



Electrification of businesses in the Netherlands

Report for Schneider Electric



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Introduction





How we set this up



What brought us here

The electrification of business is starting to gain steam, there are more and more initiatives, innovations and successes. Schneider Electric wants to gain insights in the current state around electrification and keep tabs in the future.



What was our approach

Quantitative study of 10 minutes that is conducted via telephone interviews. The interviews were coordinated by Ipsos and conducted by specialist telephonists.



Who we spoke with

B2B sample where we spoke to 250 respondents in the Netherlands. Respondents are decision-makers or co-responsible in areas of IT, Sustainability, Facilities. The sample is spread across different company sizes (5-49: n=98; 50-249 n=93; 250+: n=59).

Conclusion





Conclusion

Rising costs have heightened the importance of sustainability, with larger companies assuming a leadership role in adopting sustainable practices. The government can provide guidance in the sustainability journey



1.

Rising costs make sustainability more important

- Driven by environmental reasons and cost reductions, sustainability holds an important place within companies. Especially larger companies (50+) find sustainability important.
- On average, companies endured an 18% price increase on energy costs. This motivated especially mid-sized companies to become more sustainable. The majority believes that the energy costs remain high, but stable.



2.

Larger companies are in the lead in becoming more sustainable

- Most companies already monitor their energy consumption and actively seek ways to improve it. However, a lesser number of companies take action to improve their water usage.
- Especially larger companies (50+) have a plan in place to become more sustainable. Where most initiatives focus on decreasing the use of fossil fuels.
- Both electrification and digitalization are recognized as crucial steps towards achieving greater sustainability. However, the implementation process is often hindered by the high investments required and practical restrictions. Larger companies, in particular, encounter challenges with the power grid and financial investments. Nevertheless, they also possess a stronger awareness of the importance of electrification and digitalization compared to smaller companies.



3.

The Government can make the sustainability journey for companies easier

- The larger companies are getting their CSRD regulations in place, but most of them are not there yet.
- The government can take a larger role in pushing companies towards sustainability. Companies especially want the government to align with all European countries and share more knowledge.

Most important insights



1.

Importance of sustainability in the context of an energy crisis

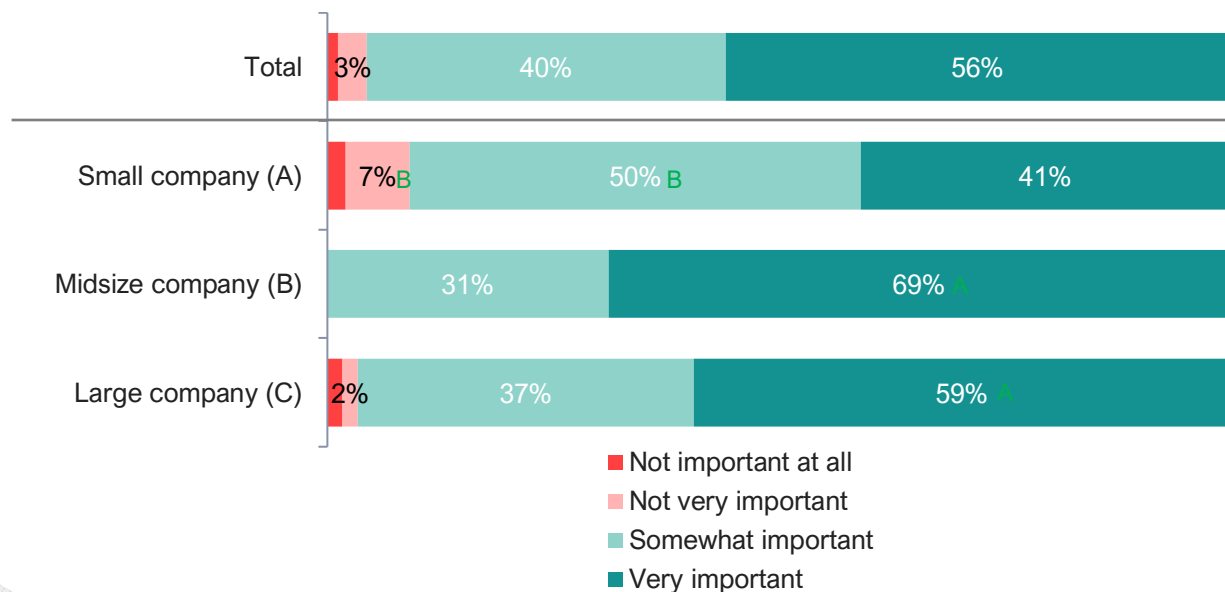




Importance of sustainability in the context of an energy crisis

Sustainability plays a very important role within most companies' strategy; on average, almost 10% of their revenue is spent on sustainability

Sustainability importance



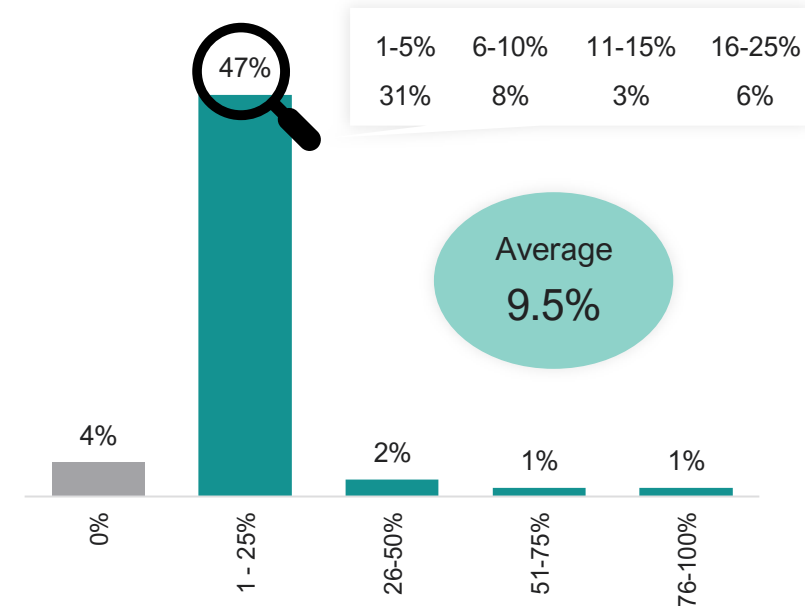
Base: all respondents (n=250); small <50; (n=98); midsize 50- 249 (n=93); large 250+ (n=59)

Q5: How important is sustainability in your company's strategy?

Q5a: What percentage of your annual revenue does your company spend on sustainability and decarbonization initiatives? [open]

Revenue spend on sustainability

48% of the total sample don't know



A/B/C: Significantly higher than other size company

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Importance of sustainability in the context of an energy crisis

Environmental/moral reasons are the main drivers for companies to become sustainable, followed by reasons beneficial to companies themselves

Reasons why sustainability is important

| | | Small company (A) | Midsize company (B) | Large company (C) |
|--|-----|-------------------|---------------------|-------------------|
| Environmental/moral reasons | 60% | 66% | 53% | 61% |
| To reduce energy costs | 46% | 53% | 39% | 49% |
| To comply with regulations | 46% | 44% | 46% | 49% |
| To attract or retain customers/clients | 38% | 30% | 47% A | 37% |
| To improve brand perception/reputation | 29% | 31% | 32% | 21% |
| To gain a competitive advantage | 24% | 22% | 28% | 21% |
| To attract/retain employees | 20% | 17% | 16% | 30% B |
| Pressure from the industry | 12% | 11% | 11% | 14% |
| To receive government funding | 6% | 9% | 5% | 2% |
| Internal pressure from the board | 4% | 3% | 3% | 7% |
| Other | 5% | 3% | 10% | 2% |

“Social obligation”

“We advise on sustainability, so we need to set a good example ourselves.”

Base: sustainability is (very) important total: (n=239) small <50; (n=89); midsize 50-249 (n=93); large 250+ (n=57)

Q6: What are the 3 main reasons why sustainability is important in your company’s strategy?

A/B/C: Significantly higher than other size company

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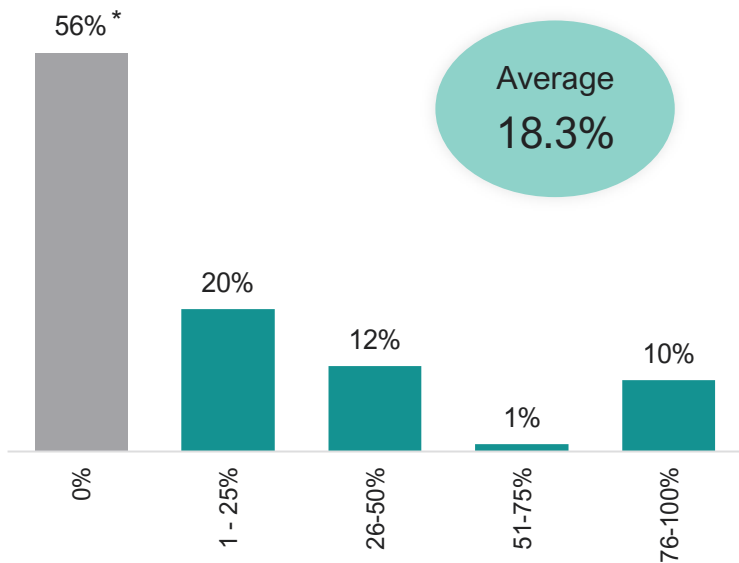




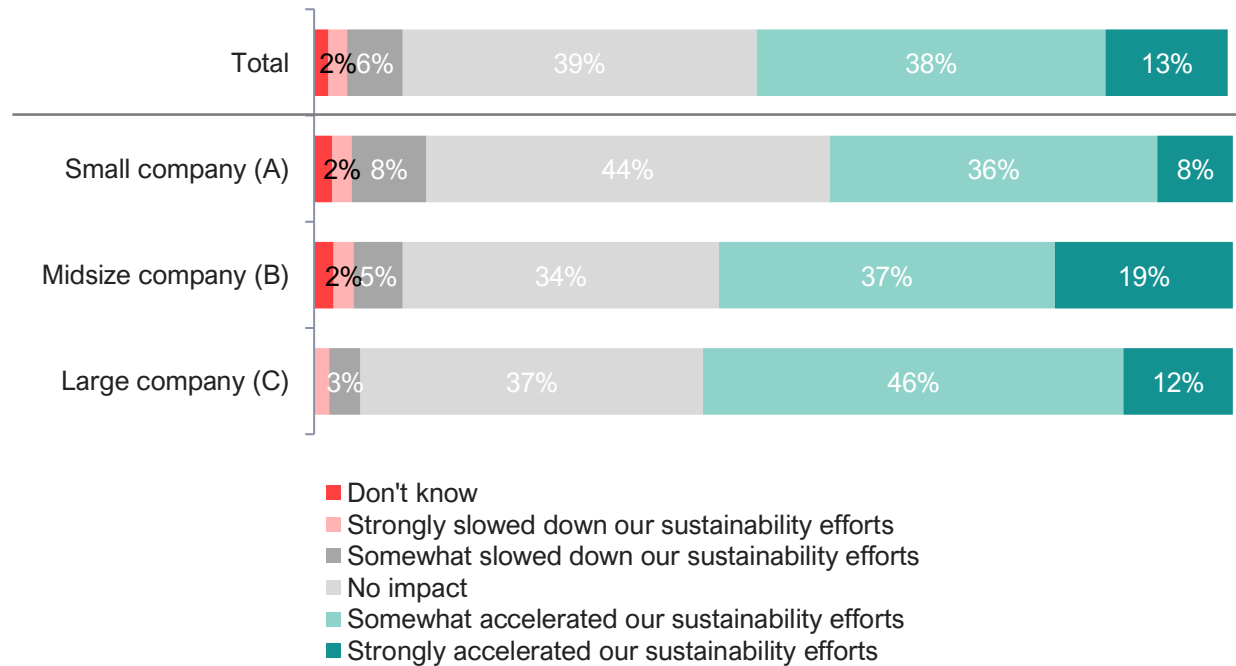
Importance of sustainability in the context of an energy crisis

Rising energy costs were for some companies a motivator to accelerate their sustainability efforts, especially for midsize companies

Increase of energy costs



Impact rising costs gas/oil/energy on sustainability



Base: all respondents (n=250); small <50; (n=98); midsize 50- 249 (n=93); large 250+ (n=59)

Q8a: By what percentage did your energy costs increase compared to beginning of last year?

Q8d: How much impact did the rising costs of gas/oil/energy have on your efforts to become more sustainable?

A/B/C: Significantly higher than other size company

*Striking outcome; possibly caused because the largest costs increase took place before the beginning of last year

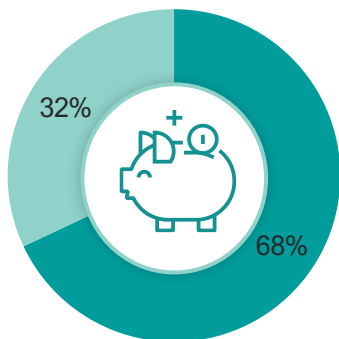




Importance of sustainability in the context of an energy crisis

Majority has a plan in place to manage their energy costs and believes the costs remain high, but stable

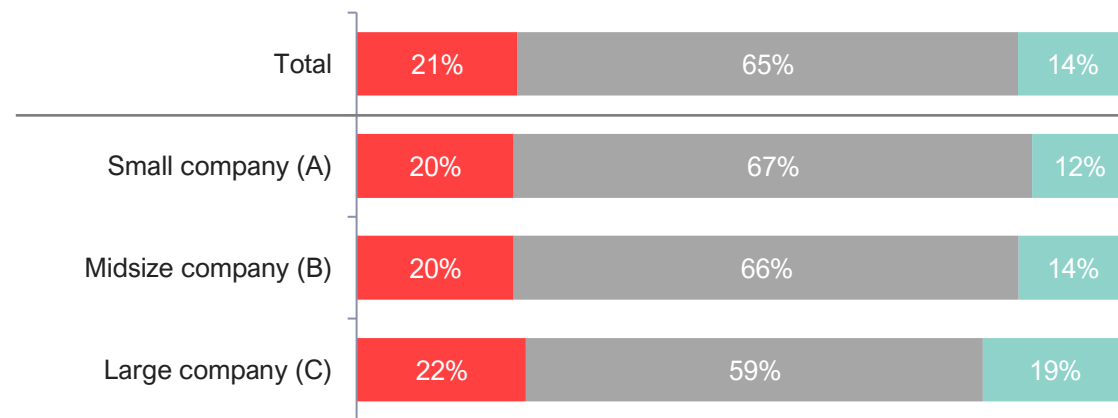
Plan managing energy costs



- Yes
- No

| | Small company (A) | Midsize company (B) | Large company (C) |
|-----|-------------------|---------------------|-------------------|
| Yes | 53% | 77% A | 80% A |
| No | 47% BC | 23% | 20% |

Development energy crisis coming winter



- Energy crisis will intensify with continuing rising costs
- Energy crisis will continue with high, but stable costs
- Energy crisis will decrease, with lower energy costs

Base: all respondents (n=250); small <50; (n=98); midsize 50- 249 (n=93); large 250+ (n=59)

Q8b: Do you have a plan in place to manage your energy costs?

Q8c: How do you expect the energy crisis to develop in the coming winter?

A/B/C: Significantly higher than other size company

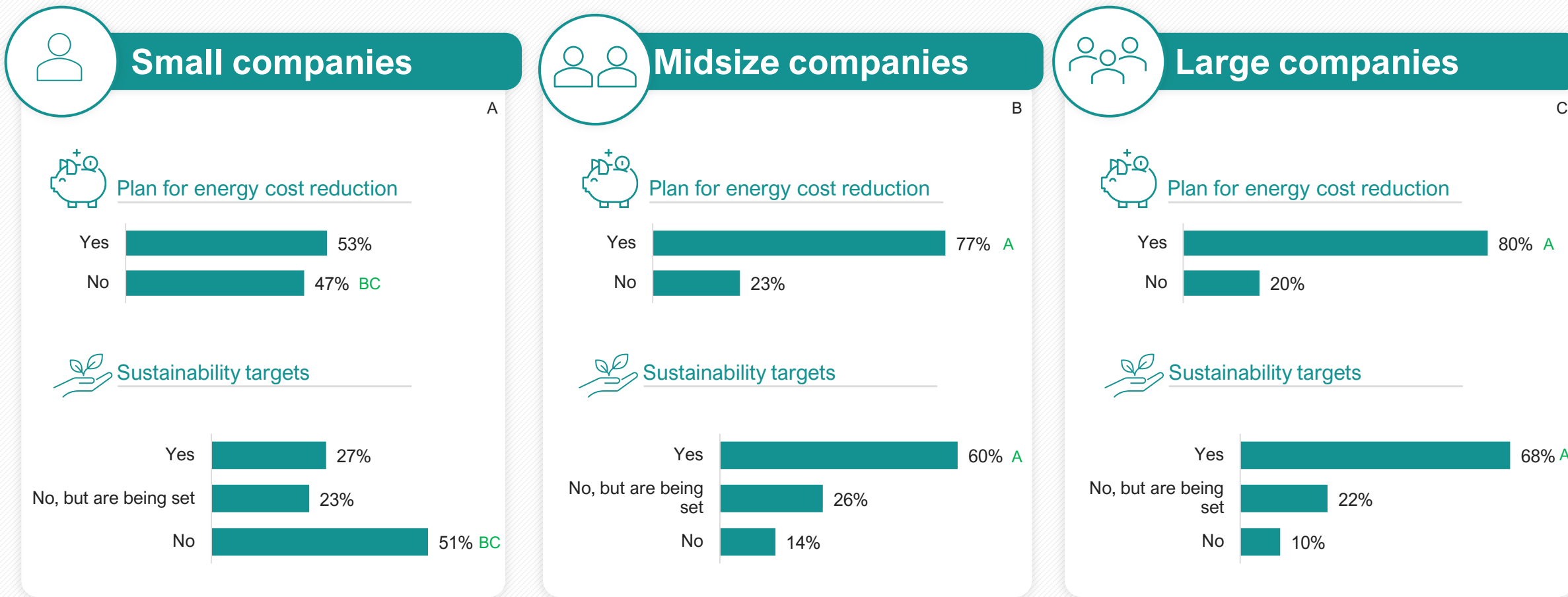
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Importance of sustainability in the context of an energy crisis

Overall larger and midsize companies have more often plans to reduce energy costs and sustainable targets in place than small companies



Base: all respondents (n=250); small <50; (n=98); midsize 50- 249 (n=93); large 250+ (n=59)

Q8b: Do you have a plan in place to manage your energy costs?

Q9: Has your business set measurable sustainability targets?

A/B/C: Significantly higher than other size company

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2.

Sustainability initiatives

- Insight into sustainability and targets set
- Electrification initiatives
- Digitalization initiatives

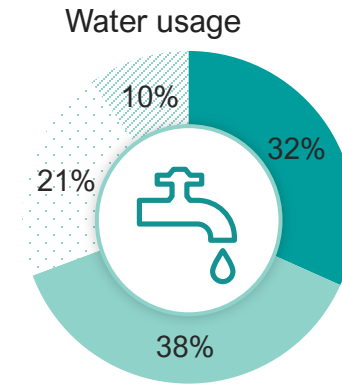
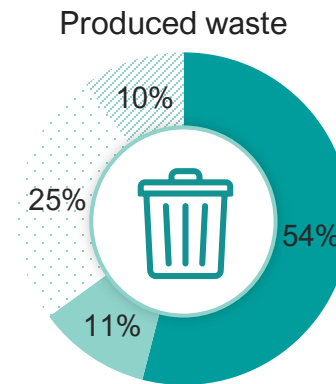
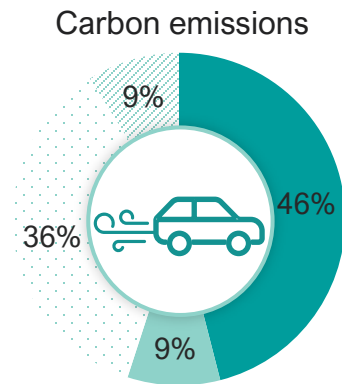
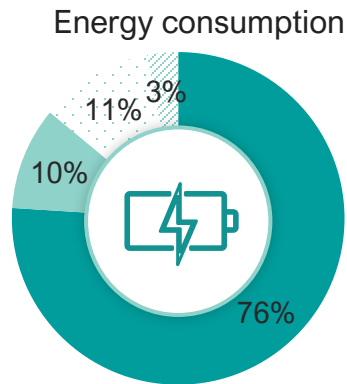




Sustainability initiatives; Insight into sustainability and targets set

Majority has insights in their energy consumption and acts on this data. Water usage on the other hand is measured quite often, but not used

Measuring sustainability aspects



- We measure this data and actively use it
- We measure this data but don't really use it
- We don't measure this
- ▨ Not applicable

Larger companies (50+) use their data more actively than smaller companies (<50) in all categories (see appendix)

Base: all respondents (n=250)

Q8: How much insight do you have into the following aspects of sustainability? Your company's...

A/B/C: Significantly higher than other size company

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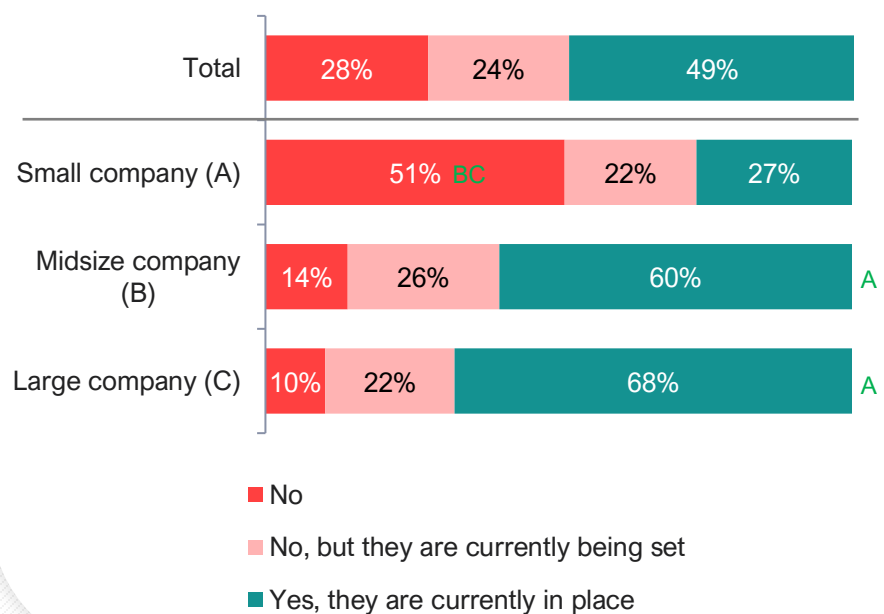




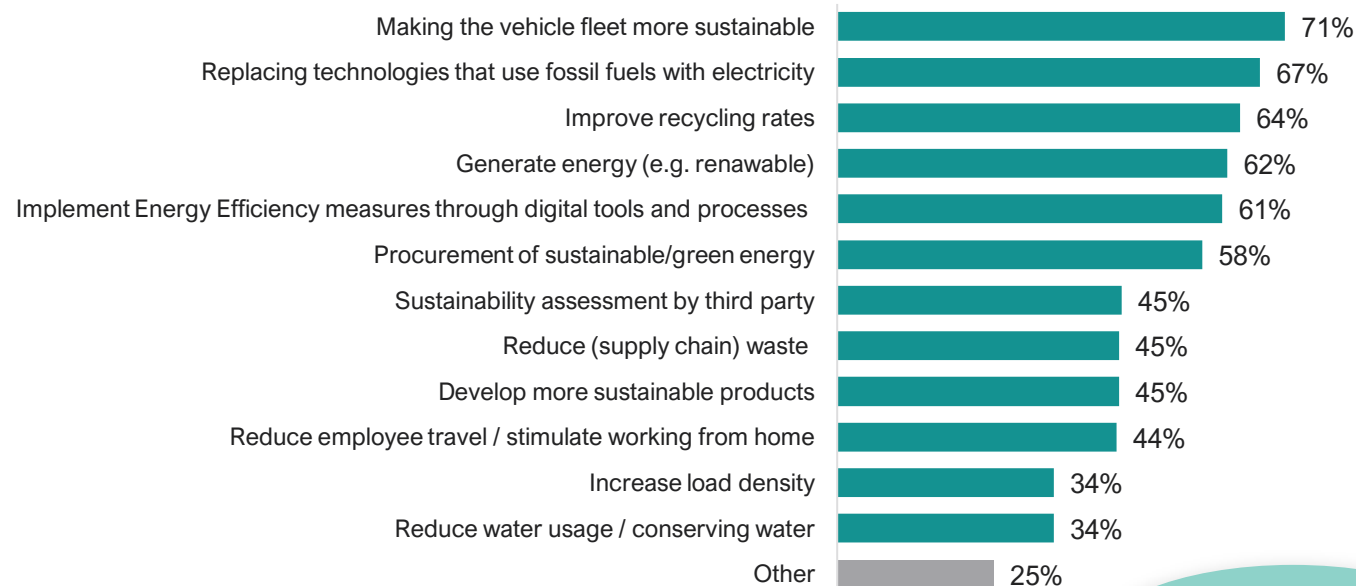
Sustainability initiatives; Insight into sustainability and targets set

Half has sustainable initiatives in place, where the most popular ones revolve around decreasing the use of fossil fuels. Small companies have less targets in place than larger and midsize companies

Having sustainability targets



Implementing sustainable initiatives



6.6 initiatives on average

Base: all respondents (n=250); small <50; (n=98); midsize 50- 249 (n=93); large 250+ (n=59)

Q9: Has your business set measurable sustainability targets?

Q10: Which of these sustainability initiatives do you plan to implement in the coming years (in order to reach these targets)?

A/B/C: Significantly higher than other size company

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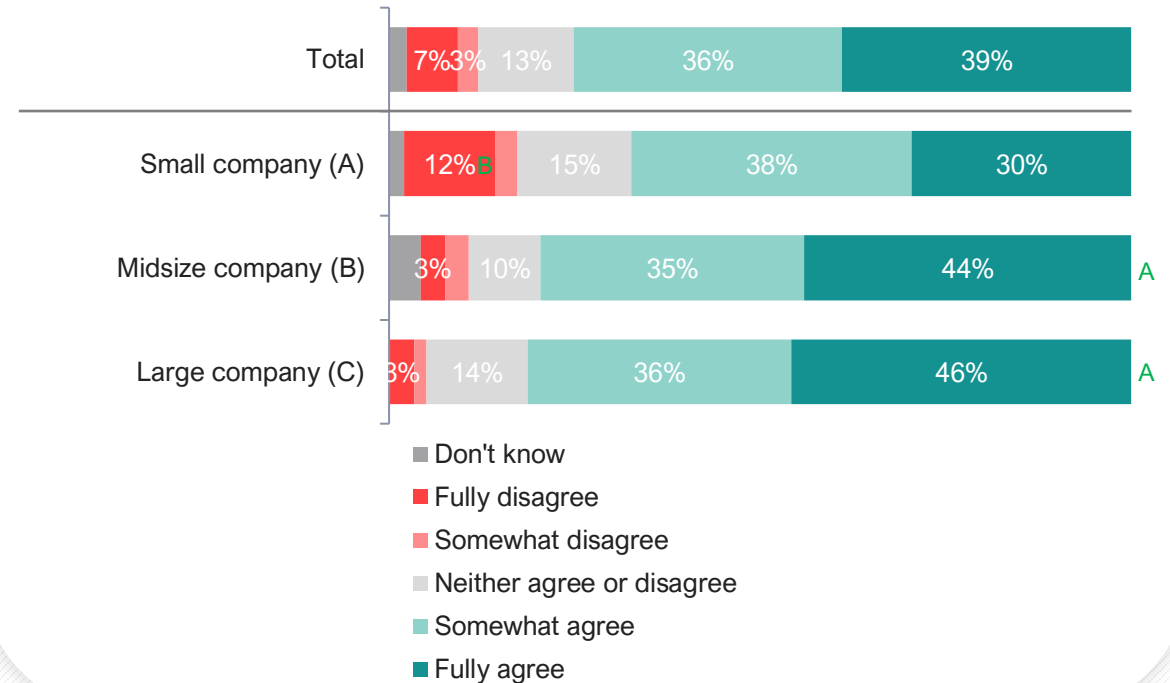
Majority (somewhat) agrees that electrification is an important step to become more sustainable



Electrification of my business is an important step to become more sustainable.

With electrification of your business we mean replacing technologies that use fossil fuels – such as oil, coal, and natural gas – with technologies that run on electricity.

Importance of electrification



Base: all respondents (n=250); small <50; (n=98); midsize 50- 249 (n=93); large 250+ (n=59)

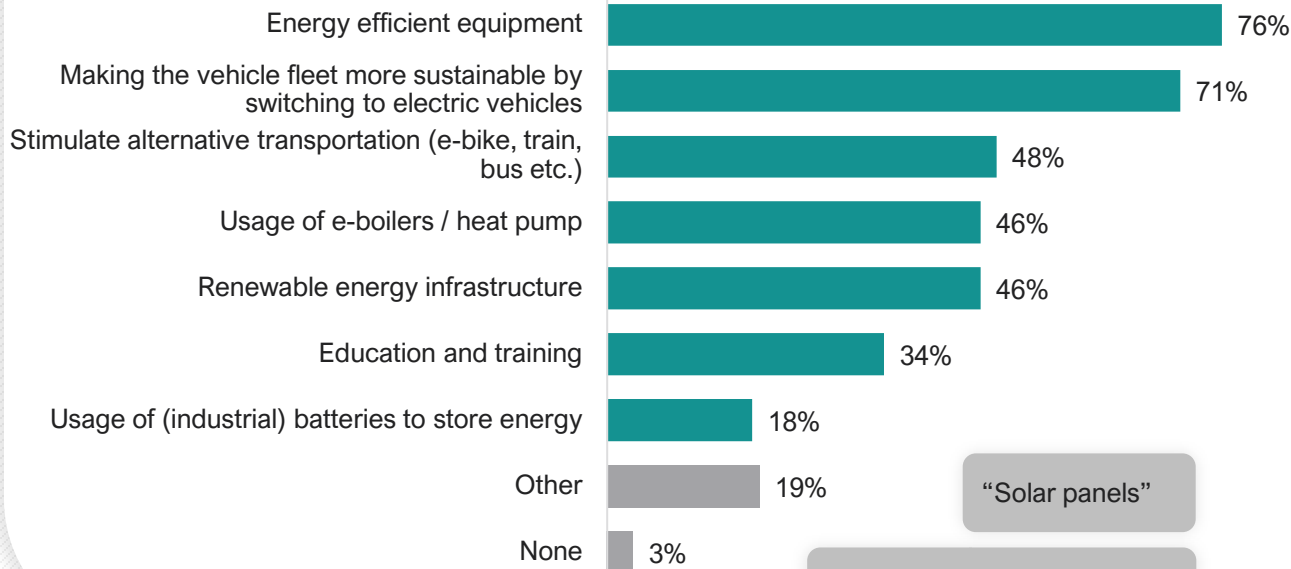
Q11: To what extent do you agree with the following statement?

A/B/C: Significantly higher than other size company



Updating the equipment and vehicles are by far the most popular implemented initiatives of electrification; larger and midsize companies started more initiatives

Electrification initiatives

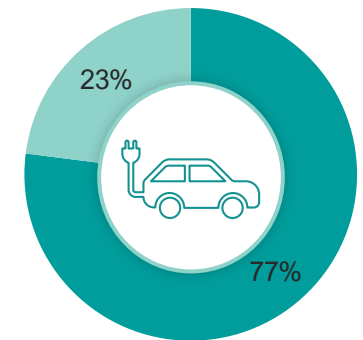


“Solar panels”

“Replacing light with LED”

| | Small company (A) | Midsize company (B) | Large company (C) |
|---|-------------------|---------------------|-------------------|
| Energy efficient equipment | 67% | 80% | 86% A |
| Making the vehicle fleet more sustainable by switching to electric vehicles | 59% | 78% A | 80% A |
| Stimulate alternative transportation (e-bike, train, bus etc.) | 41% | 55% | 51% |
| Usage of e-boilers / heat pump | 36% | 52% A | 56% A |
| Renewable energy infrastructure | 34% | 48% A | 64% A |
| Education and training | 26% | 41% A | 39% |
| Usage of (industrial) batteries to store energy | 12% | 23% | 20% |
| Other | 12% | 23% | 24% |
| None | 4% | 3% | 2% |

Was the electrification effective?



■ Yes ■ No

| | Small company (<50) | Midsize company (50-249) | Large company (250+) |
|-----|---------------------|--------------------------|----------------------|
| Yes | 81% | 76% | 74% |
| No | 19% | 24% | 26% |

Q12: Which initiatives related to electrifying the company are you already implementing, if any? Base: all respondents (n=250)

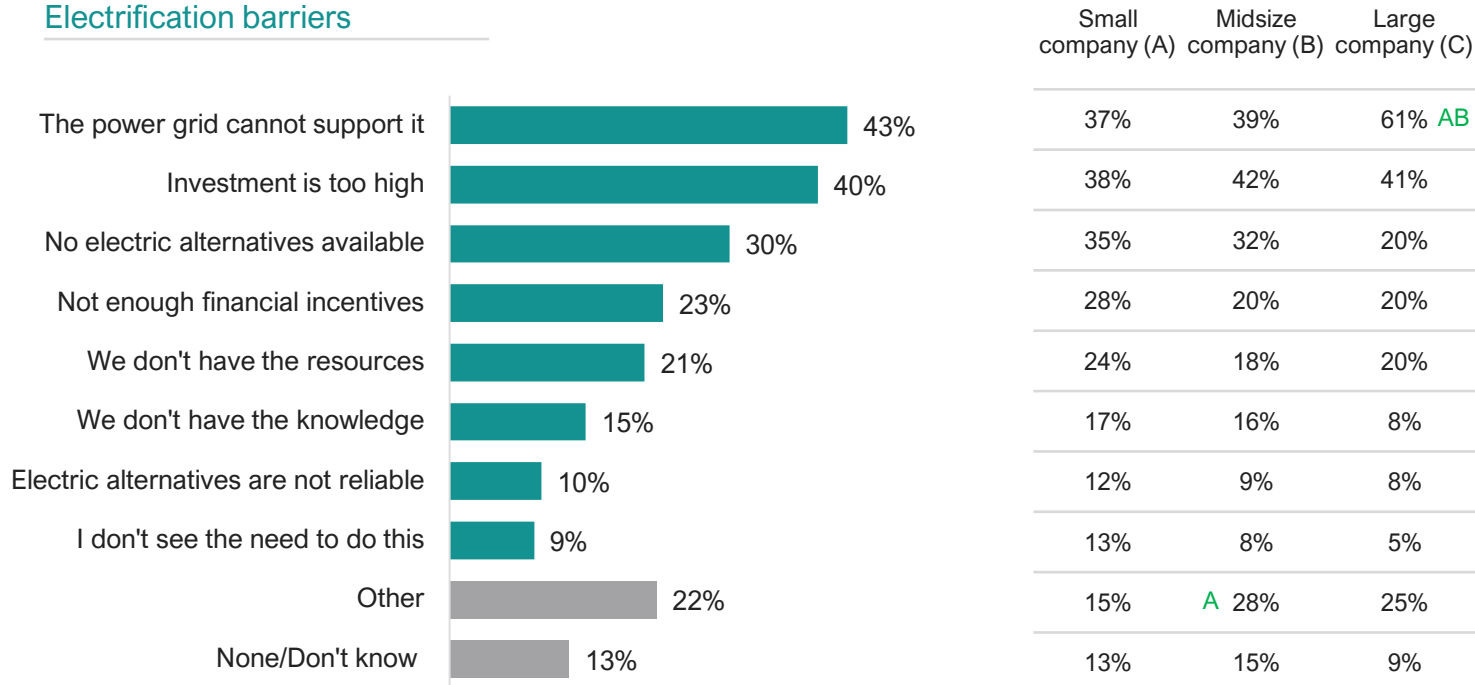
Q13b: Did these electrification initiatives help to reduce carbon emissions? Base: (n=241)

A/B/C: Significantly higher than other size company



High investment costs and limitations of the power grid remain barriers

Electrification barriers



“Technical obstacles, i.e. that it does not seem technically possible. E.g., solar panels, the roof is not strong enough for that.”

“We rent this property; the landlord is difficult to move into sustainability.”

“Technology is not yet adequate”

Base: all respondents (n=250); small <50; (n=98); midsize 50- 249 (n=93); large 250+ (n=59)

Q13: What are the main barriers to electrify your business?

A/B/C: Significantly higher than other size company



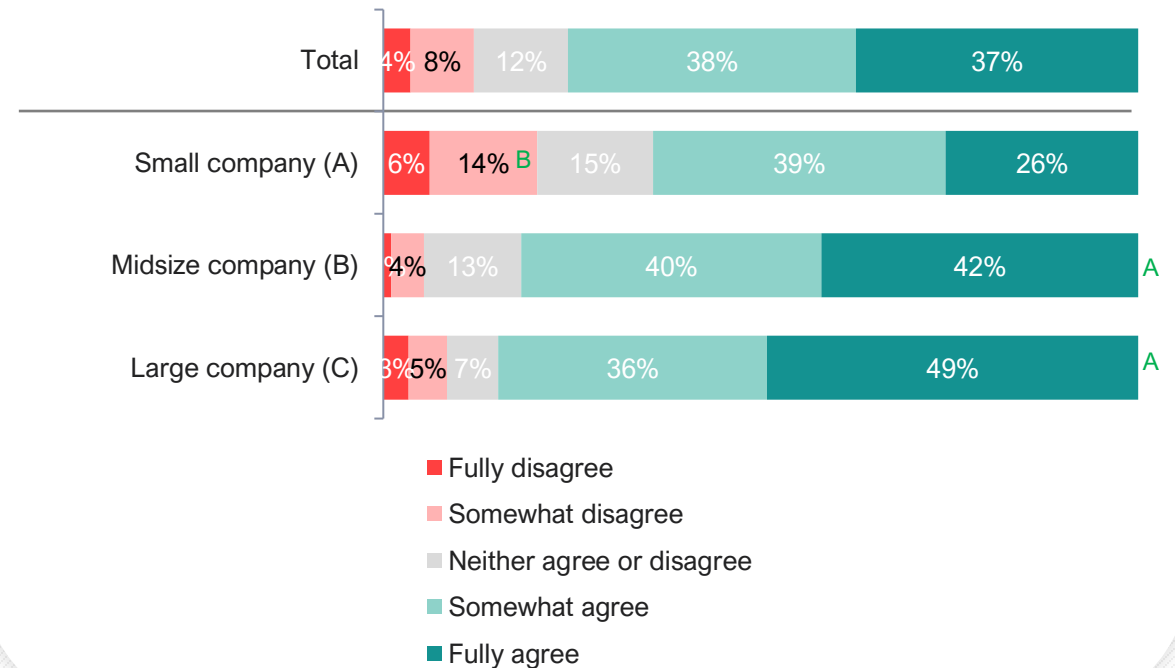
Next to electrification, the majority also (somewhat) agrees that digitalization is an important step to become more sustainable, especially midsize/large companies



Digitalization of my business is an important step to become more sustainable

With digitalization of your business we mean using digital tools and processes to make sustainability improvements, such as reducing environmental impact or increasing resource efficiency.

Digitalization importance



Base: all respondents (n=250); small <50; (n=98); midsize 50- 249 (n=93); large 250+ (n=59)

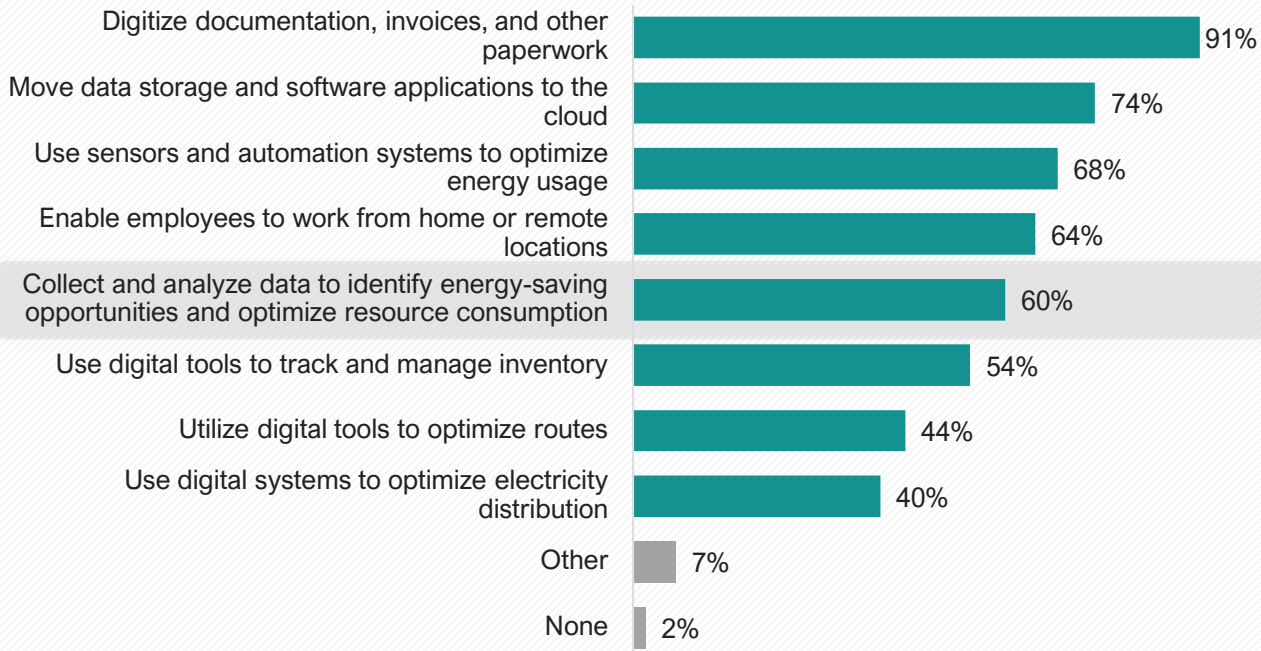
Q14: To what extent do you agree with the following statement?

A/B/C: Significantly higher than other size company

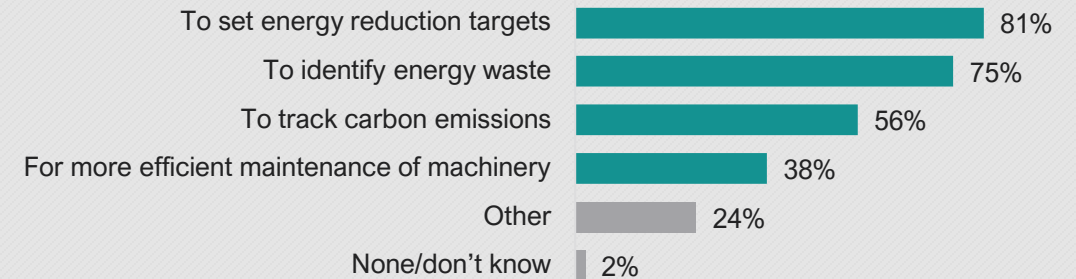


Almost everyone tries to minimize paper waste, while the majority believes their digitalization initiatives helped reducing carbon emissions and energy

Digitalization initiatives



How the analysed data is used



78% find that their digitalization initiatives helped reducing energy usage/carbon emissions

Base: all respondents (n=250)

Q15: Which initiatives related to digitalization are you already implementing, if any?

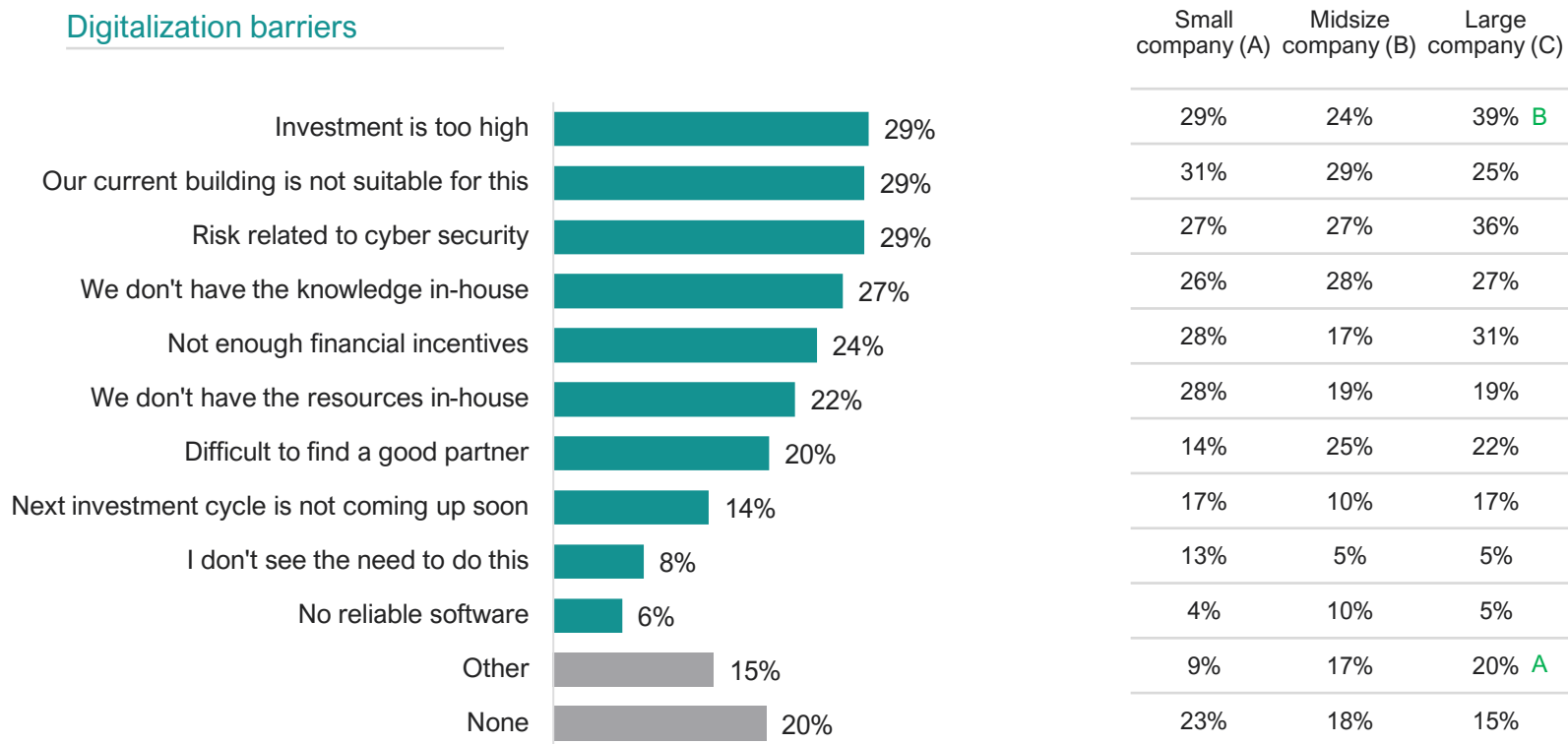
Q15b: Did these digitalization initiatives help to reduce energy usage and/or carbon emissions?

Q16: You mentioned that you actively monitor your energy usage, what do you do with this data? Base: (n=149)



Just like for electrification, high investment costs are a barrier. Together with the suitability of the building and worries about cyber security

Digitalization barriers



“Some (older) people are not used to digital tools.”

“The whole chain has to come along, like in terms of delivery and so on.”

Base: all respondents (n=250); small <50; (n=98); midsize 50- 249 (n=93); large 250+ (n=59)

Q17: What are the main barriers to digitalize your business to become more sustainable?

A/B/C: Significantly higher than other size company

3.

Legislation and the role of the government





Most of the larger companies started preparing for the CSRD regulations, but are not there yet



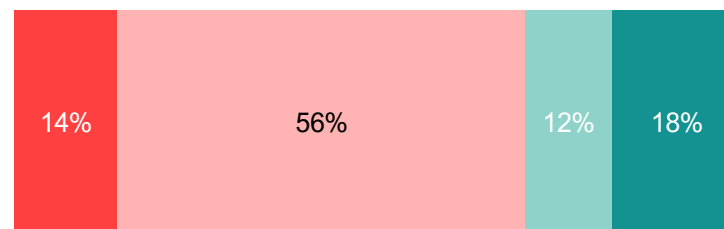
In accordance with the new CSRD legislation, it will be mandatory for large companies to publish regular reports on their environmental and social impact activities.

Companies meeting at least two of the following three conditions will have to comply with the CSRD:

- €40 million in net turnover
- €20 million in assets
- 250 or more employees

Ready for CSRD legislation

For 15% it is not mandatory to comply with CSRD regulations



- We have not started preparing
- We have started preparing
- Almost ready
- Fully ready

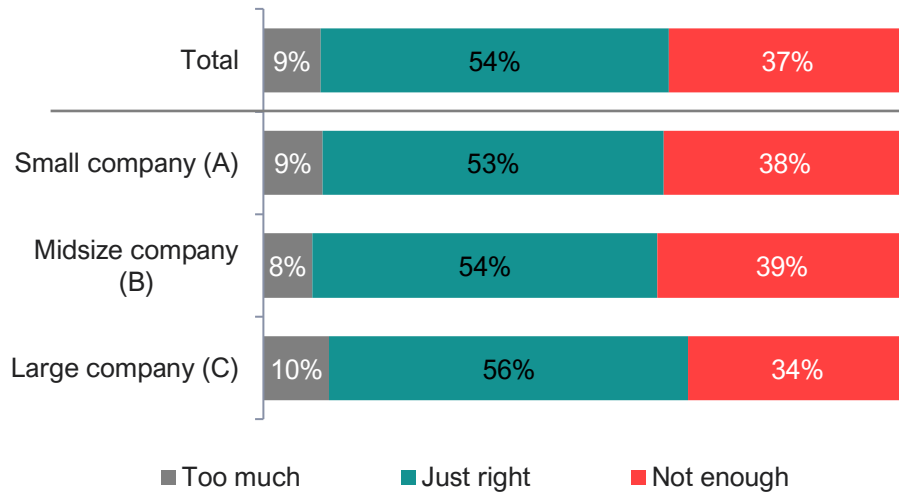
Base: all respondents with companies >250 employees (n=59)

Q18: To what extent is your business ready to meet the standard of the CSRD regulations?

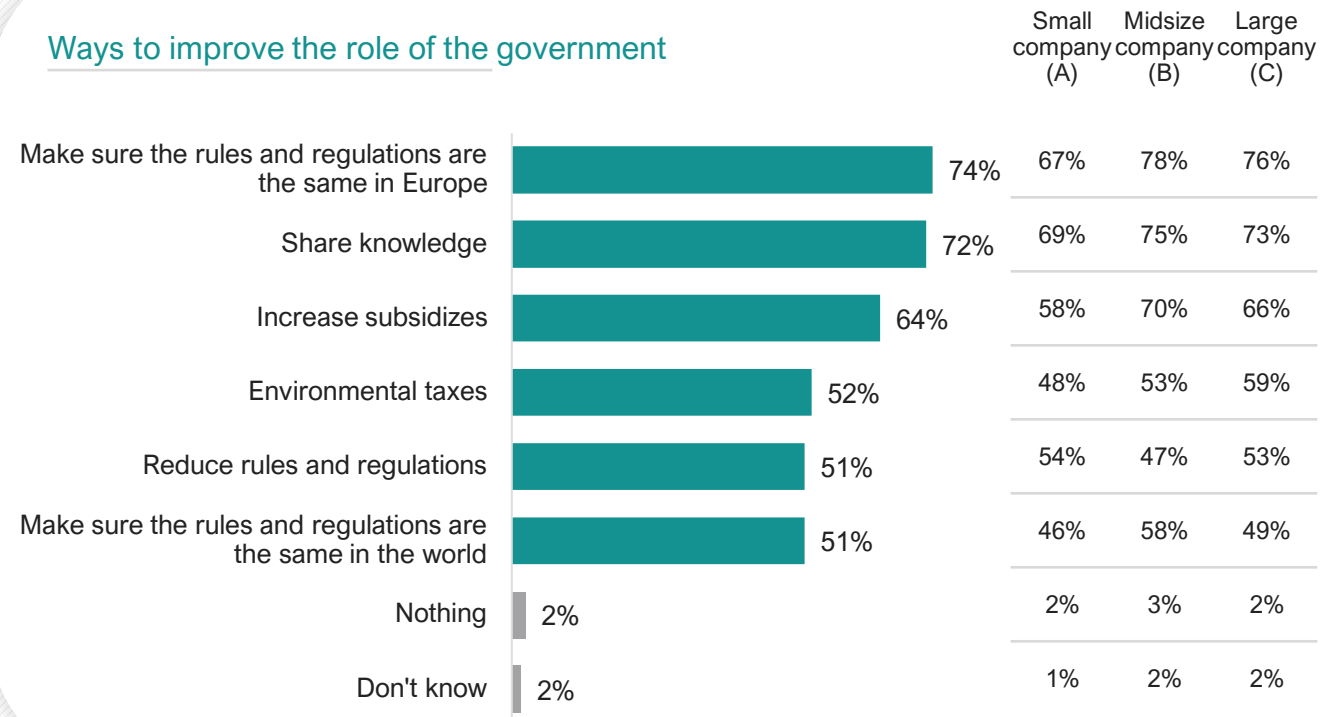


There is room for the government to keep pushing companies to become more sustainable; they can align the rules with Europe and share knowledge

Role of the government in stimulating sustainability



Ways to improve the role of the government



Base: all respondents (n=250); small <50; (n=98); midsize 50- 249 (n=93); large 250+ (n=59)

Q19: Do you feel the government stimulates you enough, too little or too much to become more sustainable?

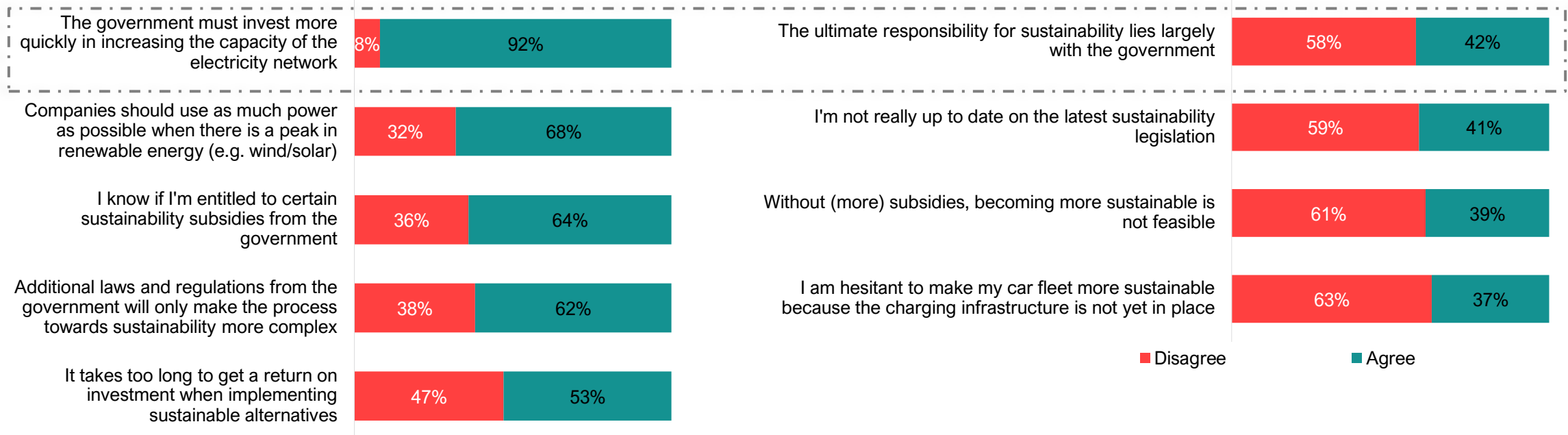
Q20: What can the government do to (further) improve your sustainability?

A/B/C: Significantly higher than other size company



Companies urgently need the government to enhance the capacity of the electricity network; but the majority doesn't find that the ultimate responsibility for sustainability lies with the government

Mindset about sustainability



Base: all respondents (n=250)

Q21: Do you agree or disagree with the following statements:



Many of the challenges are beyond the scope of their own companies

Biggest challenges to become net-zero

1. Financial challenges



I think the complete move away from fossil and the costs that come with it. And besides if we switch to electric then the power grid does not have enough capacity.”



Regulations are really a thing for companies to make sustainable. Applying for subsidies is unnecessarily difficult. The regulation/ law needs to be changed or the cost needs to be reduced.”



The costs are very difficult, they are too big to make the investments. To do those in 1 go.”

2. Practical challenges



The vehicle fleet is our biggest problem. We have a lot of vans and are still waiting for hydrogen. A lot of weight which affects how many kilometres they have to drive. Sometimes there are no charging stations available in certain areas or in a part of the city where you have long walking times or in an area where a new business park is planned or long distances. Long travel distances. The whole infrastructure has yet to be set up. For passenger cars, it would be electric. Staff are reluctant to choose an electric car. They can't take holidays so well with it.”



The connection to a major energy network; it is not possible to get an energy connection these days, it is very limited.”

3. Policy and restrictions



Regulations. Government regulations are unclear and the rules are changing. For example in the fleet: road tax. Regulations are unclear towards the future.”



Being in a shared rental property means we have to negotiate with the owner of the property. With that, we do not have full influence on this. There is a 5-year lease. You then conduct negotiations once. Many matters then concern maintenance. So relatively speaking, we don't have that much influence on this.”

Base: all respondents (n=250)

Q22: In your opinion, what is the biggest challenge for your company to become net-zero?

Appendix





Larger and midsize companies use their data more actively than smaller companies

Measuring sustainability aspects



Energy consumption

| | Small company (A) | Midsize company (B) | Large company (C) |
|--|-------------------|---------------------|-------------------|
| We measure this data and actively use it | 59% | 86% A | 86% A |
| We measure this data but don't really use it | 16% B | 5% | 8% |
| We don't measure this | 18% BC | 8% | 3% |
| Not applicable | 6% | 1% | 2% |



Carbon emissions

| | Small company (A) | Midsize company (B) | Large company (C) |
|--|-------------------|---------------------|-------------------|
| We measure this data and actively use it | 22% | 58% A | 66% A |
| We measure this data but don't really use it | 11% | 5% | 12% |
| We don't measure this | 51% BC | 32% C | 17% |
| Not applicable | 15% B | 4% | 5% |



Produced waste

| | Small company (A) | Midsize company (B) | Large company (C) |
|--|-------------------|---------------------|-------------------|
| We measure this data and actively use it | 36% | 63% A | 69% A |
| We measure this data but don't really use it | 9% | 8% | 19% B |
| We don't measure this | 39% BC | 22% C | 7% |
| Not applicable | 16% C | 8% | 5% |



Water usage

| | Small company (A) | Midsize company (B) | Large company (C) |
|--|-------------------|---------------------|-------------------|
| We measure this data and actively use it | 20% | 37% A | 42% A |
| We measure this data but don't really use it | 37% | 37% | 41% |
| We don't measure this | 26% C | 22% | 12% |
| Not applicable | 17% BC | 5% | 5% |

Base: all respondents (n=250)

Q8: How much insight do you have into the following aspects of sustainability? Your company's...

A/B/C: Significantly higher than other size company

**BE
SURE.
ACT
SMARTER.**

**Thank
you**