

IDC MarketScape: Worldwide Sustainability Finance and Accounting Services 2024 Vendor Assessment

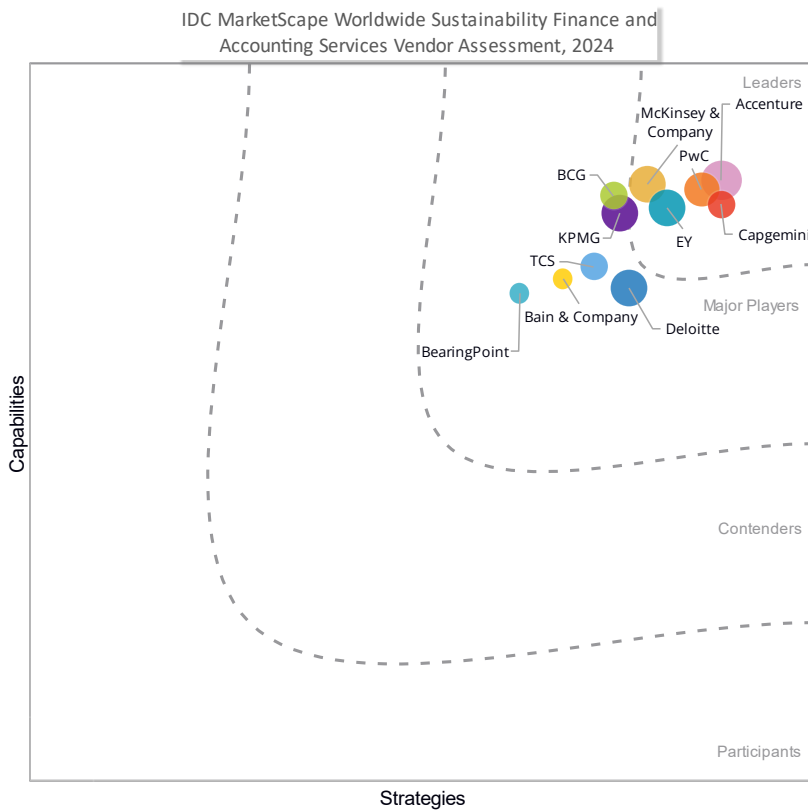
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THIS IDC MARKETSCOPE EXCERPT FEATURES PWC

IDC MARKETSCOPE FIGURE

FIGURE 1

IDC MarketScape: Worldwide Sustainability Finance and Accounting Services Vendor Assessment



Source: IDC, 2024

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Sustainability Finance and Accounting Services 2024 Vendor Assessment (Doc # US52036224). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

This IDC MarketScape assesses the vendor performance of sustainability finance and accounting services providers worldwide. Overall, these firms performed very well in this assessment, showing continued growth in maturity in the overall market.

Key findings include:

- **Comprehensive service offerings:** Leading consulting firms offer a wide range of services to help financial institutions and companies integrate sustainability into their operations. These services span sustainable investment strategies; green financing solutions; environmental, social, and governance (ESG) risk assessment; impact measurement; climate risk analysis; and regulatory compliance.
- **Proprietary tools and technologies:** Many firms have developed proprietary tools and technologies to enhance their sustainability finance and accounting services. These include AI-powered platforms for emissions tracking, climate risk analysis, and ESG data management.

The use of advanced technologies allows firms to provide more accurate insights and strategic decision-making support to their clients.

- **Partnerships and ecosystem engagement:** Consulting firms actively participate in global sustainable finance networks and industry associations to stay at the forefront of market trends and best practices. They collaborate with various entities to foster new financing solutions and contribute to the development of the sustainable finance ecosystem.
- **Tailored services for client maturity:** Firms recognize the need to provide tailored services based on their clients' sustainability maturity levels. They offer services suitable for both low- and high-maturity clients, helping organizations navigate their sustainability journeys regardless of their starting point.

- **Focus on regulatory compliance:** With the increasing regulatory focus on sustainability, consulting firms emphasize their ability to help clients comply with various reporting frameworks and regulations, such as the Corporate Sustainability Reporting Directive (CSRD), European Union (EU) taxonomy, and SEC rules.

They assist in implementing compliance frameworks, conducting materiality assessments, and developing governance structures to ensure adherence to sustainability standards.

- **Emphasis on climate risk and emissions tracking:** Climate-related financial risks, including physical and transition risks, are a significant focus area for consulting firms. They offer services to assess and manage climate risks, conduct scenario analyses, and develop strategies to mitigate these risks.

In addition, carbon accounting and emissions tracking are key services provided to help clients measure, manage, and report greenhouse gas emissions across their operations and investments.

- **Key strengths:** The sustainability finance and accounting services landscape is characterized by several key strengths among consulting firms. A primary strength is the comprehensive range of services offered, which includes sustainable investment strategies, ESG risk assessments, climate risk analysis, and regulatory compliance. Firms leverage proprietary tools and technologies, such as AI-powered platforms and scenario analysis engines, to enhance their service delivery and provide clients with actionable insights. The ability to tailor services to meet clients at various stages of their sustainability journeys is another significant advantage, allowing firms to cater to both low and high maturity clients effectively. Furthermore, strong partnerships with global sustainable finance networks and industry associations enable these firms to stay ahead of market trends and foster innovative financing solutions.
- **Key challenges:** Despite their strengths, consulting firms in the sustainable finance and accounting sector face several challenges. One notable challenge is the need for clearer communication regarding the linkages between market maturity fluctuations and service deployment. This clarity is essential for effectively conveying the value proposition to potential clients, particularly those new to sustainability initiatives. In addition, some firms may find their capabilities in specific areas, such as sustainability-related accounting practices, to be less mature compared with competitors. This gap highlights the necessity for ongoing investment in developing proprietary technology-enabled services that can meet the evolving needs of clients as they progress in their sustainability journeys. As the market continues to grow, firms must also address the increasing demand for services that focus on the social aspects of ESG, ensuring a balanced

approach that encompasses environmental, social, and governance considerations.

IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

This research includes analysis of the five largest business consulting firms based on their worldwide revenue in IDC's services tracker, and additional firms with broad portfolios spanning the different business consulting domains identified in IDC's services taxonomy. These criteria were used because the scope of this evaluation covers the broadest definition of business consulting. The selection criteria were the five largest vendors by global revenue as well as other business consulting firms with broad capabilities of relevant size. The assessment is designed to evaluate the characteristics of each firm — as opposed to its size or the breadth of its services. It is conceivable, and in fact the case, that specialty firms can compete with multidisciplinary firms on an equal footing. As such, this evaluation should not be considered a "final judgment" on the firms to consider for a particular project. An enterprise's specific objectives and requirements will play a significant role in determining which firms should be considered as potential candidates for an engagement.

Through thorough research, over the course of this assessment, IDC has found that in general, the primary services vendors can be categorized thusly:

- **Big Four:** IDC recognizes the well-known Big Four international accountancy and professional services firms — Deloitte, EY, KPMG, and PwC.
- **Technology led:** These are also large, multifaceted firms and are known for deep expertise in both technology and business consulting. IDC identifies these firms as those that expanded from information technology-centric businesses into more broad business consulting or vice versa.
- **Multidisciplinary:** IDC describes multidisciplinary firms as large, diversified consulting organizations that offer a range of business consulting services to clients across a myriad of sectors. To distinguish these from other specialty firms, consulting services must address more than two business functional areas, in addition to providing strategy and operational implementations.
- **Specialty:** Specialty firms have focused areas of consulting expertise in specific industries, functional areas, or technologies. Management and strategic consulting specialists that offer primarily strategy consulting and sustainability business intelligence models to specific sectors or industries including government fit into this category of firms.

ADVICE FOR TECHNOLOGY BUYERS

This IDC MarketScape should be used as a tool to provide context and data on potential services providers in the sustainability finance and accounting services market. These providers have shown that they all possess the necessary capabilities to help drive sustainable transformation across multiple domains. Each engagement with a services provider for sustainability finance and accounting will be different, based on the customer's ESG maturity and materiality, as well as on scope, budget, timeline, and goals — so it is important to understand where their key competencies lie and find the firm that best aligns with your internal strategy. Beyond that, consider the areas cited in the worldwide assessment where improvement is needed.

The following are areas where potential buyers of sustainability finance and accounting services should focus when selecting their service providers:

- **Expertise in sustainable finance.**
 - **Industry knowledge:** Look for firms with a deep understanding of sustainable finance principles, including ESG criteria. Evaluate their track record in implementing sustainable finance solutions across various industries.
 - **Certifications and credentials:** Check for relevant certifications, such as LEED, ISO 14001, or specific sustainability reporting frameworks (e.g., GRI, SASB). These credentials can indicate a firm's commitment to sustainability.
- **Proven methodologies.**
 - **Assessment tools:** Inquire about the methodologies and tools the firm employs to assess sustainability risks and opportunities. A robust framework for evaluating financial impacts related to sustainability is crucial.
 - **Case studies:** Request case studies or examples of previous projects that demonstrate the firm's ability to integrate sustainable practices into financial strategies effectively.
- **Collaborative approach.**
 - **Stakeholder engagement:** Choose a firm that emphasizes collaboration with your organization's stakeholders. This ensures that the solutions provided are tailored to your specific needs and objectives.
 - **Change management:** Assess the firm's approach to change management and capacity building, as successful implementation of sustainable practices often requires organizational buy-in and cultural shifts.
- **Transparency and reporting.**

- **Clear reporting standards:** Ensure the firm adheres to transparent reporting standards and can provide clear metrics for measuring sustainability performance. This is vital for tracking progress and demonstrating accountability.
- **Third-party verification:** Consider whether the firm offers or collaborates with third-party verification services to validate sustainability claims and enhance credibility.
- **Long-term partnership potential.**
 - **Alignment of values:** Evaluate the firm's values and mission to ensure they align with your organization's commitment to sustainability. A shared vision fosters a more productive partnership.
 - **Innovation and adaptability:** Look for firms that demonstrate a commitment to innovation in sustainable finance and accounting practices, as the landscape is continually evolving.

By carefully considering the aforesaid factors, organizations can select a professional services firm that not only meets their immediate needs but also supports their long-term sustainability objectives.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

PwC

PwC is positioned in the Leaders category in this IDC MarketScape on worldwide sustainability finance and accounting services for 2024, based on IDC analysis and customer feedback.

PwC (PricewaterhouseCoopers) is a multinational professional services network offering a wide range of services in assurance, advisory, and tax. With a presence in 151 countries and 695 offices, PwC serves clients with a specialized industry focus, including financial institutions — asset and wealth management (including real estate), banking and capital markets, insurance, and private equity.

PwC's experience with leading financial services institutions, combined with deep subject matter expertise, provides an understanding of the issues faced by clients around the world, and the company is working to infuse sustainability in all its financial

services offerings and connect financial institutions to the broader sustainability ecosystem.

PwC's core offerings in sustainable financial services include net-zero transformation; risk, resilience, and adaptation; reporting and assurance; and sustainable capital. The company assists clients in analyzing their net-zero ambitions, developing strategies, and implementing transformation road maps. PwC's integrated approach ensures that clients can measure and report their sustainability performance effectively, providing end-to-end solutions that drive progress against decarbonization goals and enhance resilience.

PwC offers expertise in sustainable investment strategies, including ESG integration, impact investing, and green bonds. To name a few of its offerings in this space, the company helps clients design and implement responsible investment policies, helps develop frameworks for sustainability integration, and can provide assurance services for green bond issuances. PwC's multidisciplinary approach ensures that its clients can navigate the complexities of sustainable finance, from strategy development to implementation and reporting.

PwC's geospatial risk offering is one differentiating component of its ESG services. The company leverages geospatial data and analytics generated by an in-house science and modeling team to help clients understand and manage environmental and social risks associated with their operations and investments. This includes assessing the potential impacts of climate change, natural disasters, and other environmental factors on assets and operations. By integrating geospatial insights into risk management processes, PwC helps clients make informed decisions, mitigate risks, and seize opportunities in the transition to a sustainable economy.

PwC leverages advanced technologies to enhance its service offerings and deliver value to clients. The company's approach is human led and tech powered, focusing on the integration of digital assets, tools, and innovative solutions. Key aspects include:

- **Investment in AI:** PwC has made a significant investment in generative AI and deploys it in a number of proprietary tools, including its Green House Toolkit, Decarbonization Toolkit and Emissions Tracker, and GeoChain solutions.
- **Digital upskilling:** Significant investments have been made in upskilling PwC's workforce in digital and sustainability skills, ensuring its teams are equipped with the latest knowledge and capabilities.
- **Innovative solutions:** Development of tools and technologies address local, regional, and global challenges, driven by PwC's global network.

- **Sustainability management solution:** Proprietary technologies like the sustainability management solution and Connected Solutions platform provide valuable insights and practical recommendations across investment portfolios.

Strengths

PwC offers a comprehensive suite of services that align financial activities with sustainability objectives and manage sustainability-related risks. This is achieved through a range of offerings, including net-zero transformation, risk resilience, and sustainable capital deployment. PwC's global network of experts and deep industry specialization enable the firm to provide tailored solutions to clients. Furthermore, PwC's commitment to upskilling its workforce and investing in technology enhances its ability to deliver innovative and effective solutions.

Challenges

Ensuring consistent global standards across diverse markets is another area of concern. In addition, maintaining transparency in its ESG initiatives is critical to sustaining trust and credibility. Avoiding greenwashing, which refers to conveying a false impression or providing misleading information about how a company's products are more environmentally sound, is also a crucial challenge for PwC.

Consider PwC When

PwC shows differentiation in asset-level climate risk. Clients should consider partnering with PwC in situations where climate risk is a key focus of the engagement.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings,

customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

This study represents the vendor assessment model called IDC MarketScape. It is a quantitative and qualitative assessment of the characteristics that explain a vendor's current and future success in the marketplace. The evaluation assesses the capabilities and business strategies of many professional services firm's sustainability finance and accounting services. It is based on a comprehensive framework and a set of parameters expected to be most conducive to success in providing sustainability finance and accounting services during both the short term and the long term. A significant component of this evaluation is the inclusion of business consulting buyers' perception of the key characteristics and the capabilities of these consulting providers, both directly from the vendors' clients and through a survey.

Market Definition

For the purposes of this assessment please use the definitions provided for sustainability, ESG, and ESG strategy services:

- **Sustainability** is an umbrella term used to define a broad range of actions and stances that uphold and further the notion that social and environmental stewardship should be key factors in any decision-making process.
- **ESG** is a more corporate specific derivation of sustainability. ESG is used to define specific action criteria through a corporate materiality lens. ESG first came to prominence in the investing community as a way to denote how investors can categorize their investments as "socially and environmentally progressive"

- **Sustainability finance and accounting services** are defined as professional services including business consulting, change management, IT applications and implementation, and managed services that enable their users to embed ESG and sustainability into their organizational finance and accounting systems, develop specific measurement and remediation strategies for financed emissions, deploy capital for sustainable causes, and maintain compliance with ESG specific reporting mandates.

Sustainability finance and accounting services include advisory, implementation, investment, and management services related to an organization's sustainability strategy. These services take the form of financial advisory, asset risk mitigation, green financing, regulatory compliance training, as well as data sourcing, validation, and reporting.

These services are often a combination of traditional consulting services and a tech-enabled solution for monitoring, measuring, data capture, and reporting on pillar-specific ESG issues.

For more in depth definition of the market, see *IDC's Worldwide Environmental, Social, and Governance Business Services Taxonomy, 2023* (IDC #US50035421, January 2023).

LEARN MORE

Related Research

- *IDC MarketScape: European ESG Technology Services for CSRD Compliance 2024 Vendor Assessment* (IDC #EUR150734224, July 2024)
- *IDC MarketScape: Asia/Pacific Sustainability/ESG Program Management Services 2024 Vendor Assessment* (IDC #AP50679323, June 2024)
- *ESG for Financial Institutions — Delivering Improved ESG Performance Through Data Services and Platforms* (IDC #US51387323, December 2023)
- *IDC MarketScape: Worldwide ESG Program Management Services 2023–2024 Vendor Assessment* (IDC #US50608423, December 2023)
- *IDC MarketScape: Worldwide ESG/Sustainability Strategy Consulting Services 2023 Vendor Assessment* (IDC #US49044922, February 2023)

Synopsis

This IDC study evaluates the performance of vendors providing sustainability finance and accounting services globally. It assesses the capabilities and business strategies of these firms, focusing on their ability to integrate environmental, social, and governance

(ESG) factors into financial services. The evaluation is based on a comprehensive framework that includes both quantitative and qualitative measures, as well as feedback from business consulting buyers.

Key findings highlight that leading consulting firms offer a wide range of services to help organizations integrate sustainability into their operations. These services include sustainable investment strategies, green financing solutions, ESG risk assessment, impact measurement, climate risk analysis, and regulatory compliance. Many firms have developed proprietary tools and technologies, such as AI-powered platforms, to enhance their service offerings. In addition, consulting firms actively engage in global sustainable finance networks and industry associations to stay updated on market trends and best practices.

The study identifies several strengths among the consulting firms, including comprehensive service offerings, the use of advanced technologies, tailored services for clients at different maturity levels, and a strong focus on regulatory compliance. However, challenges remain, such as the need for clearer communication regarding market maturity fluctuations and the development of more mature sustainability-related accounting practices.

The study concludes with advice for technology buyers, emphasizing the importance of selecting service providers based on their expertise in sustainable finance, proven methodologies, collaborative approach, transparency, and long-term partnership potential. By considering these factors, organizations can choose a professional services firm that aligns with their sustainability objectives and supports their long-term goals.

"Integrating ESG into finance isn't just a trend — it's a necessity for future proofing businesses and driving sustainable growth in a rapidly evolving market. With mandated reporting a reality, customer influence growing, and climate change an ever-growing threat, no aspect of business can be left out of an organization's sustainable transformation. Sustainable finance and accounting is no different. Financed emissions, asset risk, and data governance surrounding sustainability will be the cornerstone of any organization's resiliency and readiness for a more sustainable future," according to Dan Versace, senior research analyst for Environmental, Social, and Governance (ESG) Business Services.

ABOUT IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology, IT benchmarking and sourcing, and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly owned subsidiary of International Data Group (IDG, Inc.).

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