

FORRESTER®



The Race To Decarbonization: A Spotlight On Healthcare

Results From The November 2021 Thought Leadership
Paper, “The Race To Decarbonization”

Executive Summary

Demand for the healthcare industry to improve environmental sustainability, address net-zero carbon emissions goals, and enhance building operations efficiency is growing. The healthcare industry impacts many environmental factors, including greenhouse gas emissions, particulate pollutants, nitrogen oxides, and scarce resources (e.g., water, energy). Many of these environmental elements can also directly damage population health. Yet many healthcare decision-makers struggle to measure the impact of their sustainability investments accurately and systematically.

Forrester Consulting conducted a thought leadership study commissioned by and developed in collaboration with Johnson Controls to evaluate the progress that sustainability-focused healthcare organizations have made in pursuing their sustainability goals.

To explore this topic, Forrester conducted a series of interviews and fielded an online survey with 2,348 global sustainability strategy leaders in late 2021. Respondents represented organizations in 25 countries and across 19 industries. Forrester then created a maturity model based on levels of people, process, and technology investments to uncover best practices and benefits that sustainability leaders realize.

For this spotlight Forrester focused on a subset of 119 global sustainability strategy leaders in the healthcare industry.

We found that the organizational benefits of investing in sustainability are immense. At the same time, because scaled sustainability is a relatively new concept, most healthcare organizations have room to grow in navigating the complexities of measuring and reporting on their progress.

Key Findings

Investing in sustainability is now a critical differentiator.

Eighty-one percent of healthcare leaders rank sustainability as the top near-term organizational priority, and it's a priority that has grown in importance over the last two years. Patient expectations are the most impactful driver leading healthcare organizations to prioritize sustainability.

Sustainable transformation leads to organizational benefits.

Decision-makers report benefits across the organization as a result of undertaking a sustainable transformation. Benefits include reduced waste and improved regulatory compliance and efficiency.

Prioritizing sustainability requires commitment.

Sustainability has become a greater focus for the healthcare industry and with that has come lofty goals for reducing carbon emissions. Most healthcare leaders still struggle with measurement and the complexity of scaling and managing the multiple parties involved in their initiatives. Failing to improve on these goals threatens to derail their efforts, leading to organizational risks such as decreased customer trust and poor resiliency.

Investing In Sustainability Is Now A Critical Differentiator

Healthcare decision-makers are starting to understand that making sustainability an organizational priority is not just a compliance requirement — it's a competitive differentiator for their organization. In surveying 119 healthcare leaders, we found that:

- **Sustainability is a top organizational priority today.**
Implementing or maturing sustainability practices ranks as the top near-term priority ahead of improving both profitability and patient experience. It's also a priority that has grown in importance over the last two years (see Figure 1).
- **Patient expectations are driving the priority on sustainability.**
Attracting patients who make decisions based on sustainable corporate values (71%) and integrating sustainable value propositions into the corporate brand (64%) are the top drivers behind the sustainability organization priority. Comparatively, just 34% indicate addressing industry or government regulatory requirements is a driver for them to implement or mature their sustainability practices.



Healthcare decision-makers are 2x as likely to indicate attracting patients who make purchasing decisions based on sustainable corporate values is driving them to prioritize sustainability compared to just addressing regulatory requirements.

Figure 1

“What are your organization’s top business priorities in the next 12 months?”

(Rank from 1 to 5, with 1 being most important.)



Base: 119 global healthcare sustainability decision-makers at organizations that prioritize sustainability

Note: Showing top 5 responses.

Source: A commissioned study conducted by Forrester Consulting on behalf of Johnson Controls, September 2021

Sustainable Transformation Leads To Organizational Benefits

Undertaking a successful sustainable transformation drives competitive advantage and benefits for all stakeholders. While many healthcare organizations are in the midst of a sustainable transformation, respondents have realized or expect to realize benefits across many areas of their business operations.

The top benefits include reduced waste (87%), improved regulatory compliance (87%), improved efficiency (87%), and improved staff recruitment and retention (83%) (see Figure 2).



87%

of healthcare decision-makers report reduced waste, improved regulatory compliance, and improved efficiency as a result of sustainable transformation initiatives.

Figure 2

“Which of the following benefits have you already realized, or do you expect to realize from pursuing your sustainability goals?”



Base: 119 global healthcare sustainability decision-makers at organizations that prioritize sustainability
Note: Showing “This is a benefit we expect to realize” and “This is a benefit we have already realized” responses; showing top 4 responses
Source: A commissioned study conducted by Forrester Consulting on behalf of Johnson Controls, September 2021

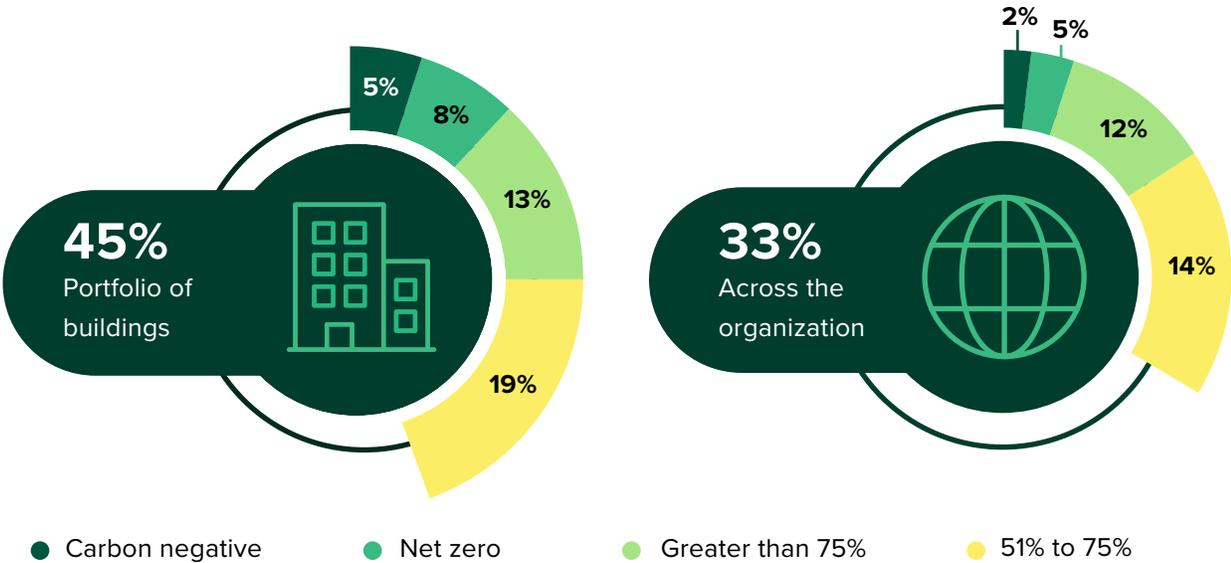
Prioritizing Sustainability Requires Commitment

While sustainability initiatives have grown in importance for healthcare organizations, so too has the importance of executing upon sustainability goals. Healthcare decision-makers report facing many challenges that threaten to derail their efforts.

- Healthcare organizations are setting lofty sustainability goals.** Nearly half of respondents (45%) indicate they plan on reducing energy consumption across their portfolio of buildings by at least 50%, while 33% have set the same goal across the entire organization. What's more, the average target date for meeting these sustainability goals is 2024 (see Figure 3).

Nearly 50% of healthcare decision-makers have committed to at least cutting their carbon emissions in half by 2024, yet many still struggle to measure their efforts with just 24% using ESG reporting software today.

Figure 3
Long-Term Goals For Reducing Carbon Emissions/Energy Consumption



Base: 119 global healthcare sustainability decision-makers at organizations that prioritize sustainability
 Source: A commissioned study conducted by Forrester Consulting on behalf of Johnson Controls, September 2021

- **Most struggle with measurement.** Just 24% of healthcare decision-makers indicate they are using environmental, social, and governance (ESG) reporting software today. Nearly half (46%) are struggling with aligning internally on how and what to track. Having siloed data (39%) and lacking in-house expertise (35%) are other common pain points.
- **Complexity makes scaling difficult.** Healthcare respondents report struggling with managing multiple parties involved with executing their plans (39%) and scaling sustainability initiatives (39%) as the top obstacles hindering their ability to achieve sustainability goals. Thirty-two percent indicate they lack external partners to help them with these pain points.
- **Failing to deliver on goals threatens to derail sustainability efforts.** The top risks associated with failing to improve sustainability are decreased patient trust (50%), poor resiliency (47%), and fines/compliance penalties (46%) (see Figure 4).

Figure 4

“Which of the following are risks associated with failing to improve sustainability at your company?”



Base: 119 global data healthcare sustainability decision-makers at organizations that prioritize sustainability

Note: Showing top 3 responses

Source: A commissioned study conducted by Forrester Consulting on behalf of Johnson Controls, September 2021

Key Recommendations

Forrester's in-depth survey of healthcare stakeholders who participate in sustainability decisions at their organizations yielded several important recommendations:

Address mounting pressure from many stakeholders to prioritize sustainability activities.

Stakeholders spanning many roles are driving healthcare sustainability requirements. Governments and regulators are establishing targets and specific requirements for sustainability elements at the regional and global level. Donors are demanding that healthcare facilities disclose climate impacts and improve their sustainability management activities. In addition, purchasing organizations, provider organizations, physicians, and patients are seeking visibility into healthcare sustainability initiatives and impacts spanning key organizational processes, strategies, and improvements.

Assess your organization's sustainability priorities across critical resources, operations, and processes.

A comprehensive sustainability assessment requires healthcare organizations to consider a wide array of individual sustainability initiatives, such as constructing and managing healthcare facilities following sustainable practices, designing sustainable healthcare processes, and promoting daily sustainable practices for healthcare employees. Other important sustainability activities include managing use of water, energy, and environmental resources across health systems and in critical operational processes. Consider the key role of software solutions to capture diverse data sources and report on the local, regional, and global impacts of your organization's sustainability activities.

Assess opportunities to leverage partners to assist with your organization's sustainability roadmap.

Each healthcare organization must establish a roadmap and path forward for sustainability. Initial focus of sustainable initiatives often begin with requirements to comply with carbon dioxide emission regulations, use of anesthetic gases, and purchasing specific types of clinical equipment and drugs. Operational sustainability initiatives can include building operations, facility management, and technology optimization processes, such as data-center efficiencies. It is important to assess requirements for partners to assist with implementing sustainability solutions and software to capture the impact of key initiatives to meet regulatory sustainability goals.

Measure benefits and impacts of healthcare sustainability activities.

Identify metrics and methods to assess the impact of your healthcare operations on sustainability initiatives. Elements to measure include efficiently using energy, power, lighting, and water resources; greenhouse gas emissions; health-damaging pollutants and gases; and pharmaceutical waste. Some healthcare organizations may focus on increasing their use of certified and trusted sustainable partners that meet requirements for using sustainable raw materials or on expanding the use of recyclable materials.

Appendix A: Methodology

This study was commissioned by Johnson Controls and conducted by Forrester Consulting. Johnson Controls collaborated on the survey questions and design, but Forrester retained final editorial control. For this study, Forrester conducted an online survey with 119 global sustainability strategy leaders to evaluate the progress that sustainability-minded organizations have made in achieving their goals. Survey respondents included directors, vice presidents, and C-level executives in IT, operations, sustainability, governance, risk, compliance, facility management, and commercial real estate roles from the healthcare industry. The study began in August 2021 and was completed in September 2021.

To read the full results of this study, including best practices from sustainably engaged firms, please refer to the Thought Leadership Paper commissioned by Johnson Controls titled, “The Race To Decarbonization.”

Project Team:

Mandy Polacek,
Market Impact Consultant

Ben Anderson,
Associate Market Impact
Consultant

Contributing Research:

Forrester’s Infrastructure &
Operations research group

Appendix B: Demographics

NUMBER OF EMPLOYEES

500 to 999	29%
1,000 to 4,999	40%
5,000 or more	31%

RESPONDENT LEVEL

Director	60%
Vice president	28%
C-level executive	13%

INDUSTRY

Healthcare	100%
------------	------

GEOGRAPHY

Australia	3%
Brazil	4%
Canada	8%
China	8%
France	3%
Germany	3%
Hong Kong	3%
India	8%
Indonesia	3%

RESPONDENT DEPARTMENT

IT	24%
Operations	13%
Sustainability	19%
Facility management	22%
Governance, risk, and compliance	13%
Commercial real estate	8%

GEOGRAPHY (CONTINUED)	
Ireland	2%
Italy	4%
Japan	8%
Malaysia	2%
Mexico	2%
The Netherlands	1%
New Zealand	2%
Qatar	2%
Singapore	2%
South Korea	3%
Spain	3%
Switzerland	2%
Thailand	3%
United Arab Nations (UAE)	2%
United Kingdom	12%
United States	9%

RESPONDENT CORPORATE SUSTAINABILITY RESPONSIBILITY	
I am the final decision-maker in this area.	64%
I influence decisions in this area as a primary part of my job.	36%

LEVEL OF SUSTAINABILITY IMPORTANCE	
Very important	62%
Important	28%
Somewhat important	10%

Note: Percentages may not total 100 because of rounding.

Appendix C: Supplemental Material

RELATED FORRESTER RESEARCH

“Guide Your Sustainability Program With The Forrester Sustainability Maturity Model,” Forrester Research, Inc., October 25, 2021.

“Embrace The Green Business Opportunity,” Forrester Research, Inc., March 30, 2021.

ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester’s Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit forrester.com/consulting.

© Forrester Research, Inc. All rights reserved. Unauthorized reproduction is strictly prohibited. Information is based on the best available resources. Opinions reflect judgment at the time and are subject to change. Forrester®, Technographics®, Forrester Wave, RoleView, TechRadar, and Total Economic Impact are trademarks of Forrester Research, Inc. All other trademarks are the property of their respective companies. [E-51700]