

IDC MarketScape

IDC MarketScape: Asia/Pacific Sustainability/ESG Program Management Services 2024 Vendor Assessment

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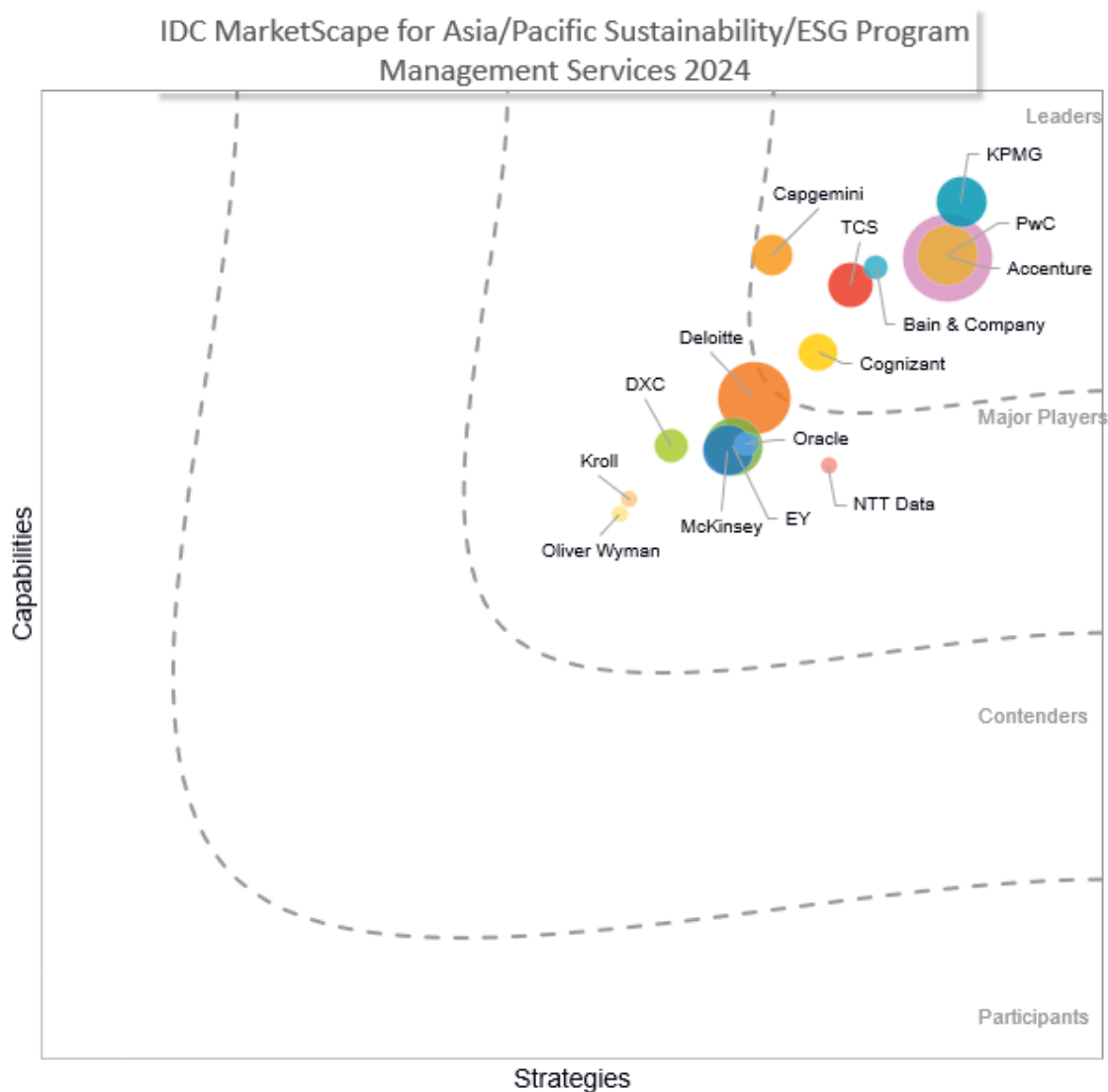
Dan Versace

THIS MARKETScape EXCERPT FEATURES: PRICEWATERHOUSECOOPERS

IDC MARKETScape FIGURE

FIGURE 1

IDC MarketScape for Asia/Pacific Sustainability/ESG Program Management Services 2024



Source: IDC, 2024

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Asia/Pacific Sustainability/ESG Program Management Services 2024 Vendor Assessment (IDC Doc #AP50679323). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Advice for Technology Buyers, Featured Vendor Profile, Appendix and Learn More. Also included are Figure 1 and Figure 2.

IDC OPINION

This IDC MarketScape is a deep dive into the vendor performance of sustainability and environmental, social, and governance (ESG) program management services providers in the Asia/Pacific region. The research intent is to help answer a question that is often asked to IDC's Sustainability and ESG research analysts by the tech buyer/tech user organizations in the region, "which company do we work with, for us to figure out how to plan and implement this sustainability/ESG program or project or initiative?"

The region's demand for sustainability/ESG business services is a function of the region's overall maturity in sustainability/ESG. Providers that performed well in this research have demonstrated their knowledge of the link between regional sustainability maturity and their customer's organizational sustainability and ESG agendas. Based on the *Global Sustainability Readiness Survey* conducted in August 2023, 46% of enterprises in Asia/Pacific are at the very early stages of sustainability/ESG adoption. At this stage, organizations will be seeking advice on ESG alignment and materiality, business transformation best practices, greenhouse gas (GHG)/carbon accounting and transition to net zero, ESG compliance, ESG reporting, and ESG enablement, among others. Enterprises at this early stage will also be looking to develop their sustainability/ESG road maps to move to the next stage of their sustainability business transformation. Because offerings are aligned with current customer demands, providers that have successfully completed projects covering the challenges of organizations at their early stage of sustainability journeys have performed well in this research.

Commoditization of ESG consulting services, which was noted in the *IDC MarketScape: Worldwide ESG Program Management Services 2023–2024 Vendor Assessment*, is also happening in the region, though not at the same pace as that in Europe or North America. As a handful of sustainability/ESG program managed services providers start to amass reputation and experience in the region, learnings and best practices to deliver sustainability consultancy services are copied among the providers. This, in turn, created commonalities in the delivery of sustainability/ESG program management services leading to customers' expectation of "common features" from sustainability/ESG program managed services providers. For instance, almost all the players have embedded maturity assessment as part of sustainability/ESG-related services requirement and customers are starting to expect this sustainability organization maturity assessment to be a common feature of any service related to sustainability/ESG.

This commoditization has led to gradual shifts in differentiators in the eyes of Asia/Pacific customers. Customers interviewed for this research were weighing the competitive bidding differentiator value of providers based on demonstrated regional expertise on people, policy and culture, industry-specific sustainability/ESG experiences, and the provider's technology capabilities. Providers' technology capabilities include the internal utilization of tools to speed up data to insights in consultancy as well as the commercial availability of providers' managed or traditionally delivered, proprietary, or third-party software and the ability of the provider to connect

customers to sustainable IT hardware providers. The rationale for this value differentiator shift is in the limited ESG experts and resources inside organizations to tackle the changing and growing requirement of successfully planning, implementing, tracking, and recording sustainability/ESG program outcomes.

In IDC's view, this movement toward commoditization will follow the path of sustainability maturity of Asia/Pacific countries. Presently, this research has seen commoditization apparent in IDC's pacesetters and emerging sustainability markets, which include Australia, Singapore, and Japan. In these country markets, IDC noted that enterprises have started to move to providers' technology capabilities as a main differentiator in the evaluation of providers and proposals in sustainability/ESG services.

IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

The list of included vendors in this research were determined by IDC's inclusion criteria, namely:

- The vendor must have an operational presence in the Asia/Pacific market.
- The vendor must serve at least two or more Asia/Pacific markets (not country specific).
- The vendor is not a "boutique" provider as measured by completed minimum number of related projects based on *IDC's ESG Business Services Taxonomy* (see Figure 2) in more than two country markets in the region.
- The vendor must have at least one year of operation in the provision of sustainability/ESG program management services.
- The vendor must have current offerings that fall within the defined categorization of sustainability/ESG services for this research (see Figure 2).
- Active participation in the information gathering process of this research is not a factor in the inclusion or exclusion of a sustainability/ESG program management service provider.

ADVICE FOR TECHNOLOGY BUYERS

This IDC MarketScope should be used as a guide to provide context and data on potential providers in sustainability/ESG program management services that are available for Asia/Pacific organizations. These providers have shown that they all possess the necessary capabilities to help drive sustainable transformation across multiple domains. The following are the providers' abilities to help clients:

- Conducting ESG materiality assessments
- Key performance indicator (KPI) and metric development
- Climate risk management (structural and transitional)
- Predictive analytics
- ESG-focused IT implementation
- Managing ESG-related risk, both structural and transitional
- Science-based target initiative/SASB/GRI/ISSB tracking and measurement
- Integrating existing ESG strategy into new ESG platforms and initiatives

Over the course of this research, IDC has found that in general, the primary services vendors can be categorized as follows:

- **Technology led.** Technology-led firms are large, multifaceted firms and are known for deep expertise in both technology and business consulting. IDC identifies these firms as those

that expanded from IT-centric businesses into more broad business consulting or vice versa.

- **Multidisciplinary.** IDC describes multidisciplinary firms as large, diversified consulting organizations that offer a range of business consulting services to clients across a myriad of sectors. To distinguish these from other specialty firms, consulting services must address more than two business functional areas, in addition to providing strategy and operational implementations.
- **Specialty.** Specialty firms have focused areas of consulting expertise in specific industries, functional areas, or technologies. Management and strategic consulting specialists that offer primarily strategy consulting and sustainability business intelligence models to specific sectors or industries, including government, fit into this category of firms.

Finding the organizational profile that is a best fit for your organization will be instrumental in creating an impactful partnership between provider and customer.

FEATURED VENDOR PROFILE

This section briefly explains IDC's key observations resulting in PricewaterhouseCoopers' position in the IDC MarketScape. The description here provides a summary of the vendor's strengths and opportunities.

PricewaterhouseCoopers (PwC)

PwC is positioned in the Leaders category in this 2024 IDC MarketScape for Sustainability/ESG Program Management Services in Asia/Pacific based on IDC analysis and customer feedback.

PwC was founded in 1998 upon the merger of the two London-based accounting houses, Price Waterhouse and Coopers & Lybrand. Like many of the other large consulting and accounting firms, the basis for most of PwC's current sustainability offerings can be associated with its traditional offerings of financial accounting, reporting, assurance and transaction, strategy and management consulting risk services, and tax and legal advisory. PwC's core traditional specialties when applied with sustainability perspective have evolved to become a portfolio of services that includes climate accounting (biodiversity and carbon foot printing), ESG reporting, ESG impact assessment on deals (including sustainable finance), nature risks determination, green taxes services, business transformation, sustainable supply chain, energy and energy transition, digital and data, and social and workforce, among others.

PwC's sustainability offering covers a wide array of environmental sustainability topics. However, the key areas identified by PwC as its focus areas are net-zero transformation, ESG risk and resilience, ESG reporting, ESG assurance, sustainable capital, energy transition, and sustainable business transformation.

In 2021, PwC strengthened its ESG-related offering with a US\$12 billion investment to augment its technology assets and human capital resources globally over the next five years. In Asia/Pacific, this significant investment in ESG service capability includes the hiring of a regional team of deep technical ESG subject matter experts. In addition, PwC in the Asia/Pacific region developed human capital, learning and development, and marketing and clients teams specifically to support PwC's growth aspirations in sustainability. Elsewhere in the region, PwC developed the Asia Pacific Centre for Sustainability Excellence in Singapore, together with the associated launch of an online platform called the Singapore Low Carbon Network. This investment is augmented by a tailored sustainability upskilling program across the network, deployment of targeted thought leadership, and marketing assets such as topical podcasts, blogs, and leading presence at the regional and

global sustainability events focusing on critical sustainability agendas and others. As of 2023, PwC has more than 10,000 consulting professionals in sustainability across 65 territories.

Through its global strategy titled "The New Equation," which the company adopted in 2021, PwC has been building technical sustainability and associated digital capability in areas of ESG data, generative AI (GenAI), cloud, IoT, and blockchain. PwC uses digital accelerators in its sustainability/ESG program management services engagements and offers them as a commercial solution to customers. In addition, the PwC team works closely with its major global alliances, such as SAP, Google, Microsoft, Workiva, and Salesforce, to provide integrated end-to-end solutions that embed sustainability into core finance, HR, operations, and supply chain processes.

Under PwC's The New Equation, the company launched several ESG-related technology products built with its technology partners. In this PwC sustainability tech suite are products such as the ESG Pulse, ProEdge (an ESG upskilling tool), and the Geospatial Climate Intelligence. A product of PwC's tie-up with Google, the solution called Geospatial Climate Intelligence is a software that leverages AI/ML to assess and predict the risks associated with climate change. This useful tool is a good fit for Asia/Pacific customers since the region is the most at risk from climate-related disasters, which has led to multi-million economic losses from business disruptions and business assets destruction. An IMF study determined that 37% of weather-related disasters of the last 10 years occurred in Asia/Pacific, the most occurrence in any part of the world.

In 2023–2024, PwC has augmented its ESG digital assets with the introduction of Signal Graph, a PwC proprietary platform that has the capability to ingest data from various sources to enable ESG-related analysis, interpretation, and decision-making; and the Emissions Tracker that enables secure and centralized Scopes 1, 2, and 3 data collection, analytics, and reporting.

PwC as a corporate entity is structured to compose of a network of firms. In Asia/Pacific, PwC has firms in 17 locations — Australia, Cambodia, China, Hong Kong, India, Indonesia, Japan, South Korea, Laos, Malaysia, Myanmar, New Zealand, Philippines, Singapore, Thailand, Taiwan, and Vietnam. Its main client industries are financial services, industrial manufacturing and automotive, consumer markets, technology, media and telecommunications, government and public services, energy, utility and resources, health industries, private equity, and sovereign investment funds, among others.

PwC regularly publishes updates on its corporate sustainability initiatives in a report it calls Corporate Responsibility Report.

Strengths

Any customer who wants to seek PwC's services will find it easy to do so.

The company has a massive presence in the Asia/Pacific region that can be rivaled only by a handful of other providers. Leveraging its network of partner firms, PwC has several office facilities in one country. This physical presence gives PwC the ability to quickly mobilize resources and deliver ESG project commitments in various local languages and in person, when needed.

PwC's strength is in its sustainability offering in relation to environmental sustainability, specifically, the impact of environmental considerations on shareholder value, financial assets, mergers and acquisitions, compliance, and risks. This means that customers who engage PwC with their initiatives in relation to the quality of ESG data used and ESG data reported would find the company very capable and comprehensive in their approach. In recent times, PwC's investments in augmenting its ESG tech suite to include tools for carbon data ingestion and tracking have further strengthened the company's ability to support customers in this scope of work.

In addition, because PwC has been successful in the past 30 years with its financial services in the region, IDC thinks that PwC has one of the largest client pools of possibilities for its sustainability/ESG program management services.

Challenges

PwC is referred to by Asia/Pacific customers as one of the Big 4 global accounting firms. Although this recognition benefits the company when it comes to winning projects that involves some sort of carbon accounting (e.g., carbon emissions baseline determination, carbon emissions calculations, and so forth) and ESG reporting, it hinders the company's potential to help customers in other areas of sustainability/ESG program management services as they are sometimes looked over by potential customers because PwC's reputation in the region remains too intertwined with tax and audit. In recent years, PwC has had some successes in building its reputation as a provider of broader sustainability services especially in areas of net-zero transformation strategy in more sustainability mature markets in the region, such as Australia and Singapore. However, IDC sees that more work needs to be done to raise awareness of PwC's broader capability in sustainability in other markets, especially among Southeast Asia countries and India, and to some extent Japan and China.

IDC also notes that there remains a slight mismatch in PwC's sustainability-specific IT resources and demand for sustainability tech-related services in the region. For example, PwC's proprietary tool Signal Gap is only currently available in the United States and some of PwC's IT support services have longer turnaround times than what regional customers expect. As PwC's New Equation Strategy gains momentum in its third year of implementation, IDC hopes to see this gap narrowed down further. This bridging of gap will become even more crucial in the next three years, as the Asia/Pacific region moves up the sustainability maturity ladder and naturally requires more assistance in the integration of technology in their sustainability initiatives alongside the advisory component.

Consider PwC When

PwC should be considered by customers looking to address complex challenges in relation to their environmental sustainability strategy, energy transition, and carbon/GHG data. PwC is also one of the few deeply experienced providers in the region that can assist organizations in operationalizing nature-based concepts and link it back to shareholder value and business value. PwC offers nature footprinting services, a capability only a few qualified providers in the region can offer. Nature footprinting is the discovery and measure of an organization's operations impact on nature and is a growing requirement for companies in financial services, manufacturing, consumer goods, and industrials.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided the potential key measures for success into two primary categories — capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is with customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis or strategies axis indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represent the market share of each individual vendor within the specific market segment being assessed.

This IDC MarketScape graph has been weighted according to analyst and customer sentiment taking equal consideration on vendor strategy and vendor capability.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

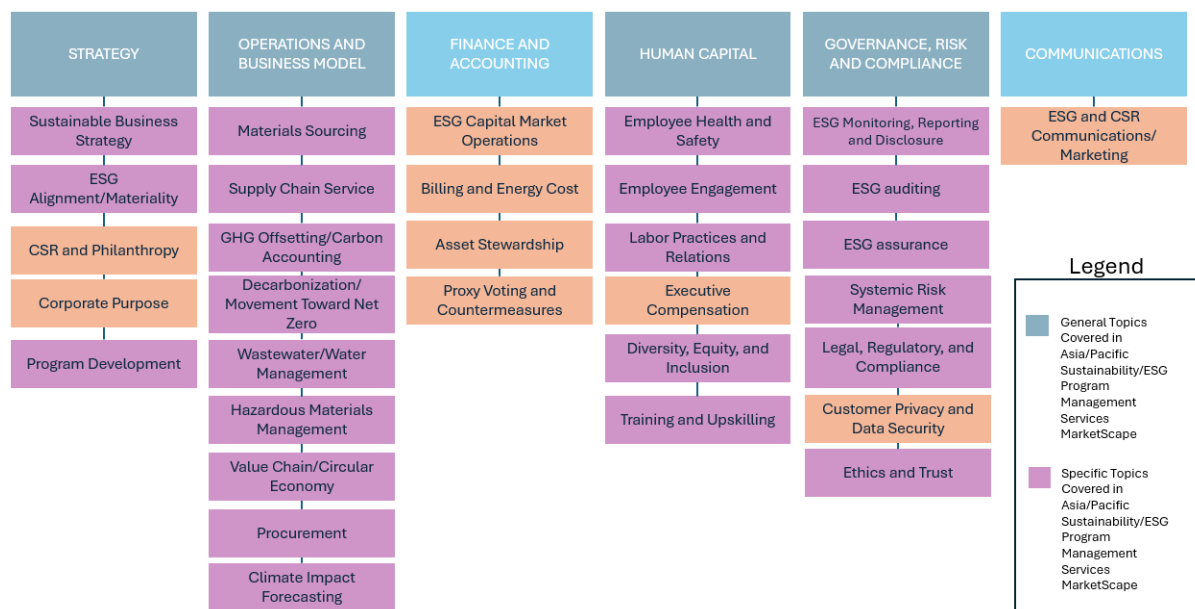
Based on primary and secondary research scan of the sustainability and ESG market in the Asia/Pacific region, IDC determined that in recent years the requirement in sustainability/ESG program follows the worldwide taxonomy of ESG business services (see Figure 2). Of these general categories, the specific request from Asia/Pacific customers falls in four categories of ESG business services. These four categories, in turn, became the specific focus of this IDC MarketScape study:

- **Strategy.** The strategy segment contains all services that help companies with the implementation of an organizationwide implementation of a sustainable business strategy. This category includes services that address the different aspects of corporate strategy, which must be managed to ensure that sustainability, both environmental and social, is of top priority and goes far beyond short-term discretionary acts. The goal of many of the services in this segment is to embed sustainability into all aspects of corporate strategy.
- **Operations and business model.** This segment recognizes the services that address sustainable operations and changes to companies' business models that will allow firms to act on strategic decisions surrounding ESG. From materials sourcing to water use, every aspect of a company's operations holds potential for sustainable change, and they must be addressed holistically in order to assure they align with ESG goals.
- **Human capital.** Successful operationalization of ESG results in business transformation which, in turn, can only be achieved with a rethinking of the "people" dimension of enterprise operations. This segment of ESG business services contains many of the well-known functions of a traditional HR department but reaches further to include topics and services that are focused on a firm's workforce, customers, and relationships. The human capital segment stands almost exclusively in the "S" of ESG but still considers the implications of "S" in the context of environmental issues.
- **GRC.** Services in this segment address the issues surrounding identifying, understanding, and managing ESG-related risks to a company's operational and financial performance (including reputational risk). Services providers in this area work to ensure firms operate

within and adhere to the defined legal and regulatory boundaries while still acting sustainably.

FIGURE 2

Sustainability/ESG Program Management Services Taxonomy



Source: IDC's Worldwide Environmental, Social, and Governance Business Services Taxonomy, 2023 (IDC #US50035421, January 2023)

LEARN MORE

Related Research

- *IDC MarketScope: Worldwide ESG Program Management Services 2023-2024* (IDC #US50608423, December 2023)
- *Asia/Pacific Sustainability Readiness Survey 2023 – Part 1: The Demand Landscape for Sustainability/ESG Tech and Services in APEJ* (IDC #AP50336923, October 2023)
- *IDC MarketScope: Worldwide ESG/Sustainability Consulting Services 2023 Vendor Assessment* (IDC #US49044922, February 2023)
- *IDC's Worldwide Environmental, Social and Governance Business Services Taxonomy, 2023* (IDC #US50035421, January 2023)

Synopsis

This IDC MarketScope report provides an in-depth analysis of sustainability and environmental, social, and governance (ESG) program management services providers in the Asia/Pacific region, highlighting the demand for such services due to the region's growing sustainability maturity. It identifies the key differentiators among vendors, such as technological capabilities and regional expertise, predicting that future leadership will hinge on integrating technology into consultancy services. The report aims to guide tech buyers in selecting providers that align with their sustainability and ESG objectives.

"In a rapidly evolving Asia/Pacific market, choosing the right sustainability/ESG program management service is crucial for navigating the complexities of ESG compliance and strategy. Amid commoditization, technology capabilities emerge as a key differentiator for sustainability/ESG services in Asia/Pacific, reshaping provider selection criteria," says Melvie Espejo, research director, Asia/Pacific Sustainable Strategies and Technologies.

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology, IT benchmarking and sourcing, and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly owned subsidiary of International Data Group (IDG, Inc.).

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