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IBM's Green Sigma Coalition: The First All-Star Team of the Low-Carbon Economy

by Stephen Stokes

We live in a time of massive convergence and transformation. The convergence of environmental, atmospheric, economic, commercial, and market forces is driving us toward a new economy that promises to be more energy efficient and less dependent on hydrocarbon fossil fuels. It's also a time that will decouple economic growth from energy consumption.

The corresponding economic transformation is on a scale unparalleled for centuries. It'll involve a worldwide reconfiguration and replacement of infrastructure, the widespread introduction and development of alternative energy sources, and the full integration of IT to enable the real-time observation, analysis, and optimization of resource utilization. It is here—in between the pain points and thresholds of the required investment and the individual and collective behavioral changes—that forward-looking organizations have recognized the massive opportunity this transformation represents.

This isn't just about chasing the metaphorical ambulances filled with short-term cash that's associated with the global recovery and stimulus packages. It's about new value networks and the reinvention of existing ones. It's about overhauling and redesigning some of the most fundamental economic assets of our society: power grids, public utilities, transport infrastructure, healthcare systems, and building infrastructure. And it's about a multi-decadal business opportunity and basis for corporate transformation and growth.

But the fact is that the new value networks are so large that even organizations as big as IBM can't integrate their services and products across even a small portion of the economic landscape. As we mentioned in "Feeling the Pulse of a Smarter Planet," the company is instead executing a highly focused approach to the opportunity.

The dream team and its not-so-secret weapon

IBM has mapped the new value networks, recognized the boundaries of its internal core competencies, and decided to seek out alliances and partnership. The result is a virtual dream team of companies invited to come together to form the Green Sigma Coalition, with **ABB**, **Cisco**, **Eaton**, **ESS**, **Honeywell**, **Johnson Controls**, **SAP**, **Schneider Electric**, and **Siemens** making up its founding members.

We spoke with IBM's architects of the coalition, Melissa O'Mara and Dave Lubowe, to get a sense of what we can and can't expect from the coalition. They made it clear that the coalition is in an early development stage.

The basis for the structure of the membership is consistent with our previous analysis of the need to achieve wide-ranging value network coverage in order to offer full, end-to-end solutions for information and efficiency-rich infrastructure transformation. At this stage, the secret sauce is the Green Sigma glue that will transform the highly instrumented and data-rich solutions into actionable and successful business intelligence (BI) technology. Green Sigma was developed to apply lean Six Sigma process improvement methodologies that are focused on reducing or removing adverse environmental impacts to business challenges. These approaches will use real-time automated metering and monitoring, combined with dashboards and other advanced analyt-

ics and business consulting services provided by IBM Global Business Services.

It's hard to fault the selection of companies that make up the coalition's founding partners, but perhaps some time should be spent on who or what may be missing from the list. The purpose of the coalition is to capture full, end-to-end value networks of resource utilization and efficiency. From the list of founding partners, it's clear that manufacturing process and fixed asset (i.e., building) efficiency are identified as green or Smarter Planet priorities. Mapping the members into value network groups confirms potent capacity in many areas, but there does appear to be gaps, especially at the ends of the networks.

We're surprised to not see a member covering building and process design. Likewise, given the increased focus on recycling and reuse, it's also surprising that an organization focused on product end of life and post-consumer waste stream wasn't included. Possible candidates could have been exciting and rapidly evolving organizations like **Autodesk** and **Waste Management**.

Not that we are invoking the transition of the coalition into a community—after all, there's merit in retaining a small, clearly focused, and differentiated group. Expansion beyond the initial 10 partners might undermine the clarity of the value proposition.

Credit should be given to IBM for its vision and foresight to be the first to build a coalition designed to offer end-to-end solutions for the redesign and redevelopment of large chunks of the global economy. Expect those left of the list to seek out partners to develop similar alliances.

But the hard work for the coalition starts now. It'll be interesting to see how a collective value proposition can be differentiated from those of individual members. It'll be even more interesting to see how conflicts of interests and competencies will be managed. There's a stated intention that the coalition shows not just improvements to its respective corporate financial performances, but to demonstrate thought and action leadership in this important, exciting, and new market space. Understandably, details on this are currently scarce. But as the coalition works through this and other potential creases, building a strong alliance of partners seems like a smart thing to do on what will be an increasingly Smarter Planet.