Survey: Fortune 1000 C-suite Sees Sustainability as Key Strategic Business Investment Despite Tough Economic Times

U.S. National Survey | Executive Summary

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Overview

C-suite leaders today face one of the most complex and unpredictable economic environments in history. Overall, CEOs are concerned about the long term with **40% of global CEOs** believing that their business won't be economically viable in a decade. **Supply chain challenges linger** as leaders contend with geopolitical challenges as well as with an **ongoing energy crisis** and rising energy prices that could keep inflation and interest rates high for years to come.

Yet, in the midst of this uncertainty, there's evidence that businesses see a bright spot with sustainability and renewable energy. In fact, the Stem survey conducted by **Wakefield Research** found that Fortune 1000 C-suite executives in the U.S. are actually increasing investments in renewable energy.

Companies primarily view sustainability as a demand from investors. However, while investor demand may have initially motivated investments in sustainability, increasingly, businesses are beginning to view investments in renewable energy as a viable revenue source critical for long-term growth.

Because of this, companies continue to expand their investments in sustainability even during the current economic conditions. To improve corporate sustainability, C-suite members are emphasizing data integration, AI software, and application integration – technologies that they are familiar with in other areas of their business like finance and operations. Interestingly, C-level executives are also exploring and even adopting the next phase of renewable energy technologies such as energy storage solutions and related optimization software.

This survey of Fortune 1000 C-suite executives in the U.S. uncovered significant insights on the role of sustainability in their businesses' success. Most notably, respondents unanimously agree that to be successful in the long-term, it is critical they meet their sustainability goals.

The vast majority of C-level executives say energy challenges are having negative impacts on their business, citing high costs as a main cause for these issues. To address these impacts, many plan to take advantage of new energy-efficient technologies.

This survey delves into the role of sustainability in the current economic climate, and how businesses are turning to advanced technologies such as AI-powered software and clean energy storage solutions to help navigate these turbulent times.

C-suite See Sustainability as Key to Thriving Beyond the Economic Storm

Respondents see sustainability as:

40%
Investor Demand

39%
Revenue Source

The two primary motivations behind the current surge in sustainability efforts are investor demand and the potential for new revenue streams.

As many as 40% of executives reported investor demand as the leading driver of their sustainability initiatives. It's clear that investors are pushing for more sustainable businesses to mitigate risk and future-proof investments. Interestingly, 39% of executives view sustainability as a potential source of revenue indicating a growing realization that clean energy initiatives aren't just cost centers but can be transformative profit centers as well.

C-suite leaders view sustainability as a strategic, forward-thinking investment, capable of driving long-term growth and resilience even during challenging economic times. A majority of respondents (57%) are ramping up their investments in sustainability, while another 35% are at least maintaining their current levels. This indicates that investments in sustainability are continuing despite cost-cutting efforts throughout the rest of the business.

57%
of respondents are increasing sustainability investments

2023 could be one of the **top five hottest years** on record, straining the U.S. grid to its limits. The North American Electric Reliability Corporation (NERC) projected that if these extreme highs are reached, **large parts of the U.S. could face blackouts**.

Limited power supply during peak hours of demand can cause spikes in **wholesale power prices** — another significant driver for sustainability investments. A staggering 93% of executives surveyed believe that energy challenges will likely have a negative impact on their businesses within the next year, and most (70%) say that energy prices, in particular, have a negative impact on the business.

93%
of respondents agree energy challenges will negatively impact their business in the next 12 months

C-suite's Cleantech Plan: AI-driven Software & Energy Storage

The survey revealed that in response to the increasing costs of energy and other business challenges, 55% of C-suite executives are turning to energy-efficiency technologies, with another 53% tapping the power of software to improve efficiency.

Advanced renewable technology is key to meeting the sustainability goals of responding executives. Nearly all (99%) of the companies are making technological solutions a focus over the next 12 months in an effort to reduce their carbon footprint.

C-level executives report a number of digital technologies are needed to help reach their sustainability goals, with data integration (53%), AI software (52%), and application integration (51%) at the top of the list. These are technologies that leading enterprise companies are familiar with in other areas of their business like supply chain, operations, finance, and human resources.

52%

of respondents plan to use AI software to reach sustainability goals

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Interestingly, a majority of executives are also adopting or planning to adopt the latest advancements in energy technology including battery storage (60%) and energy optimization software (60%). Thirty-five percent are even choosing to combine both battery storage and energy optimization software together — a powerful combination for cutting energy costs.

Reducing carbon emissions in the next 12 months is on the agenda for the majority of organizations.

60%

say their company has or plans to adopt battery storage technologies

60%

say their company has or plans to adopt energy optimization software

35%

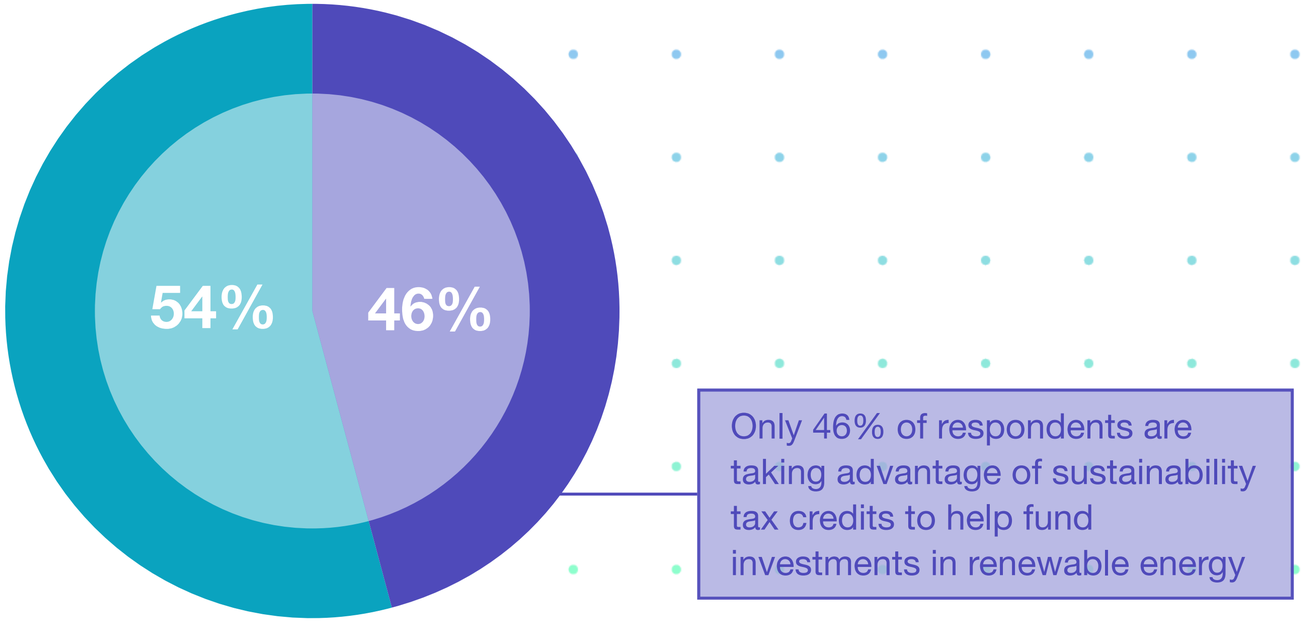
are even choosing to combine battery storage and energy optimization software

Additional software technologies, such as cloud computing (47%), IoT (32%), application modernization (42%), edge computing (41%), and microgrids (27%), also feature prominently in companies' sustainability strategies. These digital tools play a critical role in enhancing operational efficiencies, driving down costs, and providing real-time data for better decision making, all of which are key to successful sustainability initiatives.

The advancement of clean energy storage and optimized AI-driven software solutions are essential for harnessing and maximizing the value of renewable energy assets. Energy optimization software enables companies to manage their energy consumption effectively, aiding in cost reduction and minimizing environmental impact. Other key strategies for improving sustainability include deferring to energy experts (44%), investing in energy storage (43%), investing in renewable energy assets (42%), and incorporating electric vehicles (26%). In this context, the role of AI-powered software becomes even more critical, providing actionable insights to optimize energy use and make strategic decisions about energy investments. Moreover, it can automate and optimize operations, enhancing efficiency and reducing resource consumption.

C-suite's Playbook for Federal Incentives and Tax Credits

The introduction of federal policies such as the Inflation Reduction Act (IRA) have spurred corporate actions. Almost all (92%) of Fortune 1000 executives surveyed have started at least minor improvements to existing sustainability initiatives (53%), or have started major new initiatives (39%) in response to new policies and legislations such as IRA. Executives are also combining various strategies to finance renewable energy investments and leveraging utility incentives and applying for government funding. Together, these incentives can significantly increase the return on investment for renewable projects, making them more financially viable and attractive to businesses. For example, investment tax credits from the IRA, for standalone energy storage, made this critical renewable energy technology **economically viable across the U.S.**



However, only 46% of respondents will fund investments in renewable energy by leveraging federal or state tax credits. This could mean many business leaders are not taking advantage of incentives available to them and may be leaving money on the table. Some may find these programs complex to work with or may not be aware of the many stackable benefits. For example, with the IRA, businesses can apply incentives with new solar assets and leverage them for existing assets, stand alone storage assets and even EV projects. Tapping into experienced industry partners can not only help ease the complexities but ensure that every project explores the full range of incentives available.

Conclusion

This survey shines a spotlight on the growing primacy of sustainability in the business landscape. C-level executives from Fortune 1000 companies in the U.S. are acutely aware of the strategic importance of sustainable practices in driving long-term growth and success. They are channeling investments into advanced technologies and digital solutions to mitigate energy costs, reduce their environmental footprint, and unlock new revenue opportunities.

Fortune 1000 executives not only recognize the importance of sustainability in their immediate and long-term business strategies, but they are already thinking through the variety of technologies and pathways they will need to achieve their sustainability goals. AI-powered software paired with clean energy storage technologies are proving to be game changers, providing the tools and capabilities needed to optimize energy use, reduce carbon emissions, and make informed, strategic decisions.

As the global economy continues to present an array of challenges, sustainability has emerged as a critical competitive differentiator. Companies that embed advanced clean energy technologies into their business models are likely to reap the benefits of enhanced resilience, competitive advantage, investor appeal, and long-term profitability. In this increasingly uncertain and volatile world, sustainability is not just a moral imperative — renewable energy investment is now a business necessity.

About Stem

Stem (NYSE: STEM) provides clean energy solutions and services designed to maximize the economic, environmental, and resiliency value of energy assets and portfolios. Stem's leading AI-driven enterprise software platform, Athena®, enables organizations to deploy and unlock value from clean energy assets at scale. Powerful applications, including AlsoEnergy's PowerTrack, simplify and optimize asset management and connect an ecosystem of owners, developers, assets, and markets. Stem also offers integrated partner solutions to help improve returns across energy projects, including storage, solar, and EV fleet charging.

For more information, visit www.stem.com.

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Appendix

This survey, conducted by Stem and Wakefield Research, gauged the sentiments of 100 U.S. C-suite executives from Fortune 1000 companies about their sustainability investments against the current economic climate.

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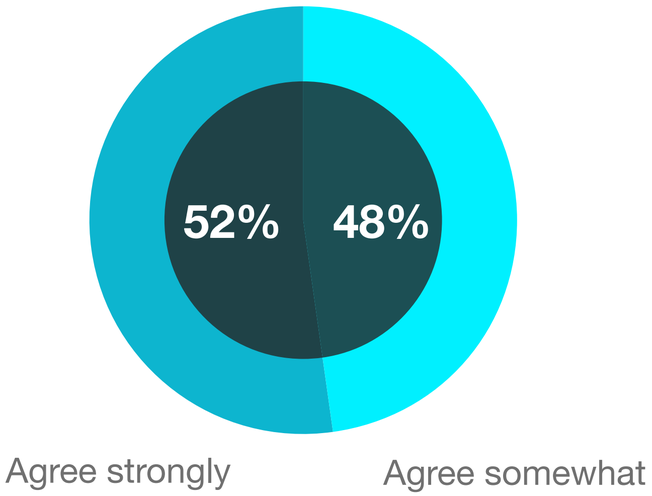
Question 1

How strongly do you agree or disagree with the following statement:

“For my organization to be successful long term, it is critical that we meet our sustainability goals.”

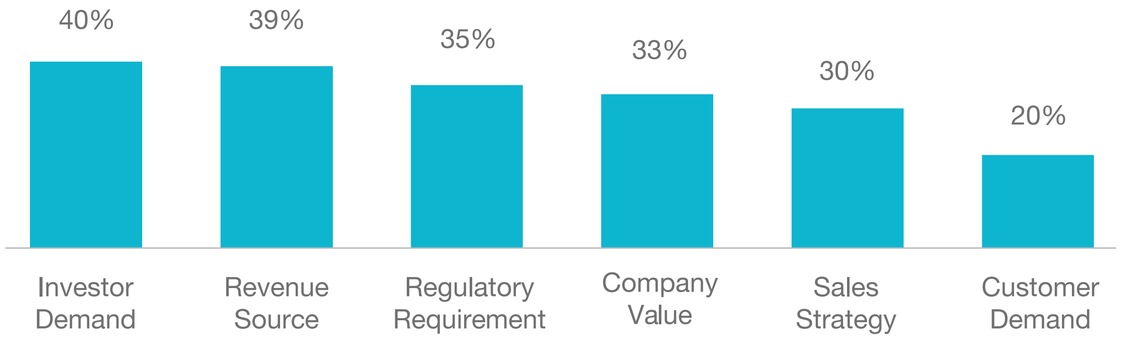
100%

of companies surveyed agree that sustainability goals are critical for their long term success



Question 2

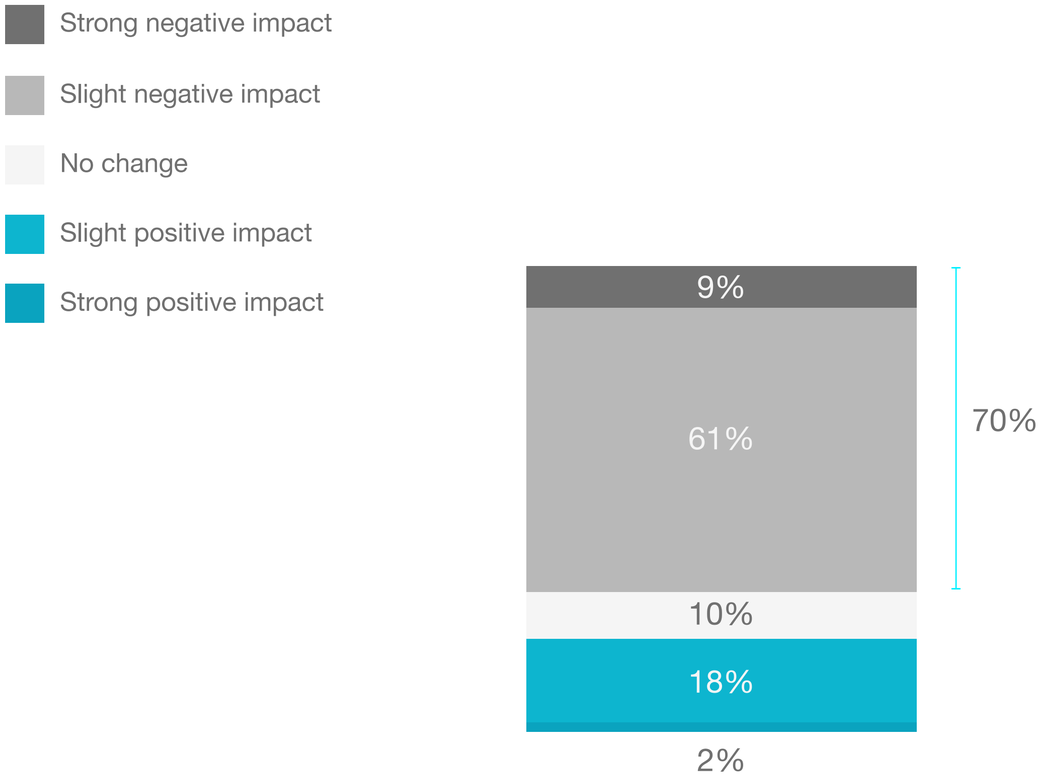
How does your organization typically consider sustainability?



stem N=100

Question 3

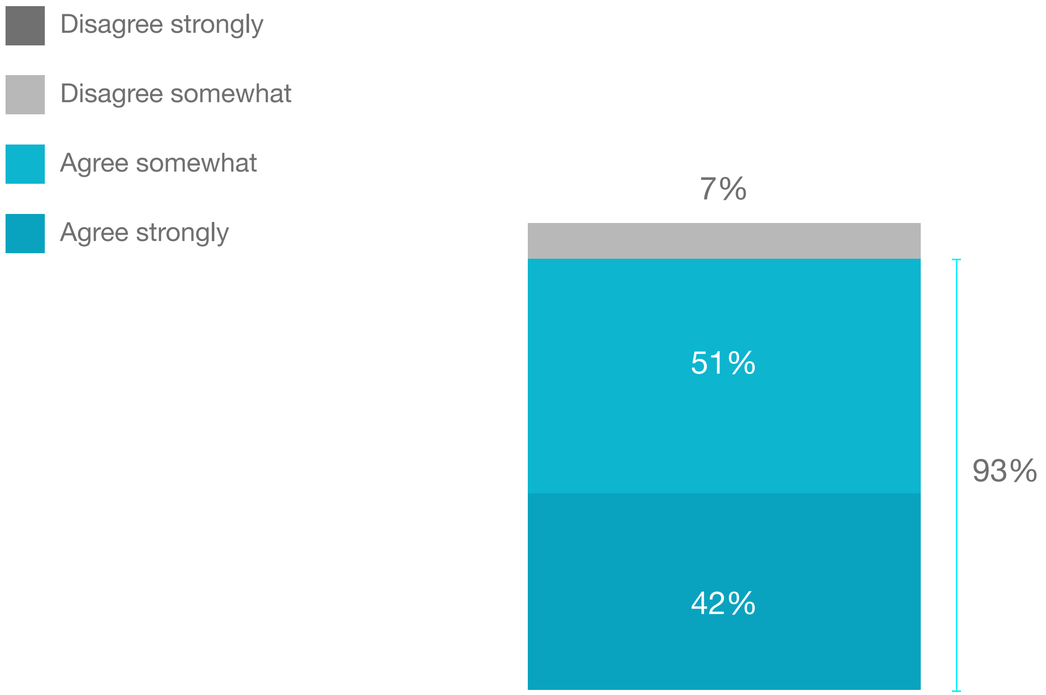
Are high energy prices having a positive or negative impact on your organization?



Question 4

How strongly do you agree or disagree with the following statement:

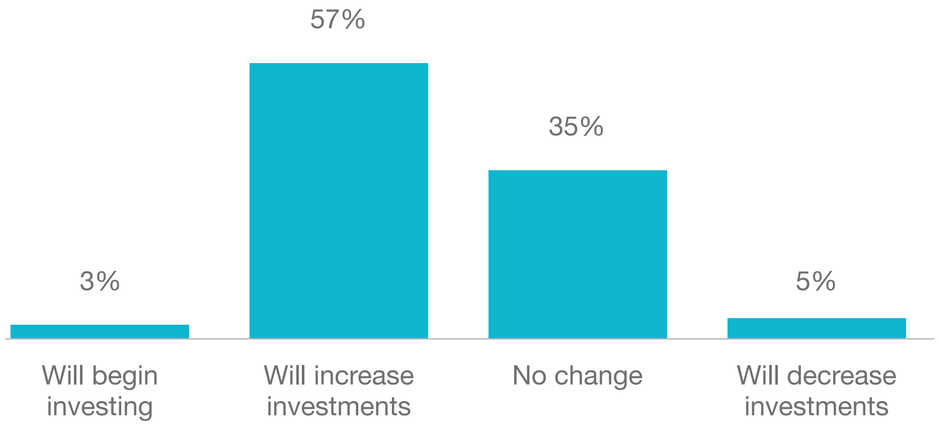
"Energy challenges (i.e., outages, escalating energy costs, etc.) in the U.S. will likely negatively impact my organization in the next 12 months."



stem N=100

Question 5

How has the current economic climate impacted your organization's investments in sustainability initiatives?

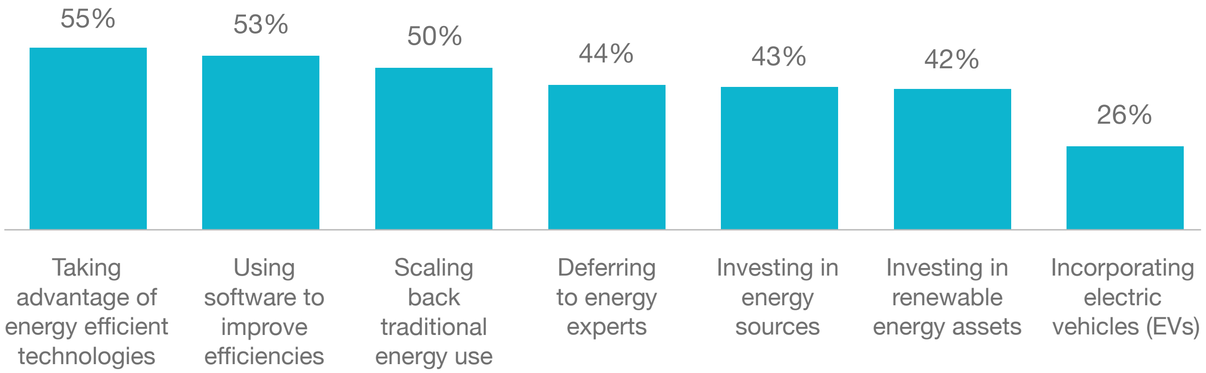


60% will begin or increase (net)

5% will stop or decrease (net)

Question 6

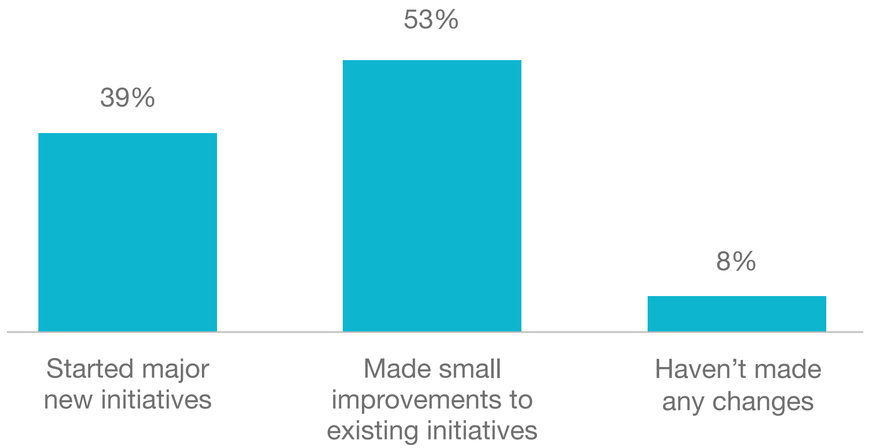
How is your organization addressing the impact of high energy prices given the current economic landscape?



stem N=100

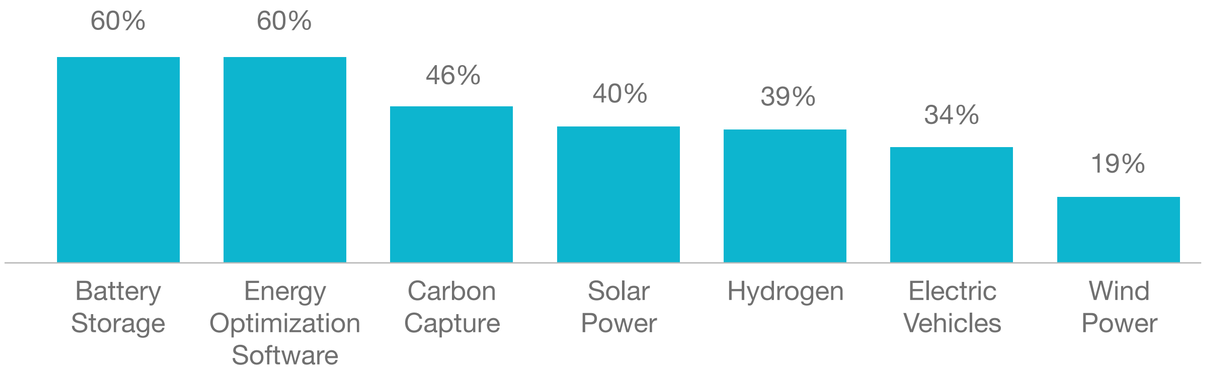
Question 7

Which of the following best describes your organization's actions in response to these new policies?



Question 8

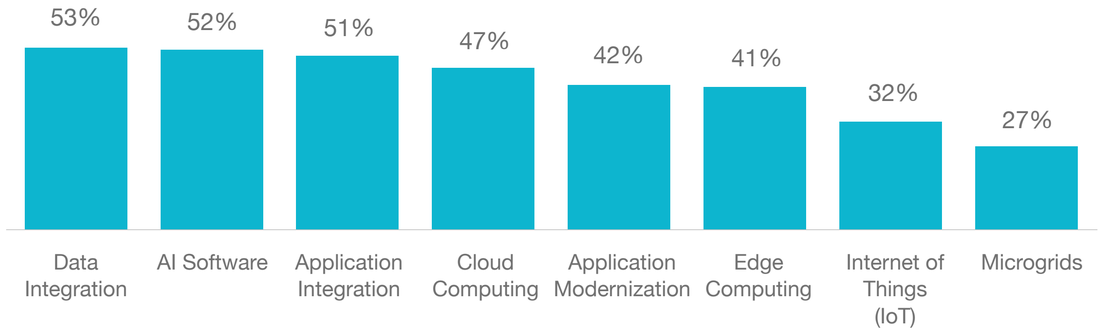
What technologies, if any, has your organization adopted or plan to adopt in the next 12 months to reduce carbon emissions?



stem N=100

Question 9

What digital technologies does your organization plan to leverage to help you reach your sustainability goals?



Question 10

Which of the following ways, if any, does your organization plan to fund investments in renewable energy?