

NEWS RELEASE

Green accounting to cost US\$595 billion

-- All businesses to be impacted -- More expensive than Y2K --

Sydney -- March 12, 2008 -- Businesses will collectively spend at least US\$595 billion on systems to support green accounting.

S2 Intelligence Pty Ltd, an analyst firm specialising in technology and business innovation, today released forecasts for what businesses will spend on systems to support green accounting through 2015. Projected worldwide business expenditure is US\$595 billion. Projected expenditure by US businesses for this period is US\$91 billion. Australian businesses will spend at least US\$6.5 billion.

"To reduce the carbon footprint of businesses we first need to measure it, but green accounting today is shallow, with lots of window dressing and little actual measurement," said Dr Bruce McCabe, the Managing Director of S2 Intelligence. "By 2010 all types of businesses will be investing in systems that support detailed and continuous information collection."

This will extend beyond energy intensive manufacturers and power utilities. Even services companies will see all their offices progressively instrumented to capture carbon footprint data. Government regulation--via carbon markets and taxation--will be matched by customer and trading partner demands for detailed reporting.

"Carbon labelling in supermarkets is a good example," said McCabe. "Led by chains such as Tesco in the UK, this will soon impact what makes it into the shopping basket. Even schemes that follow a simple star rating will cascade into new accounting requirements for every business in the supply chain. The primary producer, manufacturer, wholesaler and transport provider will all need to be able to report their contribution--or lose business to someone that does."

The IT industry has not yet woken up to the opportunity. "Most of the so called IT visionaries still think their environmental contribution stops at getting computers to use less electricity," said McCabe. "All the technological components are there, but so far there has been little creativity in packaging them into compelling solutions of businesses."

Estimates for the total amount spent on Y2K, by comparison, range between US\$300-\$600 billion.

The projections draw on smart energy and compliance reporting forecasts in the S2 Intelligence report *The Future of Business 2008-2018*. Costs factor for instrumentation of buildings, factories, vehicles and assets, networking, accounting software upgrades, systems integration and IT services. Government costs for systems to support monitoring and compliance reporting are excluded.

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About S2 Intelligence:

S2 Intelligence Pty Ltd has been helping organisations innovate since 2002. It undertakes continuous research and analysis of emerging technologies and their application in business. For more information call +612 9984 7744, email info@s2intelligence.com.au or visit www.s2intelligence.com.au.

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