we're trying to drive, right? There is so much that we can do in the scope three space that just serving up data that says, "This is the breakdown of our admissions," isn't going to move the needle. What we need to do is then translate that into the action plans that I was talking about where we can understand, "These are the suppliers we need to partner with. These are the customers we need to partner with."

In the end, the world needs to move to renewable energy and decarbonize our grid. I think that is the crux of what needs to happen and HPE cannot do that as a company by ourselves. Really, we've been focusing our focus on scope three to how we can better enable that availability of renewable energy and partner outside of our own company to increase that worldwide.

Simon:

And then how does a company like HPE, like so many other global enterprises, wrestle with the problem where, for example, the grid needs to be upgraded, as you mentioned, to enable the shift to renewable energy and so on? And you can't do that on your own and no even one industry can do it on its own. Yet at the same time, the expectation, the pressure is on you to really respond with ever-greater speed and scale. What do you do to resolve these tensions where it's like, "We need this to change so that we can change and move further faster"?

Monica:

Yeah, I think that's one of our biggest challenges is that the system that was built to get us to where we are today was great. It was needed to get us here. It's not what we need to get us to the next step. And so I think we need to think about new structures moving forward, but we don't want to throw the baby out with the bath water, so to speak. We need to figure out how to build on that to figure out where the standards are actually causing paralysis, in that we can't make progress because the progress we're making isn't good enough for what the planet needs. What are those incremental steps?

I don't want to go too much into sustainability jargon, but if you think about 24/7 renewable energy matching, that is somewhere everyone agrees we need to get. But if I just convinced my company to spend several million dollars on building a power plant in one place and that doesn't provide 24/7 renewable energy, then that can be really demoralizing for companies who feel like they're just constantly having to walk back their commitments. And I think there is such a thing as too much ambition in this space, where we need to really make sure that we have plans and incremental steps and a mindset of continuous improvement to get where we need to go.

Simon:

And I think that's one of the great challenges from a communication point of view for companies, large and small, like HPE. It's very sexy to have that shiny object that you can point to. That moonshot, shall we say. But these small baby steps, these incremental changes, the aggregate of which is actually really meaningful, but the small changes over time, it's hard to get people excited. It's hard to take them with you. How do you solve for that from even a sustainability communications point of view?

Monica:

Yeah, I see my job as to steer the ship, but to do so as focused and as practically and pragmatically as possible because that is what we need to do to engender the trust we need to move the needle. And so what I've found is really being quantitative about what we want the company to expect, putting those guardrails in place for what needs to be done, giving them the data. And then probably most importantly is being clear about what you measure, whether it's an activity or whether it's an outcome, and whether those metrics are actually motivating the right behaviors. And so when you think about sustainability and some of those sort of smaller steps, even with our customers, not just within our own company, I think about it as buy one, get one free with sustainability benefits whereby, "Yep, we can do energy efficiency. But also, we'll reduce your energy bills at the same time."

So if we're talking to a customer, again, the largest part of our footprint, and we say, "Sustainable IT this or that, sustainable products. Are you interested?" and they say, "No, not interested," the follow-up question is, "Do you have unfunded IT projects that you would like some budget for?" The answer is always yes. And so helping our customers and, internally, our employees understand how those two things are connected and no longer separate is probably the first step in changing minds.

Simon:

And it's interesting you say that too because I think wherever you are in the world, there's different people on either side of the aisle with different points of view about our climate future, how we need to respond, and so on. And in my experience, it's not an "either or" because there are those who look at sustainability through the lens of just efficiency and optimization and waste management, and that just makes sense from a business point of view. And on the other side, you've got those who are really concerned about the planet and our future. Have you found that flex actually plays out?

Monica:

Yeah, I see a lot of older employees and customers saying, "I need to do this for my grandchildren." Something's clicked as that Gen Z generation has become more vocal. They're explaining to their parents that this is something that they need to do to move the needle forward. But something I'm always told is that sustainability can't mean selling less stuff or driving less revenue. That is one of those key dichotomies. And there's companies like Patagonia who do a great job of saying, "Sell less stuff. Don't buy this unless you need it." That doesn't quite work in IT, particularly because if we're going to outweigh the negative impacts with the positive impacts, we need to actually be driving for the proliferation of IT in measured, optimized ways.

So if I go to the head of our business unit for our servers, I need to tell them that net-zero is a strategy to sell more servers. And that doesn't sit right with a lot of sustainability people, especially in this world where we're trying to move away from an era of mass consumption. But how do I make sure that the business outcomes, that we are all held responsible for at the end of the day, actually synergize with our sustainability strategy?

Simon:

It is a tension that needs to be resolved in a very kind of present way and an ongoing basis, being really sensitive to all the parties involved. I completely agree. And shifting from customers and sales to that competitive lens, a lot of large companies out there now have their sustainability reports, so their ESG reports, and I know you have your Living Progress report. How do you codify the work that you've done, and then how do you bring that to life in a way that is not just going to be another digital link on a website that people may or may not look at? How do you animate the company with the progress you're making?

Monica:

Yeah. So I think the first thing that we are looking at is who's the front line to our customers? Because our primary stakeholder, right? And that's our sales force. And so our sales force was in a place where they were scared to have conversations with other sustainability leaders that are customers. They didn't want to talk about circular economy practices. They didn't want to talk about IT efficiency because they didn't want to get caught in a conversation of, "What's scope two? What's scope three? What category do I put this in?" But the new regulations coming forth are forcing those conversations and they're actually urging our salespeople to get better trained up. And so we have recently developed a whole suite of different trainings for our salespeople to be more comfortable having those conversations.

And we have a small team within my organization actually that does direct briefings with our customers, together with our salespeople, on sustainability for our customers ... they're not salespeople, they are sustainability people ... and we measure the revenue that they bring to the company. When we started that practice in 2018, we generated \$312 million of sales. Great showing the business value of sustainability. Over the last four quarters, that same team generated \$1.8 billion of sales. And so what

that shows you is just customers are being not only more receptive to the sustainability lens ... they have long-wanted to partner with customers that shared values and that sort of thing ... but what we're really seeing is that they are understanding as net-zero goals trickle down to their organization, that they are responsible within their own organizations for solving part of that problem and they're looking to us as their vendors and their partners to help them solve it.

Simon:

That's fascinating. And it is the business case bears out as well on that level, as well as sometimes [inaudible 00:34:13]. What's the ROI on having a future that's viable? It's just absurd that we seem to be so willing to forfeit or squander our future at a time when there's so much at stake, but the business case is there. And in addition to that, and I know that you do a couple of things that I think were really noteworthy, you have a unique sustainability education program inside HPE to take your employees with you. Can you speak to why did you set that up and what does it look like?

Monica:

Yeah, that's sort of what I was just speaking about really. But it was about wanting all of our workforce to understand their role, how they can move the needle within their own jobs, but also how they can start working with our external stakeholders no matter who that is, whether that's customers, whether that's governments, to understand where we need to move the needle because we can't drive that from the sustainability organization. I see our role as really enabling, educating, and agitating and disrupting the business in terms of thinking about how we do things today because of the sort of transformational state we'll need to move into. But my team can't do that alone. We're not equipped to do that. We don't have the size and we don't have the skills, in many cases, to engage with those stakeholders. And so what we really wanted to do was lay out everything from the basics of, "What is sustainability? Why do your stakeholders care about it?" all the way down to level and role-specific training that can help them then implement it in their jobs.

Simon:

It's interesting. How would you characterize, then, your leadership role, but also your team? Because I've heard there's operations, there's efficiency, there's sales, and also I heard that it's an innovation driver. So if you were to characterize it, how would you speak about the role of sustainability in your team?

Monica:

The CSOs and their teams are agitators for the enterprises that push the company to think differently about a future state, whether that is a net-zero entity, whether that is a future in which we've eliminated forced labor. Whatever that is, how do we bring practical solutions while also keeping our eyes on the horizon of where we need to get to? Because I think so much of our time, we're focused on the near term challenges that feel pretty insurmountable. And one of the biggest challenges in sustainability for our stakeholders internally, I think, is that there's this idea of you're going on a hike and you see the peak, and you think you've made it and you get to the top and you're like, "That was a hill. The peak's still up there." And that is what sustainability is. It's a never-ending journey. And without giving people milestones for them to get to and guardrails to focus their passion, we're never going to make it up that hill.

Simon:

Yeah, of course. I don't actually think that we're learning something new. I think we're remembering what we forgot, which is that we've got to treat our planet with respect and the business needs to reconstitute to that end. So it is such a lengthy process. Do you find, in this journey that there is anything unique about being a B2B company that you might share with us? Because everything you were just sharing sounds like it applies equally to a B2C company, even though B2C companies have so much public scrutiny on them from consumers and the media and so on. Or do you just feel like B2B is B2C these days?

Monica:

I think fundamentally they're the same, but I think the motivations are different, right? There are customer preferences in the B2C space where you need to show you're a values-aligned company. You need to be able to offer them sustainable products, but do it on an affordable price point. In the B2B space, I think it's more about they have critical business goals to deliver, and it's our job to show them that sustainability can deliver those goals. And often, that means that we are a connector within their organization because more stakeholders at play than just a consumer. So we find that sometimes, the CIO, who is in charge of the IT, has never met the chief sustainability officer in their own company. And so if we can bring them together in a room and show them that their goals are shared and aligned and that our IT services can be part of that solution, then we've hooked them.

Simon:

That's interesting because you're really talking about value creation through sustainability. And so through one lens, you can talk about the value created by bringing sustainability to existing practices and so on. But is there anything that you'd carve out and speak to in terms of new kinds of value that are being created, whether it's innovation, whether it's new markets, whether it's new customers? You talked about the team that had built out \$1.3 billion over the last few years. Is there anything that is an innovation opportunity or a value capture that's just waiting to happen that you've experienced?

Monica:

Yeah. I mean, I think every sustainability challenge is a market opportunity in disguise. It's figuring out how we leverage that. So what we are seeing is as governments and as companies set these net-zero targets in particular, but really any ESG target, it's trickling down through the organization and we are finding new opportunities to innovate new products to meet that. As regulations change, how do we make sure that we are enabling our customers to meet those new requirements for, let's say, data center efficiency? Whatever it is, my team has a pulse on what is coming ahead from a regulatory perspective, but also a corporate sustainability perspective so that we can commercialize solutions to our customers' problems.

Simon:

I think to your point about these challenges being marketplace opportunities in disguise, that reframe unlocks everything that you could want in terms of growth and innovation and leadership and competitive advantage. And when you look to the future, from your unique line of sight across 170 different markets and so on, how would you characterize the future relationship between IT, hybrid cloud, AI, and our sustainable future? If you could cast your eye 10, 15 years down the road and look back and say, "Oh, this is what it's going to look like," what would you share?

Monica:

Yeah, I would say that a net-zero economy is not viable without technology. I think it is such an important role, again, due to the complexity of the challenges we're up against, the need to sort of model and then manage the impacts that we're creating. I believe that technology really is an accelerant for changing the world for better, but it's also a necessary ingredient given the pace and scale that we need to get there. I once heard someone explain sustainability as an industrial revolution and I really like that because it's really about we need to rethink the way things are produced, the way things are used, the way things are disposed. And technology really is that enabling force, as it has been a past industrial revolutions, but we have a new lens through AI in particular at which we can create that impact at scale.

Simon:

And when you look at the headlines each day, 2023 has been a very challenging year and there's been a lot of necessary focus and escalation of regulatory pressure in terms of sustainability and so on, probably long overdue. And at the same time, there's these very tragic distractions of geopolitical issues around the world and so on. With all of that going on, what gives you cause for optimism, Monica, in terms of our future and our ability to respond in a way that is appropriate to this gift that the planet is in our lives, but also the role of business within that? What gives you optimism?

Monica:

Yeah, I think one of the things I've seen is that even with the ESG backlash, if an issue is really material and core to your company, I haven't seen companies walk back their commitment on those things, right? Maybe they are doing less better rather than trying to boil the ocean and take the test of ESG, as I referred to, but I haven't seen people walk that back. And I think that the momentum that at least I'm seeing within my own company and the out of the box thinking that it's inspiring, it's this idea of pragmatic optimism I like, which is the questions that we ask when we approach these problems are, "What would need to be true to create the desired outcome?" and, "But what if it does work?" So by framing things through those questions, we're able to think outside the box, back to those messy challenges, which is, "What are the out of the box ways that we need to think about solving for something that humanity has honestly never solved for before?"

Simon:

I am going to take that away from this conversation. I love that. What if it does work? Because we often talk about, at We First, a cost-benefit analysis of doing something, but also the cost-benefit analysis of not doing it. What could it cost you if you don't do it? But the optimism inherent in, "What if it does work?" is really empowering. Monica, I can't thank you enough, and to the leadership at HPE, and how deeply integrated sustainability is in the business and how everything from IT lens and AI is enabling all of us to make a difference out there. So thank you for your insights today.

Monica:

Thank you. It was great to talk with you.

Simon:

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