ERM Information Solutions

Arcelor - Counting on the Numbers

When politicians spout statistics the man in the street has little opportunity to verify them. Without explanation, the numbers tend to go in one ear and out the other – and nobody is any the wiser.

Increasingly, the same cannot be said for a company's environmental performance. After all the bold objectives and target setting, there is a growing need to understand what constitutes real progress and that goes back to the numbers.

"Everything begins with measurement," says Karl Buttiens, senior vice president for environment at Arcelor, the world's leading steel manufacturer. "If you don't measure you are not aware of your problems so you don't have a chance of solving them."

The nub for a growing number of companies is not simply how you measure environmental performance but how you record the data obtained, how you use it and ultimately how you report it. As companies face new responsibilities in areas such as carbon trading and more generally how they report non financial information, this last issue has become a particularly telling one.

The challenge then for a company like Arcelor, which came into being in 2002 following the merger of three national steel companies, Usinor of France, Arbed of Luxembourg, and Aceralia of Spain, has been to develop a system whereby data can be efficiently collected, collated and distributed around the group. Equally important for a company with 140 production sites around the world has been the need to ensure it can collect enough data often enough to ensure it amounts to a true reflection of the company's environmental performance in key areas.
There are a number of important drivers behind this data conundrum, says Buttiens. Firstly the company, which produced around 47 million tonnes of steel and generated revenues of 30 billion Euros in 2004, now has a fully fledged environmental programme in place. It is committed to achieving improvements in areas such as the reduction of greenhouse gases, energy efficiency and water consumption which, says Buttiens "means that you need to be aware of what you are trying to achieve and have fairly precise information to do it."

Secondly, a company like Arcelor faces new external pressures with regard to its environmental performance. Aside from the issue of non financial reporting, there is the shift in EU legislation from process control to the overall impacts of products and the risks associated with their production and use. If, like Arcelor, you have strong positions in markets like automobiles and household appliances this shift towards product and lifecycle impacts needs careful consideration.

"This can mean that you need a lot of data on all types of things relating to a product's performance – even data that may only have to be measured once," says Buttiens. "The same applies to risk assessments. Because of the lack of data people often have to look at the worst case scenario which can put them in a difficult position." In short, more stakeholders want to know about environmental impacts and a company has to be confident that it is giving out the right information.

Another key external driver is the European Trading Scheme which is an option for the company and would require a number of Arcelor's sites to produce data on a monthly basis. In this as in other areas, the requirement for consistent and reasonably accurate data becomes paramount.

In response to the above issues, the company took the decision to develop an environmental data management system at the end of 2002. The system needed to be able to provide information at site and corporate level and to incorporate new requirements as they emerged. Above all, says group environmental data manager Yann de Lassat "We needed a system that is flexible enough to

accommodate change. We were previously getting inconsistent data from different parts of the Group and the existing system simply wasn't flexible enough."

After an extensive review of the alternatives, the company eventually opted for opsEnvironmental, a specialist environmental software package put forward by the consultancy ERM Information Solutions. The chosen option from the environmental software company ESP offered easier recording and retrieval of data, more consistency, better overall results and that all important flexibility.

"We also wanted a system that could work on the web, that could be developed within the timeframes we have and that could evolve to meet new requirements as they emerged," says Yann de Lassat. Another factor which swayed the decision towards ERM Information Solutions was a secondary messaging option. If someone was required to do a particular task they would get an automatic reminder – rather than having to be chased in person.

After initial design and template development, beginning at the end of 2003, ERM Information Solutions set about populating the system for six pilot sites. This involved defining the equipment for a facility as well as setting up the calculations and reports required of the system. Data was categorised at a facility into three distinct areas: air emission sources, water networks and "energy, materials and residues".

"Our first job was to define the facility structure at the pilot sites," explained ERM consultant Peter Walsh. "Once the structure is in place, it's relatively easy to adjust the system to reflect changes in the company or in any new reporting needs." This applies, for example, to the need to define energy and material streams for the ETS. With the data already set up, all ERM has to do is add the extra parameters which in the case of ETS will only record data on the significant carbon emissions stipulated under the scheme. Internally, Karl Buttiens and his team are particularly keen to be able to benchmark facilities against each other and Buttiens believes that this system will help them do it. "We have plenty of installations that are doing the same thing so we have a chance to look at who's performing better." This benchmarking will become particularly important between the small number of fully integrated steel production sites which account for over 80% of the company's emissions. Having confidence that you are getting meaningful and consistent data for these sites is all important, says Buttiens.

In an era of evolving requirements and indeed changing equipment, the big issue, says Yann de Lassat is inventory change. "You have to be able to cross check data from new sites over a given period and know how they fit into the scheme of things. You have to be able to set parameters for the group as a whole and be confident that all the relevant facilities can stick to them."

In a company that employs 95,000 people in over 60 countries, this type of requirement goes a long way beyond the ad hoc system and individual spread sheet approach to data. It is about combining automation with flexibility but also getting relevant employees comfortable with the new way of working. Ultimately, says Buttiens "The challenge is to make the system as user friendly as possible so people want to use it for their own reporting. Once we start to get data in a consistent format we start to be in good shape."

ERM's Peter Walsh agrees, particularly in terms of getting a better picture of how the company is actually performing. "You might have certain measurements that are a long way out but the more you are able to record and collate key data, the more realistic and informative your overall understanding becomes."

By the same token, the less time you spend chasing and collating data manually, the more time you can spend using the data to manage your company's environmental performance. The upshot is that you have to be able to count on the numbers.

Global Contacts

North America

Vijay Gudivaka
T: +1 281 600 1181
vijay.gudivaka@erm.com

Europe

Peter Walsh
T: +33 1 53 24 10 30
peter.walsh@erm.com