

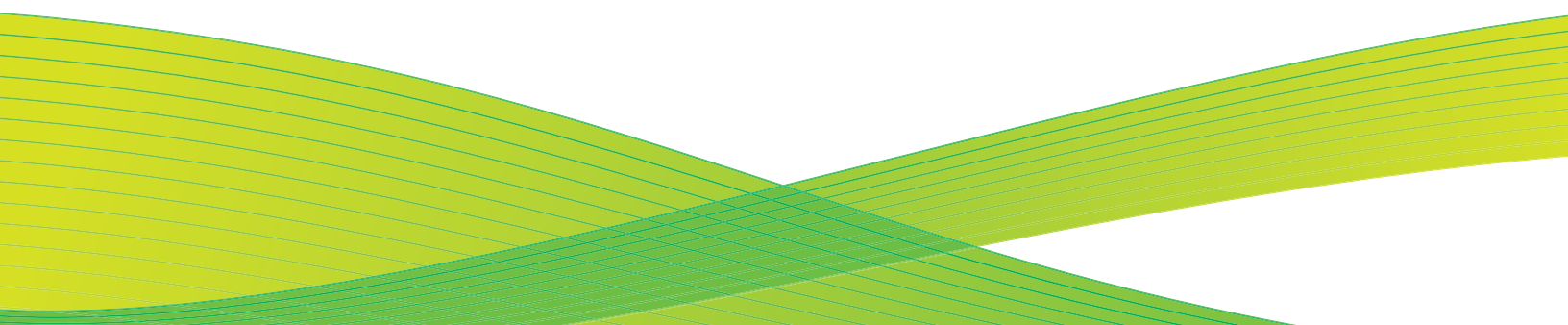


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Shades of Green: The Business Approach

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Can Competition Save the Environment?

Not too long ago, some people viewed environmental efforts and business success as opposing forces. “Tree huggers” squared off against chainsaw-wielding proponents of “progress.” You were either pro-conservation or pro-business.

Today, globalization has fundamentally and irrevocably altered our world. Agrarian countries like China are now competing and partnering with industrial powers like the U.S., and once-autonomous European nations have one currency and compete globally as one market. Access to fossil fuel remains a source of conflict. South American rain forests are being cleared at an alarming rate.

In this heightened state of global corporate competition and growing alarm over the state of the environment, it seems that the old black-and-white view of business and ecology is melding into shades of, well, green.

The once-inexhaustible frontier is disappearing...an old question takes on a new seriousness: Is it possible to compete and still be ecologically responsible?

Why? Perhaps it is because corporations and industrialized nations are facing the cold, stark reality that our world is finite. The once-inexhaustible frontier is disappearing. As this realization slowly sinks into the collective consciousness, an old question takes on a new seriousness: Is it possible for businesses to compete and still be ecologically responsible?

The answer is yes – but it will require a new approach to the use of resources, human as well as capital. It will require a whole new approach to living and working.

Like most responsible global corporations, ACS is committed to the environment with our own “green” initiatives. Because of what we do, we are also in a unique position to see the winds of change in global “greening.” What we see is encouraging, though not without its challenges.

Consider our business. ACS provides operating and administrative services to business and government. Operational efficiency is, in fact, the core business of ACS. Our own financial success depends on it, as does that of our clients. We must provide better, more-cost-effective services than anyone else.

Using technology and innovative business processes, ACS improves the way businesses and governments serve their customers and citizens. We provide non-core services that enable transportation planners, social workers, medical professionals, police and business managers to focus on their core responsibilities.

Let’s look at three different areas from which ACS has an interesting vantage point: fossil fuel consumption, paper consumption and “life-work dynamics...”

As ACS takes on “overhead” for others, it becomes apparent that business efficiency and innovation not only offer financial benefits, but ecological ones as well. More often than not, good business and good government go hand-in-hand with good ecology.

To illustrate the point, look at three different areas from which ACS has an interesting vantage point: fossil fuel consumption, paper consumption and “life-work dynamics,” or fundamental societal and workforce changes that will improve business and the environment.

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Fossil Fuel – Reducing Pollutants, Aiding Commerce

In the fossil fuel category, perhaps the most potent examples of convergent business, government and ecological interests are in the transportation field, which bridges business and government interests with its overarching societal impact.

ACS touches commuters through electronic tolling programs such as E-ZPass that save fuel by eliminating idling at tolls, as well as port cargo programs that mitigate truck idling with off-peak pickup and delivery incentives. ACS also provides a service that can eliminate highway truck weighing and inspection stations with a service called PrePass.

From a broad perspective, these services not only save precious fossil fuel and reduce air pollution, but they also enable the delivery of food, produce, dry goods and a myriad of other products to people across the country more quickly and at less cost. In addition, they get people to work, to the doctor or to school more quickly and with less impact on the environment.

A closer look at PrePass, which is the most quantifiable from a fuel consumption standpoint, will more clearly illustrate the importance of these transportation services to business and the environment.

PrePass eliminated more than four million idling hours in 2007, or 493 tons of nitrogen oxides...

Trucks are routinely inspected at state weigh stations for safety reasons. State transportation and trucking industry leaders created PrePass to weigh and review the safety credentials of participating trucks electronically so they can bypass weigh stations. The needed data are captured from a transponder as the truck drives by a stationary roadside recorder at highway speed.

Begun in 1997, PrePass has an impressive record of 267 million electronic screenings since that time, saving 22.3 million hours of truck engine idling, for a fuel savings of 133.5 million gallons. In 2007 alone, there were 56 million screenings, 4.7 million hours saved and 28 million gallons of fuel saved.

The benefits to carriers are obvious. Savings based on an estimated cost of \$5 per stop were \$1.3 billion since inception, with savings of \$280 million in 2007 alone. Add time saved to deliver goods, and PrePass quickly became a boon to truckers and a much-needed innovation in commerce.

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PrePass provides operating efficiencies that increase business profits, speed commerce, reduce taxpayer funding of government operations and make life better for truckers and commuters alike. In addition to the conservation of fossil fuel, PrePass significantly mitigates air pollution. According to the U.S. Environmental Protection Agency, nationwide about 500,000 long-haul trucks idle their engines an average of eight hours per day, emitting 180,000 tons of nitrogen oxides annually. PrePass eliminated more than four million idling hours in 2007, or 493 tons of nitrogen oxides, which is one of the main ingredients in the formation of ground-level ozone. Harmful effects of ozone include serious respiratory problems, acid rain, water quality deterioration and global warming.

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Paper – Use Sparingly

The second area that is radically affected by ACS services is paper, specifically document delivery and storage.

Whether it is a child support payment, a Medicaid claim, a student loan payment, a parking ticket or an unemployment insurance check, our client services help protect the environment. Again, the rules of the transaction processing game are pretty simple – producing, handling, moving and storing documents is expensive, but handling electronic images is usually better, faster and less expensive.

...people use enough office paper each year to build a 10-foot-high wall that's 6,815 miles long, more than the distance from New York to Tokyo!

In our electronic payments business, ACS has converted millions of checks into automated disbursements on branded debit cards. In addition to the cost savings, benefit recipients are better served. Debit cards will soon support the delivery of funds to unbanked Social Security recipients, eliminating the production, handling, movement and storage of about 144 million documents per year – enough to fill 28,000 copy-paper boxes.

The business benefits are obvious. Recent examples from ACS clients tell the story: the New York E-ZPass client converted 22 percent of current customers who already had e-mail addresses on file to e-mail statement from mailed statements, for annual cost savings of more than \$127,000; in New Jersey, almost \$50,000 in annual savings was realized by electronically imaging records for the State archives; and, in Georgia, migrating a healthcare client's remittance advices to a Web portal eliminated paper use by 75 percent, for an annualized recurring savings of more than \$236,000. Overall, the average annual cost of an e-mail statement is equal to \$0.08 per month, or \$0.96 per year, and the average annual cost of a paper statement is more than \$3.

Trees absorb enough CO₂ on each acre, over a year's time, to equal the amount produced by a car driven 26,000 miles.

On average, nationwide, according to the coalition environmental group Environmental Paper Network, the cost of a wasted page of paper is \$0.06, and an employee prints six wasted pages per day, or 1,410 wasted pages per year. The average U.S. office worker prints 10,000 pages per year. In the United States, we use enough office paper each year to build a 10-foot-high wall that's 6,815 miles long, more than the distance from New York to Tokyo!

Cutting office paper use by just 10 percent would prevent the emission of 1.6 million tons of greenhouse gases...

The importance of reducing paper to the environment is undeniable. Trees absorb CO₂ and other dangerous gasses and, in turn, replenish the atmosphere with oxygen. They produce enough oxygen on each acre for 18 people every day and absorb enough CO₂ on each acre, over a year's time, to equal the amount you produce when you drive your car 26,000 miles.

Not as well-known is the effect of making paper on the environment: the paper industry is a major contributor to greenhouse gas emissions. If the United States cut office paper use by just 10 percent, it would prevent the emission of 1.6 million tons of greenhouse gases – the equivalent of taking 280,000 cars off the road.

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Living and Working – The Efficiency Quotient

Finally, the most intriguing environmental and business impact area is life and work dynamics. This is also the most all-encompassing and difficult to explore because it looks at sweeping personal and institutional change. The story is still being written.

There are, however, some interesting societal trends that point to a fundamental shift in daily life that will rival the flight to the suburbs in the 1950s and 1960s. Again from the vantage point of a company like ACS that employs 62,000 people around the globe, these trends seem to be driven from both a business and lifestyle standpoint, with significant environmental benefits.

Nearly 4.2 million people worked at home most days during the week in 2000, up from 3.4 million in 1990.

One area that is slowly taking hold is the “work from home” trend. With the increasing number of single parents struggling with day care issues, the rising cost of gasoline, as well as rising physical plant costs, working at home is attractive to employer and employee alike. There is little to be gained by having a worker drive an hour one-way to do what could be done at home without the fuel expense and resulting pollution – and lost time.

Nationally, nearly 4.2 million people worked at home most days during the week in 2000, up from 3.4 million in 1990, according to the U.S. Census Bureau. The 23 percent increase in home-based workers age 16 and older was double the growth in the overall workforce during the decade. More than 1.5 million of home-based workers were employed by a private for-profit employer, private nonprofit employer or public employer in 2000. More than two million at-home workers were self-employed.

There is little to be gained by having a worker drive an hour one-way to do what could be done at home without the fuel expense and resulting pollution – and lost time.

A number of advantages exist for employees when they work from home, including reduced or eliminated commuting, lower child care costs and opportunities to work flexible hours. In-home work also provides job opportunities for non-traditional workers such as persons with disability, students, the elderly, stay-at-home parents and retirees.

For businesses, the benefits include reduced attrition, tardiness and absenteeism, the ability to attract a more educated workforce across a wider geographic area, and reduction in real estate, furniture, telecom and office supply costs. The outsourcing clients’ benefits can be summed up in two phrases: increased productivity and higher quality.

One example is a Customer Care service ACS provides for a major U.S. airline. Piloted from June 2006 to January 2007 with four in-home team members, the total number of in-home workers reached 80 before mid-2008. Utilizing a standardized and secure technology environment, the program’s success has already proven to be significant, with productivity up by 25 percent and quality up by 15 percent. Overhead savings were \$50,000, with recruiting savings another \$50,000 due to zero attrition. Employee morale is obviously quite high.

The client benefits of in-home work can be summed up in two phrases: increased productivity and higher quality.

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Automated service delivery systems, disparate workforce technology and management experience, an aging workforce, and global political and economic pressures are just a few of the other forces changing society today. To remain fiscally healthy, business and government must recognize the shift in workforce dynamics and adjust accordingly.

Another “living – working” development is “green IT” services for data sites. ACS and other global companies offering IT services are going through an intense, introspective assessment of data center efficiency, with a focus on carbon emissions and energy usage. In developing an internal data center “green” plan, ACS is also finding that its network is a natural “map” to spread efficiency and cost savings throughout the enterprise.

As the “green IT” trend spreads in an expected path from Europe, to the U.S. and then Asia, ACS is in a position to help clients assess their in-house needs and to develop and implement environmental plans. Using the IT network as the starting point, a holistic approach can be developed for the “greening” of the entire enterprise.

In developing an internal data center “green” plan, ACS is finding that its network is a natural “map” to spread efficiency and cost savings throughout the enterprise.

The examples from our firm and our industry go on and on. Consolidating data centers can reduce our energy consumption and shrink our building footprint. Improving lighting systems in our facilities lowers costs and makes us more competitive when we compete for our clients’ work in the future. Moving workers to in-home work environments reduces congestion and vehicle miles on the roads. Our ports congestion offering reduces traffic jams and idling trucks at one of the nation’s busiest ports. Enabling Medicaid, TANF and Food Stamp applicants to conduct business via the Web or over the telephone is projected to eliminate two million vehicle trips per year to Indiana’s welfare offices.

In example after example, ACS services help it and its clients preserve the environment. But we have only just begun, and there are many, many more stories to be written – by ACS and by our clients. The truly encouraging development is the convergence of environmental and business interests – for they are one.

You can learn more about us at www.acs-inc.com.

