Testimony – Long Statement
Senate Committee on Environment and Public Works
Subcommittee on Oversight
March 30, 2011

John Sindelar
Client Industry Executive
HP Enterprise Services

Good morning Madam Chairwoman and Distinguished Committee Members. Thank you for the opportunity to testify on behalf of HP Enterprise Services regarding GSA Opportunities to Cut Costs, Improve Energy Performance, and Eliminate Waste. It is an honor to be here today and a pleasure to join with my panel members in addressing this important topic.

HP is the largest IT Corporation in the world with over 325,000 employees in more than 170 countries. As a major producer of products, energy is a significant cost driver, in many parts of the world a scarce resource, therefore we must manage those costs to keep our products competitive. This fact brings our commercial practices in line with the Governments desire for improved energy use resulting in a cleaner environment. GSA as the major procurement agency for the Federal government is tasked with helping to procure energy efficient and environmentally friendly products and we have the same goal. Further, both HP and GSA are committed to sustainability by reducing energy consumption, increasing the use of renewable energy, consolidating real estate and data centers, greening our supply chains, and leveraging the acquisition of sustainable technology, products and services. Adding to this portfolio approach, HP includes cloud computing, telework, telepresence, applications modernization and shared services as key organizational strategies to lower the carbon footprint. HP has proactively addressed most of these areas for 20 years or more. As a result, HP long ago learned that the "green way" is ***the*** way to optimize cost, reduce waste, increase energy efficiency, and be environmentally responsible. I will touch briefly on some of these areas.

HP understands that operational sustainability is nearly synonymous with energy use and a catalyst for innovation. This month HP established a new line of business -Energy and Sustainability Management (ESM) – that leverages our data center energy efficiency and applies it to facilities. We know that organizations that can see their total energy spend and address priorities for reducing consumption can save between 10 to 30 percent of their energy cost because we have seen those savings ourselves. Delivery of the new ESM offering includes a discovery workshop, a tailored roadmap to energy efficiency, base lining services, deep dive analytical tools for comprehensive measurement and recommendations, and transitioning to real time energy monitoring. We applaud GSA's Smart Buildings initiative and urge GSA in their acquisition process to emphasize the energy side of the sustainability equation that will result in agencies spending less on energy and more on their mission.

In renewable energy, HP continues to set aggressive goals to buy more energy from renewable sources, such as wind and solar. In 2009, HP purchased 3.6 percent of its electricity from renewable sources with a goal of 8 percent by the end of 2012.

HP is in its third year of implementing the Global Workplace Initiative. This initiative captures under-utilized space that results from an increasingly mobile workforce which now through enabling technology is no longer tied to a desk. The program is beginning its final year of a three year program to reduce the size of our base-line real estate portfolio by 30 percent and operating cost by 25 percent. We are currently 90 percent of the way to achieving these goals. There are many contributors to the space and cost reduction including the consolidation of key activities such as engineering, training, and data centers, the outsourcing of facility operations, and improvements in procurement practices. But by far the largest reduction of space is attributable to a redefinition of the space standards. This includes a heavy adoption of mobile working practices – in federal parlance telework. The environmental attractions have been many: less heating, cooling and energy use, less commuting for employees and less need for additional space. Furthermore, a portion of the savings has been set aside to improve the quality of the remaining workspace. This investment includes sustainable adaptive re-use of existing conditions, improvements in energy efficient building systems, and the use of environmentally friendly materials throughout.

Similarly, HP's consolidated its IT infrastructure of 85 data centers to 6 energy efficient data centers located in 3 communities supporting HP's internal requirements. The data center consolidation alone reduced IT spending by $1 billion annually while our business continued to expand. The HP data centers are designed to be "lights out" data centers capable of being managed remotely.

HP has the industry's most extensive supply chain with more than 700 production suppliers in over 1200 locations worldwide. For over 10 years, HP has embraced the challenge of raising standards in our supply chain through our social and environmental responsibility (SER) program with positive results. In 2008, we were also the first major IT company to publish an aggregated supply chain green-house-gas emissions report. Throughout our supply chain, HP's strategy is to encourage transparency, accountability, and performance improvement. We want suppliers to manage energy as effectively as we do, setting targets, disclosing performance, and engaging their own suppliers. Improving their energy efficiency and increasing the use of renewable energy will reduce their operating costs and green-house-gas emissions. We continue to aggressively address ways to lower supply chain cost and reduce green-house-gas emissions in manufacturing, packaging, and transportation.

For example, in transportation HP uses the best-in-class logistic service providers (LSPs) to transport our products. These LSPs maintain their own programs and initiatives to help reduce their environmental impact as well as that of HP. Our requirements include environmental criteria such as calculating green-house-gas emissions specific to HP's freight and developing proposals to help HP reduce carbon emissions. Secondly, we are continuing to convert shipments from air to ocean which reduces cost and green-house-gas emissions because ocean

shipment emissions per ton of product are only 1/60th of those from aircraft. Third, we continue to optimize distribution networks to decrease the distance that products need to travel, consolidate shipments, reduce the weight of packaging pallets by using plastic and then recycling them after use.

HP was the founder of the Electronic Industry Citizen Coalition (EICC) established to provide a code of conduct for the global electronics supply chain and improve working conditions and the environment. HP is a partner in developing sustainability standards by working with EPA and DOE as well as organizations like World Resources Institute, U.S. Green Buildings Council, and the World Wildlife Fund. HP embeds these standards throughout the lifecycle of its products and services including Leadership in Energy and Environmental Design (LEED) certified data centers and an end of life asset management program second to none. In fact, HP complies with over a 100 eco-label standards worldwide. In that regard, HP strongly supports a collaborative approach in the development of standards between industry and government to keep cost as low as possible. As these standards are finalized, we also advocate that GSA incorporate them in a meaningful way in the acquisition process as an incentive for industry investment.

HP is proud of its long record of accomplishment in sustainability. All lifecycle phases of our products and services are evaluated starting with our Design for the Environment program beginning in 1992; to efficient packaging and shipping; to operational efficiencies in energy and resources; to our end-of-use options under the Planet Partners program. As result, a brief overview of our accomplishments follows:

- In 2010, HP reduced green-house-gas emissions by 25 percent below 2005 levels, a year ahead of the target of 2011. With acquisition of EDS in 2008 resulting in the addition of 465 sites, the new goal for HP owned and HP leased facilities is 20 percent below the 2005 on an absolute basis by 2013.
- HP is close to recycling an accumulative 2 billion pounds of IT equipment and supplies.
- HP's Wynard data center in the UK that opened in February 2010, is one of the largest and most efficient data centers in Europe. It has a PUE rating of 1.2, 40 percent below the industry average – saving HP an estimated $4 million a year.
- Design and construction administration of the first LEED certified data center: Fannie Mae (250 sf Data Center, Office Building, and Operations Center)
- Client LEED Certified Data Centers (designed by HP Critical Facility Services) – 31 including 5 platinum and 15 Gold.
- Recent Recognition: Newsweek ranked #1 High Tech Green company of the Fortune 500 in 2009
- Ranked #1 Best Corporate Citizen by Corporate Responsibility magazine 2010
- Ranked #1 in Electronics Sector by ClimateCounts.org in 2010
- Fortune's one of ten Green Giants in 2007