

# IDC MarketScape: Worldwide ESG Program Management Services 2023-2024 Vendor Assessment

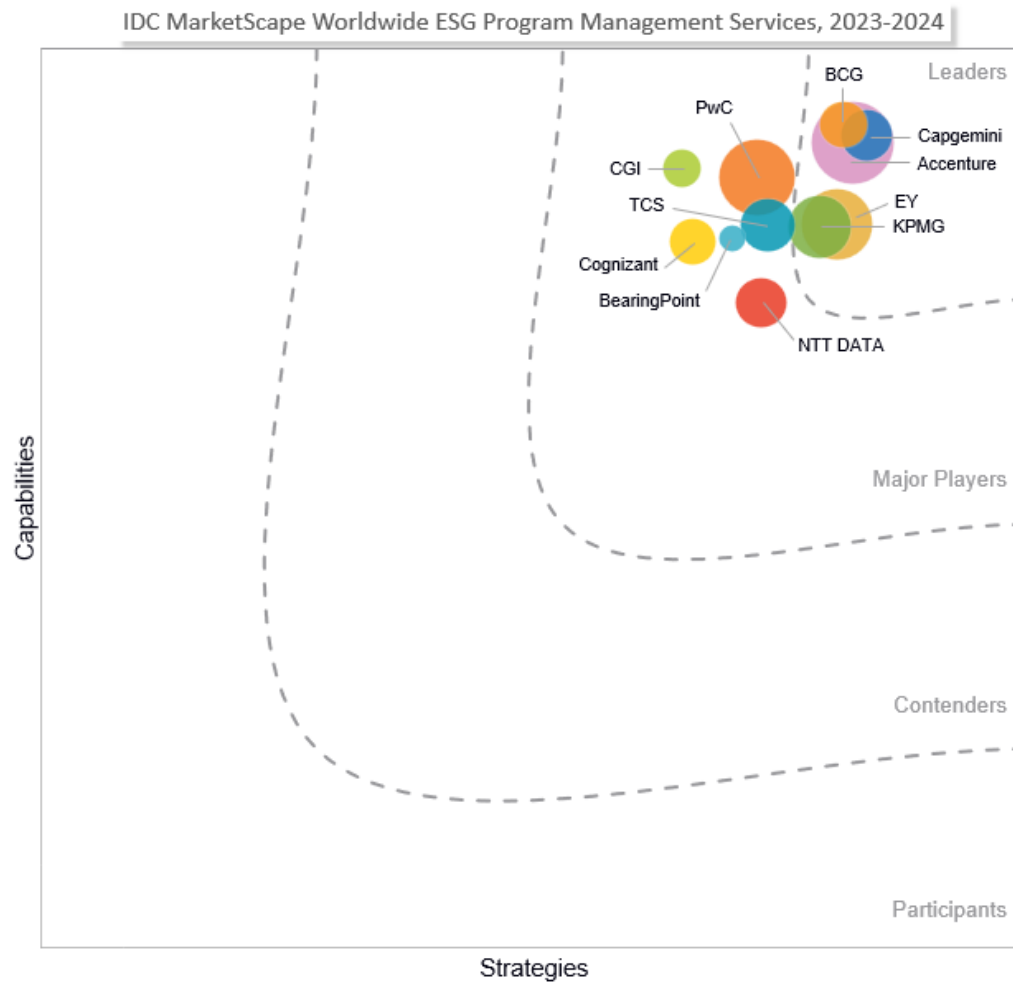
Dan Versace

THIS IDC MARKETSCAPE EXCERPT FEATURES EY

## IDC MARKETSCAPE FIGURE

FIGURE 1

### IDC MarketScape Worldwide ESG Program Management Services Vendor Assessment



Source: IDC, 2023

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

## IN THIS EXCERPT

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The content for this excerpt was taken directly from IDC MarketScape: Worldwide ESG Program Management Services 2023-2024 Vendor Assessment (Doc # US50608423). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

## IDC OPINION

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This IDC MarketScape assesses the vendor performance of environmental, social, and governance (ESG) program management services providers worldwide. Overall, these firms performed very well on this assessment. Key findings are explained in the sections that follow.

One of the standout insights coming from this assessment is the movement toward commoditization of ESG consulting services as a whole. Key differentiators for ESG-specific consulting services in the past have laid in the ability of a firm to understand its client's individual materiality, deliver future-focused advisory, and remain internally educated on and committed to its internal sustainability capabilities and performance. However, as market maturity in the ESG space has grown and funding to this area has increased, it is clear that differentiation areas have shifted, both in the eyes of clients and in the competitive landscape. The highest-performing firms both in this assessment and in the market have shown to possess and utilize their technology capabilities to provide their clients with robust suites of adjacent software, either managed or traditional, to supplement any consulting services. The availability of vendors to offer quality software for management, analysis, and reporting of ESG performance enables clients to commit fewer resources to their ESG initiatives while still driving impact and regulatory compliance. As managed ESG software and services continue to come to market, they will play a key role in determining which professional services vendors will be seen as leaders and innovators in this space.

Worldwide, providers are generally perceived as being able to excel at integrating their services into organizational sustainability structures, understanding the unique needs of a client's business, and providing necessary subject matter experts. They are also considered very capable of meeting project timelines and providing an efficient transfer of knowledge and best practices.

This evaluation discovered that generally clients are less impressed with consulting providers' ability to deliver on high-quality educated customer services, to directly improve the client organization's overall commercial performance, and to enable their existing ESG strategy – all essential to many significant sustainable business transformation initiatives.

Clients globally rated their providers, in aggregate, best at helping them with the following business priorities: meeting changing business priorities, developing deep partnerships in the sustainability services ecosystem, and achieving time to value of the services engagement.

## IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

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This study includes analysis of business consulting firms based on their worldwide revenue in IDC's Services Tracker and additional firms with broad portfolios spanning sustainability-related business consulting domains identified in IDC's ESG services taxonomy. Primary criteria for inclusion include:

- Vendors must have an operational presence globally, with no one region accounting for more than half of their total sustainability-related revenue.
- Vendors must have reputable completed client engagements in the ESG program management services market.
- Vendors must have at least one operation year in the provision of ESG program management services.
- Vendors must provide ESG-specific software to supplement their ESG program management services.
- Vendors must have current offerings that fall within the defined categorization of ESG services for this study.

The assessment is designed to evaluate the characteristics of each firm, as opposed to its size or the breadth of its services. It is conceivable, and in fact the case, that specialty firms can compete with multidisciplinary firms on an equal footing. As such, this evaluation should not be considered a "final judgment" on the firms to consider for a particular project. An enterprise's specific objectives and requirements will play a significant role in determining which firms should be considered as potential candidates for an engagement.

## ADVICE FOR TECHNOLOGY BUYERS

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This IDC MarketScape should be used as a tool to provide context and data on potential services providers in the ESG program management services market. These providers have shown that they all possess the necessary capabilities to help drive sustainable transformation across multiple domains.

The following are ESG strategy services firms' abilities to help clients:

- Conducting ESG materiality assessments
- KPI and metric development
- Climate risk management (structural and transitional)
- Predictive analytics
- ESG-focused information technology (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

Through thorough research, over the course of this assessment, 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 information technology-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 vendor and customer.

## VENDOR SUMMARY PROFILES

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This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

### EY

EY is positioned in the Leaders category in this 2023 IDC MarketScape for worldwide ESG program management services based on IDC analysis and customer feedback.

EY ESG advisory services assist clients in managing risk, cutting costs, fostering innovation, building trust, and achieving tangible outcomes across five solutions: Sustainability Advisory; Climate Change and Decarbonization; Environment, Health, and Safety (EHS) Advisory; Digital Sustainability Services; and Non-financial Reporting and Assurance. Within these areas, EY offers specialized sub-solutions, including Circular Economy, Sustainable Transformation, and Decarbonization and Emissions Management, aiding clients in navigating their ESG journey.

The range of ESG services EY offers extends beyond the Climate Change and Sustainability Services (CCaSS) practice. Offerings encompass ESG due diligence and M&A in the sustainability realm, developing technology solutions for climate impact assessment and reporting frameworks such as Task Force on Climate-related Financial Disclosures, exploring opportunities in the voluntary carbon markets, and interpreting sustainable tax initiatives such as plastic taxes and the new methane tax introduced by the IR Act in the United States. EY also provides sustainable legal, finance, and supply chain services as well as green infrastructure services.

EY supports clients in operationalizing and managing their ongoing ESG program requirements. The Climate Change and Sustainability Services offerings at EY are structured around the five service solutions listed previously. Each solution has dedicated teams of subject matter experts with skill sets and knowledge specific to their solution.

The following are three examples of EY's holistic coverage areas:

- **Sustainability Advisory**, which brings together the company's experience in the consulting and change management space to drive sustainability outcomes through analysis of performance, management of ESG programs, training, circularity mapping, and reshaping business.

- **Climate Change and Decarbonization**, where the company's teams leverage their proven experience in the physical, market, and regulatory impacts of climate change to provide the company's clients with a holistic set of services that goes beyond reporting to decarbonization.
- **Digital Sustainability Services**, where EY focuses on technology capability providing clients with tech consulting, implementation, and managed services for ESG.

Hand in hand with its customers and subject matter experts, EY looks to provide end-to-end coverage for its client's sustainability management needs and works to operationalize its client's sustainability strategies.

### **Strengths**

EY's key strengths lay within the company's global presence. The size of the company's sustainability services program allows EY to effectively serve global clients and enable them to drive change across their entire organization.

### **Challenges**

EY's predictive analytics services specific to climate risk could benefit from more development by investing in climate risk-specific services. EY could open the door to even more services engagements and continually build out its presence in the ESG program management services market.

### **Consider EY When**

Organizations should consider partnering with EY for a ESG program management engagement when they are in need of wide-reaching experience in developing and implementing global ESG management solutions.

## **APPENDIX**

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### **Reading an IDC MarketScape Graph**

For the purposes of this analysis, IDC divided 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 to 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 represents 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 to more heavily account for the current capabilities of the vendors in the assessment. In this instance, capabilities were weighted to account for 75% of the positioning in the final graphic.

## 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 in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

## Market Definition

For the purposes of this assessment, the definition for sustainability, ESG, and ESG program management services is as follows:

- **Sustainability:** An umbrella term used to define a broad range of actions and stances that uphold and further the notion that social and environmental stewardship should be key factors in any decision-making process.
- **ESG:** ESG is a more corporate-specific derivation of sustainability. ESG is used to define specific action criteria through a corporate materiality lens. ESG first came to prominence in the investing community as a way to denote how investors can categorize their investments as “socially and environmentally progressive.”
- **ESG program management services:** ESG program management services is defined as professional services including business consulting, change management, IT applications and implementation, and managed services that enable their users to monitor, measure, plan, execute, and manage their existing ESG programs and initiatives. These services include materiality assessment, metrics/KPI development, performance measurement, Science-Based Target initiative/SASB/GRI/ISSB tracking and measurement, data ingestion/aggregation/management, risk management predictive analytics, and ESG-focused IT implementation.

## LEARN MORE

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### Related Research

- *IDC FutureScape: Worldwide Sustainability/ESG 2024 Predictions* (IDC #US51294923, October 2023)
- *Market Analysis Perspective: Worldwide ESG Business Services, 2023 - Market Faces an Inflection Point as End-User Maturity Grows* (IDC #US51244722, September 2023)
- *What Is Hindering ESG Progress for End Users?* (IDC #US51187122, September 2023)
- *IDC's Worldwide Environmental, Social, and Governance Business Services Taxonomy, 2023* (IDC #US50035421, January 2023)

### Synopsis

This IDC study uses the IDC MarketScape model to provide an assessment of several providers participating in the worldwide ESG program management services market. This IDC MarketScape is

an evaluation based on a comprehensive framework and a set of parameters that assesses providers relative to one another and to those factors expected to be most conducive to success in each market during both the short term and the long term.

“As organizational maturity in ESG continues to grow rapidly – pushed by customer sentiment, investor demands, and the inevitability of regulation – more is being asked of professional services vendors. To combat the existential threats posed by climate change and social inequity, vendors and users alike must work together to codevelop solutions, driven by technology, to manage risk, create opportunities for differentiation, and deliver sustainable value.” – Dan Versace, research analyst, ESG Business Services

## 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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