

OPTIMISTIC OUTLOOK PODCAST | EPISODE TRANSCRIPT

“The Sustainability Trap: Why Investment Is Rising but Impact Isn't”

Featuring:

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Description: Most companies say sustainability is a priority. Far fewer are seeing it actually move the needle on their business. A new industry survey puts a number on that gap: more than 85% of executives plan to increase their sustainability investments yet only about one in four reports very high impact from those efforts. So what's going wrong, and how do the leaders get it right?

In this episode of The Optimistic Outlook, Siemens' Erica Call sits down with UL Solutions' Luca De Ferrari to explore why sustainability is shifting from a compliance checkbox to a genuine growth strategy. Drawing on conversations with manufacturers and industrial companies across the U.S., they dig into why investment keeps rising even as pressure for real ROI intensifies and what's holding most organizations back from turning ambition into measurable results.

They reveal how trusted analytics, clear data, and real-time visibility into energy costs are giving leading companies something their competitors don't have: the ability to use sustainability to reduce costs, manage risk, and strengthen long-term competitiveness. In other words, for the companies thinking about sustainability as integral to their process, it not a cost of doing business anymore - it's their competitive edge.

Conversation:

Luca DeFerrari 0:01

A few years ago, if you think about it, sustainability often lived near reporting and reputation. Today, it's increasingly treated as a performance agenda. Companies want to connect it to cost, resilience, competitiveness.

Erica Call 0:16

When I think about sustainability, it's very relevant to what all of our companies are seeing in the industry, all the challenges that we at Siemens are seeing, as well as balancing progression towards net zero, but then it's also balancing our our checkbook as well.

Lauren Espin 0:40

Hello, I'm Lauren Espin. Sustainability has become a clear business priority around the world, but while ambition is high, measurable business impact has proven harder to achieve. According to UL Solutions, recent sustainability surge report, more than 85% of executives plan to increase their sustainability investments, yet only about one in four currently report seeing very high impact from those efforts. That gap between investment and results raises important questions. What's holding organizations back, and what does it take to move sustainability from a reporting requirement to a true driver of performance and growth? In this episode of The Optimistic Outlook, Erica Call, Head of U.S. Sustainability Consulting and Energy Services for Siemens Buildings sits down with Luca DeFerrari, Head of Americas Sales, Risk and Compliance Software at UL Solutions to explore how the conversation is evolving across manufacturing and industrial sectors. Together, they examine why companies continue to invest. They discuss the growing importance of trusted data, analytics and third party assurance in turning sustainability goals into actionable strategies. And they explore how rising energy prices, grid constraints and resilience concerns are reshaping the business case for on site, generation, storage and advanced energy solutions. The conversation moves

beyond compliance to focus on competitiveness to how leading organizations are reducing operational costs, managing risk more effectively, differentiating their products and strengthening long term resilience in an increasingly volatile environment. What separates companies that are accelerating from those that are moving more slowly, and where are the greatest opportunities ahead? Let's listen in to Erica and Luca.

Erica Call 2:38

When you look at the last couple of years, what makes you feel different about how companies are approaching this work today?

Luca DeFerrari 2:48

What feels different now, I think, is the intent of people. A few years ago, if you think about it, sustainability often lived in reporting and reputation. Today, it's increasingly treated as a performance agenda. Companies want to connect it to cost, resilience, competitiveness, so it's very much more of a business driver than a compliance matter. At the same time, what we're seeing is that there's much less patience for nice to have dashboards because leaders are asking, show me the economics of sustainability, and that's why we're seeing more demand for trusted data analytics assurance, so sustainability decision can be made with the same rigor as financial or operational decision. What is driving it? There's energy volatility, grid constraints, there's market access and customer requirements, and lastly, there's a regulatory pressure, the bigger change is the push to turn sustainability into measurable business value.

Erica Call 3:53

But many still struggle to see the real business impact. What are you seeing on your side, Luca?

Luca DeFerrari 4:00

There's still fundamentally an issue with with achieving these goals, which is related to execution. That's really what it's holding back companies. It's it's how to execute on these sustainability initiatives. And there's UL Solutions research that kind of captures

that tension, and where you see many executives that do want to increase sustainability investment, but only a minority of these that have accomplished high impact. Fragmented data, unclear ownership on this data and ownership on these initiatives as well, sometimes represent a barrier for this organization to unlock the full potential. What we are seeing is that organization that breakthrough, really treat sustainability like a business system. One where, basically you have governed data, you have clear accountability on who owns the data and who does what in an organization, and then also assurance so that the stakeholders that are involved can actually trust the data, and, most importantly, trust the outcomes of this data,

Erica Call 5:21

Part of what we've been doing a lot within Siemens is really enabling Siemens ourselves, but then also many of our customers to be able to collect data. Go from trying to understand what's my cost and consumption and carbon to how do I actually transition to more of a sustainable organization that allows me to balance resiliency, to keep my operations ready whenever we've got multiple grid constraints, we've got rising prices of energy yet we've also got the need for more product as well. So our collaboration with UL is helping to bridge that gap across customers and industries to really accelerate sustainability for everyone.

Erica Call 6:20

We mentioned that it all comes back to data, getting access to it, trusting it, actually using it. Where do you see companies struggling the most when it comes to sustainability data today and collecting of the data?

Luca DeFerrari 6:37

The reality what's happening is that most organization don't really have a single sustainability data problem. They have a data supply chain problem, that's how I would define it. And what happens is that data doesn't only sit in one system, but it may sit in several different system and different parts of the organization. Some departments may have required data on spreadsheets. Some other departments may already have technology and databases hosting that data. Some data may sit in an ERP system. Some

data may sit in a you know, emission reporting solution. The reality is that there are silos of data, and when it comes the time to put it all together to support the decision making process, it's a very time consuming effort, and it's costing companies a lot of money. The other problem is the frequency or the granularity needed for the decision making process. So one part is silos, the other part is is the data granular enough to support the level of reporting and decision making that is required by the organization? So there's a clear problem in accessing this data that companies out there are trying to try to overcome. Then there is the trust issue. Sometimes there are inconsistent methodologies. There's no audit trails, and this is making hard for business leaders and sustainability leaders to rely on. You know, the data and the progress being made when it comes to sustainability. We've been working with with organization that have shared with us that when they request their data from their supplier and they need product carbon footprint data, and these data may not arrive, or maybe arrives late, or perhaps is inconsistent across the suppliers it's making the process of making product footprint claims very hard. Another example is we see that the energy data that might be collected from facilities when it's not normalized and it's not contextualized in a proper way, for example, by production volume of that specific facility. All the claims that have been made around energy savings or energy optimizations get very much questioned by executive leadership and also to external stakeholders, right? They want proof that that data is has been verified, and it's representative of the real progress that they have been made.

Erica Call 9:33

Being able to to centralize your data across your entire enterprise with a consistent format of data capture than being able to validate and verify that data from a trust standpoint. That's the two pivotal pieces right there, as companies get better data. You know. How does that shift the conversation inside an organization when

Luca DeFerrari 10:05

You can trust the data, the question changes into what do we do about it? Why? Because better data creates a shared baseline across different departments. All of a sudden, they stop debating methodology on how to get the data and really start prioritizing actions. It also enables scenario planning, which is a key sort of strategic tool within an organization, where people can all of a sudden evaluate different trade off.

They can compare investments. They can track performance over time. Once the metrics becomes more auditable and decision grade, you see broader executive ownership on on these initiatives and and you start seeing the executive really driving Sustainability Initiative and the progress thereof.

Luca DeFerrari 11:05

Erica, a question for you, from your perspective, working with commercial and industrial customers, how is this shift showing up?

Erica Call 11:13

Working with our commercial and industrial clients, I would say heavily on the industrial side, we're seeing a big shift. They've got strategies. They've collected their data. They've got targets that are coming in the near future. Many of them have 2030, commitments. That's less than four years out. They're coming to us. And Siemens, how can you help us? We've got to get to a 50% reduction. We've got to get to a net zero. We need to get there quickly. How do we balance this? That's where we've been working from a holistic approach on I call it total energy management, being able to implement efficiency projects within their sites, looking at on site generation and smart buildings, like going beyond just building controls for really implementing technologies that's optimizing the performance of those buildings so that it's constantly reducing their consumption footprint that's both supporting them in decarbonization commitments, as well as helping them from a financial perspective on reducing their their costs to run those facilities while ensuring operational readiness. So leveraging as a service contracting mechanisms has been a huge help, because being able to get your projects implemented spread out over, you know, five, 7, 10, 12, 15, year type of service arrangement whereby companies are getting the benefit of implementing projects, adding on those value added services that are supporting their operational readiness each and every day, it's really been a great enabler to help with transitioning from strategy to actions.

Luca DeFerrari 13:09

So you talk a little bit about some of the challenges, and you know, rising energy prices, grid constraints and some other concerns. How do you how you feel those pressure are changing the way your clients think about being resilient.

Erica Call 13:28

So what we've seen is a need for a growing need for on site generation coupled with battery storage, but doing it really intelligently. So what's the cost of energy if I were to get it from the grid, versus being able to look at arbitraging between my on site assets, if I'm using a pulling from my battery, or if I'm looking at from the solar array that's on my rooftop and in my parking lot, what's going to be the best economical decision for my business? So as we look at our technology advancements, the market expertise in real time of what the pricing is, we're able to really optimize how that site is able to be operational ready, while also getting the energy cost at the lowest cost possible for that day that they're going to be operating. And by having this level of consulting, coupled with the technology advancements, we're able to really move the envelope in a positive way forward, so that we're helping to be more proactive with our customer engagements and how we operate our facilities is more resilient, while also improving our financial position as well.

Luca DeFerrari 14:54

What we're seeing is that when customer get this right, they. Those pieces, and let's put cost saving being one resilience and perhaps decarbonization as well. They kind of reinforce each other, being able for the company to prove the business case right by undertaking these initiatives. There's a certain amount of money that I can say, here's the business case, and now I have that money to reinvest in, potentially another initiative around sustainability, related to resist resilience. Resilience, as everybody knows, is reducing downtime. It helps to protect margins when right, when energy markets supply chains get potentially unstable. Decarbonization the companies that are doing that credibly. It has to strengthen customer trust. It supports access to new markets, and also protects the brand and the claim done on on the products that are being produced. So you can imagine, as a result, you can end up with an organization

that all summed up, the organization can make a faster, more confident decision, and more than ever before. Now, the decision that can be made and supported by sustainability data can be done at the speed of any other business decisions that are taken into an organization, but once again, at the foundation of doing all of these things and to achieve these goals, data is the key. If the data is not trusted, is not sure. It's really hard for leaders to rely on this data to make decision. It's a competitive advantage to have data that can be trusted, that can help the decision making process, which in turn, will have to achieve lower operating cost, a lower risk and in the stronger brand reputation on the market.

Erica Call 17:09

I think it's a really exciting time for us to be a part of this as sustainability and decarbonization journey makes me energized and makes me really excited for the future ahead. And with that, you know, I'm really interested in what makes you optimistic about where companies are headed over the next few years?

Luca DeFerrari 17:34

We're seeing Sustainability maturing from what it was aspiration into into real execution. I'm also optimistic, because artificial intelligence is changing what's possible. It allows companies to move beyond manual data collection and what I would call backward looking reports, toward more real time insight and action. Leaders will use AI to improve data quality, we expect they will use it for automating validation and for prescriptive decision making, and not just to generate reports. We expect that leaders will embed AI into core workflows from energy optimization to supply chain, risk management to product design and and readiness for compliance matters, so sustainability decision will pretty much happen at the same speed as all other business decisions are made. Over the next few years the winners we expect won't just set the goals, but they also set the technology foundation to achieve these goals rapidly and improve progress in a credible way. That's really what makes me optimistic.

Lauren Espin 18:59

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