



## GREEN IT IN THE EUROPEAN SAVINGS BANKS

Workshop, Luxembourg, 15 March 2010

### 1. Introduction

This workshop was the third in a series organised by WSBI/ESBG as a follow up to the “Guidance Framework on Climate Change“ that was endorsed by the ESBG Board of Directors and published in December 2008. It forms part of an action plan to implement the Charter for Responsible Business that has been adopted by the ESBG and WSBI General Assemblies respectively in May 2008 and April 2009.

This WSBI/ESBG Green IT workshop took place on 15 March 2010 within the framework of the Luxembourg ICT Spring Event, which was sponsored by a number of Luxembourg based companies, including the Banque et Caisse d'Epargne de Luxembourg. The workshop was organised by the Banking Technology Committee and took place on the day preceding the 32<sup>nd</sup> meeting of the Committee, which took place in Luxembourg on 16 March. Further information on the ICT event can be consulted on <http://www.ictspring.com>

The objective of the workshop was to provide the opportunity for ESBG members to exchange information, experience and best practices on the challenges and opportunities presented by the introduction of a climate change strategy in their organizations.

### 2. Highlights from the Workshop

The workshop provided the occasion to present some Green IT case studies from Banque et Caisse d' Epargne de L' Etat, Luxembourg, SNS Reaal, the Netherlands as well as from the German Savings Banks Association, DSGV, Kreissparkasse Kusel and Finanz Informatik, the data centre of the German savings banks. Some highlights can be summarised as follows:

#### Some general facts and figures:

- “IT can build a smarter planet” (IBM). IT enables you to control and manage existing processes more efficiently and to create new business models using less resources. It also facilitates meetings without travel, interconnection of people through mobile telephones. ‘Smart’ buildings optimize resource usage (lighting, heating).
- There are many reasons to go green, but the cost of energy is probably the number one driver (Gartner). Nonetheless in the economic downturn, priorities move from environmental sustainability to cost optimization.





- “More than 70% of Global 1000 enterprises will face significant data centre problems, such as limited power and floor space, during the next four years, requiring substantial capital costs to build new facilities or refurbish existing ones. Without such investments, these organizations will struggle to provide adequate and efficient IT services.” (Gartner 2008)
- The information and communications technology (ICT) industry is responsible for 2% of global CO<sub>2</sub> emissions, equivalent to the airline industry, and it is estimated that it will increase to 2.8% in 2020 (Forrester).
- By 2020, 50% of energy consumption of British households is estimated to be caused by ICT equipment.
- Data centres are a big consumer of energy and much of it is wasted. Furthermore the energy consumption of data centres doubled between 2000 and 2005
- Google searches, of which there are 200 million a day, account for between 0.2 and 7 grs of CO<sub>2</sub>. One EBay auction is estimated to account for 18 grs. of CO<sub>2</sub>.
- E-waste is one of the largest forms of waste. It was estimated at 42 million tons in 2008 and is growing at an annual rate of 6%. It is extremely toxic and often difficult to recycle.

## **The Case Studies**

### Banque et Caisse d' Epargne de L'Etat, (BCEE)

BCEE has undertaken a number of Green IT projects related to desktops, Internet, displays and printers, server virtualisation and storage. Their conclusion is that there is no reason not to go green in IT, given that quick wins are possible and projects pay off by themselves. Furthermore cost reductions in Green IT lead to long-term ecology. The green IT projects in BCEE have reduced CO<sub>2</sub> emissions by 1,818 tonnes a year.

It was emphasised that it is important to communicate with staff and customers what has been done. This is good for green policies and to help to integrate the actions into everyday business. In the short-term, such actions consist of motivating everyone to reduce power consumption, in the medium term, giving consideration to green procurement and disposal and, in the longer term, the introduction of green products and services.

### SNS REAAL

Growing attention to the environment and to corporate social responsibility (CSR), combined with a move from general banking to Internet banking, has resulted in an opportunity for document management at SNS REAAL in the Netherlands. This combination creates the chance to reduce the impact of the bank on the environment, it gives the customer the chance to state how s/he wishes to be informed and provides the bank with the chance to reduce communication costs. The starting point for such a project is raising awareness on the importance of CSR and the environment within the company. It is also essential that these goals are integrated into the procurement process with suppliers.



The document management project at SNS consisted, on the one hand, of the review of the use of paper for internal input and the promotion of the digital archive. The result has been a reduction in the use of A4 sheets for internal use from 30 million in 2001 to less than 1 million in 2010. On the other hand, they have also reduced the number of documents and envelopes sent out in three stages between 2006 and 2010 by sending customers just what they need and optimising document generation and distribution channels. This has reduced paper output by 25%. Altogether the first project accounts for savings of EUR 1.5 to 2 million a year and the second project savings of between EUR 6-7 million a year at SNS. Furthermore these initiatives save trees and money, but also signify a reduction in the energy and transportation used.

### DSGV

Increasing demands on IT Infrastructures for applications such as iBanking, multi-channel security, server growth, storage as well as in IT energy demand and the rise in energy prices are all putting pressure on IT budgets. The IT infrastructure of the German savings banks accounts for EUR 40 million in energy costs per annum or about 30% of overall annual energy costs. They use some 22,000 server for IT operations and the average working load or capacity utilisation of these servers is 60 % on a consolidated basis.

The EU 20: 20: 20: climate change objectives to be achieved by 2020 are a driver for energy efficiency, blue technologies, and green initiatives. The potential technical areas of Green IT success are: Substitution of fat clients by thin clients, Replacement of cathode ray tubes (CRT), Life extension of equipment, Virtualisation, Printer consolidation and Power management. The substitution of 100,000 fat clients in the German savings banks account for annual savings of EUR 13,200,000 in IT costs, EUR 3,642,400 in power costs and 13, 127 tonnes of CO<sub>2</sub> reductions. This equates to a reduction of 653 tonnes of e- waste.

### Kreissparkasse Kusel

Kreissparkasse Kusel had their own data processing centre along with an emergency data centre until October 2008. It was one of first German savings banks to implement server virtualisation back in 2005 with the aim of improved efficiency and cost savings. This was also an ideal basis for the introduction of server based computing.

In 2008, it decided to merge its data processing centre into Finanz Informatik, the new single data centre of the German savings banks group in order to take advantage of standardisation and economies of scale. The data was migrated to Finanz Informatik in 2008, which meant a complete IT realignment. It also provided the opportunity to develop efficient IT systems (client server architecture, thin clients, ergonomic workplaces) and to implement some “green” approaches. Simultaneously these produced economic advantages and made a positive impact on the environment. In effect they made energy savings of more than 60% from their workstations, which equates to the equivalent of 45 tonnes of CO<sub>2</sub>.

They have also launched a project entitled “Savings Bank and the Environment”. They are firmly convinced that efficient IT systems, cost cutting and environmentally conscious actions are not contrary goals. In effect the company and the environment benefit from the synergies that are realised as a result.



## **Finanz Informatik**

Finanz Informatik serves the German savings banks and Landesbanken and as such serves half of the German retail banking market based on customers. Based on service volume, it is one of the largest banking IT service providers in Europe, and maybe in the world. It supports some 128 million accounts generating 10.6 billion transactions and has the IT infrastructure to support these volumes. It employs just over 5,200 employees and its total revenues were EUR 1,597 million in 2008.

Their current and future challenge is that increasing IT demand conflicts with limitations in power, cooling and space. Accordingly, the current priorities are:

- Optimisation of data centre cooling efficiency through hot and cold aisle containment
- Deployment of thin client technology to access the banking applications of Finanz Informatik and the technology refresh of old IT equipment
- Server consolidation and virtualisation (main focus on volume servers)

In this context it should be noted that server consolidation through virtualisation reduces the number of physical boxes and is a main driver to reduce capital expenses and energy costs. Energy management is also a topic that will gain increasing importance in future.

## **Panel Discussion**

The panel discussion provided the opportunity to learn more about the stance of WSBI/ESBG on business travel, including the use of teleconferencing, the Zero Carbon 2010 project of Caixa Geral de Depositos, Portugal, the environmental actions of Swedbank as well as a view on the combination of environmental responsibility with business within the German savings banks.

*ESBG/WSBI members can access the presentations made during the workshop on the ESBG/WSBI Extranet. Go to Extranet, click on Responsible Business, then click on Environment and finally on Climate Change workshops.*