

ENVIRONMENTAL DATA MANAGEMENT AIMS LOW-COST DATA MANAGEMENT PACKAGE AT MID-SIZE FIRMS

You've heard it before: "I liked the products so much, I bought the company." In the case of Richard Gramer, the company was **Environmental Data Management, LLC** (Scottsdale, Ariz.; www.edm-usa.com), a four-year-old developer of software products for managing environmental, health and safety (EHS) compliance issues.

Bringing with him more than a quarter century of business management, operational and finance experience, Gramer became a managing member of the company in 2004 and acquired a controlling interest last year. What he especially liked about EDM's products was their ability to bring high-level EMIS functionality to a more affordable level.

"Regulated industry has always struggled with EHS compliance, and most software solutions have been targeted at the largest of corporations," he observes. "Web applications and the ability for independent software vendors to deploy remotely are allowing companies with smaller budgets to establish solid management systems like 'the big guys.'"

Joe Holmes, EDM's national director of sales and marketing since 2005 and a 17-year environmental industry veteran, explains further. "In the early days, these types of management systems were really reserved for large companies with bigger budgets—companies that could afford the six- or seven-figure outlay. There is now the ability to deliver high-quality tools to smaller companies with smaller budgets." This client segment is one that EDM found to be under-served as it pursued the available markets. "When we were developing Comm-Trac, we thought that only the biggest companies would be able to afford this type of product, but we saw the mid-level companies scrambling to obtain this capability."

Comm-Trac is EDM's EMIS platform, a management tool with an emphasis on task and event management rather than what

Gramer refers to as the more esoteric or "boutique" packages that engage in hard number-crunching. It has an "open design" not in the sense that EDM provides open-source code for the program under license to clients, but rather in the sense that the platform is easily customized to facilities and facility networks.

"Users can customize our product without IT or technical development support," Gramer claims. "Our package doesn't require you to change the way you do business. The learning curve is very short. It's very user friendly, and you can set it up to do business the way you do today. A lot of packages require you to redesign paper flows and process flows. Our software doesn't do that." What's more, says Gramer, Comm-Trac "is useful the next day—not necessarily fully implemented, but usable."

Comm-Trac comes in three versions: Comm-Trac Basic for single facilities, Comm-Trac Pro for small networks of facilities, and Comm-Trac Enterprise for large networks of facilities numbering up to 100 and beyond. EDM considers its principal competition to be packages developed by the likes of ESS, ESP and Enviance, and it distinguishes its offering, according to Holmes, by "an easy user interface, easy customization, easy scalability, competitive price, and products to fit a company of any size, at any level of complexity at any budget."

Like much of today's software—EHS or otherwise—in this Internet-ruled world, Comm-Trac is available in a vendor-hosted, web-enabled form, but not exclusively so, Holmes hastens to point out. "Although there is overwhelming demand for full web-based applications, we have been surprised by the number of clients that still want to host our application on their local servers. Years ago, we predicted all our products would be entirely web-based. Not so, and we have adapted our offering to allow for both."

Target markets consist of "any industry with significant compliance requirements, whether they be regulatory drivers, industry standards, or internal policies," Holmes notes. Prominent targets include companies in the power generation, oil and gas, and general manufacturing sectors. EDM uses a variety of familiar channels to market Comm-Trac, including Internet marketing with product demonstrations, direct calling, trade publications and conferences, and "af-

filiate relationships with consultants and contractors."

These relationships don't rise to the level of full-fledged partnerships, on the level that other EHS software vendors have established with environmental consultants. Because consultants have numerous project managers serving each of their clients, establishing relationships with the consultants is prohibitively time-consuming to pursue. Instead, the focus is on making the environmental consulting community aware that Comm-Trac is competitive in terms of price and functionality, so that the consultant can recommend the package when it meets the need.

FAR-REACHING COST BENEFITS

As noted, both Gramer and Holmes feel strongly that EHS data management software has become essential to controlling the cost of compliance in today's world—for businesses of all sizes—rather than a luxury in which only the largest businesses may indulge. Comm-Trac, with its ability to flag in advance and issue notifications about all tasks that need to be completed in the next day, week, or month, has the potential to bring proactive management to what has historically been a very reactive function, according to Holmes. Yet while the cost benefits of being proactive are clear, in EDM's view, quantifying them is difficult, in part because every facility is unique, and in part because the potential benefits reach into many areas of uncertainty.

These include not only penalties and incidents avoided, but also the potentially salutary effect of EHS expenditures on insurance premiums, which can be reduced for companies that can demonstrate that they have sound EHS management systems in place. A further benefit is the codification of the knowledge that—as is the case throughout many professions—is contained in the heads and file folders of professionals who, in significant numbers, are set to walk out the door upon retirement.

Interestingly, Gramer and Holmes regard Sarbanes-Oxley requirements as ebbing as a factor in companies' data management requirements rather than increasing the pressures. Sarbanes-Oxley imposes a comparatively static set of requirements, and while they "will still be there, people are starting to understand how to deal with them," Holmes remarks. "It's like the initial reaction to environmental regulation in the 1980s."

By comparison, environmental compliance—even without the passage of any significant new legislation in many years—remains a dynamic and perpetually complex area, according to Holmes. “The environmental world has always been changing and always will—maybe not to the degree of the early 1980s, but it will be changing, whereas Sarbanes Oxley is set down and in place.” He adds, “even more of a driver is the integration of the environmental concerns into the way companies are doing business.”

As a four-year-old software firm, EDM ranks among the small companies and, starting from a small base, is growing at triple-digit rates, according to Gramer. Still, “I’m a firm believer in controlled growth. I want to make sure that we’re profitable, and that we continue to serve our client base. I could bring in some finances and a big sales staff, but that’s not what we’re about here. We consider ourselves more of a service company, even though we’re a software company. We have to be focused on service, because of the flexibility of our product.” ■

