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Two Critical Factors All Life Sciences Companies Should Consider

Leveraging Traditional Supply Chain Technologies for Environmental Impact Tracking

Environmental sustainability matters. That's especially true in today's business environment when companies are increasingly reliant on a complex global network of suppliers to support exponential growth rates.

Historically, supply chains have been optimized based on cost and profitability metrics, analyzing inputs and outputs on a dollar-per-unit basis. Activity-based-costing has been around for many years, but with modern technologies and today's computing power, it is becoming more commonly used in strategic and tactical decision-making.

Through modification of per-unit variables that are already being tracked, companies can easily incorporate environmental metrics along with cost and profitability. **Investing in a digital tool that can simultaneously monitor your organization's profitability and environmental impacts should be an essential part of an environmentally responsible organization.**

Critical Element: Strategic Intent

To seamlessly align sustainability, cost and profitability goals, the first critical element is to define the strategic objective. Does your company aim to make sustainability a critical focus of your organization? Is your organization taking the necessary steps to not only attain carbon neutrality, but be carbon negative? Or is the goal to reduce the organization's environmental footprint within a reasonable timeline and within financial limitations?

In either case, the adage "what gets measured gets managed [and improved]" applies. Ultimately, it is important to identify the key areas of improvement, assess which actions will have the largest impact, and assess the opportunity costs of each actionable plan.

Critical Element: Technology Enablement

The second critical component is technology enablement. Major industry players have been using cost accounting (cost vs. profitability) solutions such as 3C Software's ImpactECS only to measure inputs and outputs on a dollar-per-product basis. With basic modifications, these supply-chain cost accounting tools can be used to also calculate and track scope 1, 2 and 3 carbon emissions on a per unit or SKU-by-SKU (stock-keeping unit) basis.

These emission measurements can then be leveraged in conjunction with traditional financial cost measurements to influence planning activities and to develop a strategic decision-making approach that optimizes both financial and environmental performance by:

— Prioritizing actions through transparency to each product's contribution to emission totals.
— Driving conversations with downstream supply-chain partners and customers to optimize networks based on transparency to scope 3 emissions.
— Drawing the attention of upstream supply-chain partners to their own emissions by requiring emissions measurements of the goods and services they provide to you.

Our team understands the importance of utilizing data to drive business decisions.

By leveraging technology and adapting tools that are currently on the market, our industry experts can help incorporate solutions that can accurately track, modify and adjust the supply chain variables. This approach will ultimately allow companies to realize the financial benefits of an optimized supply chain while decreasing the negative impact they have on the world's ecosystems and communities.

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