

## The SaaS Solution to EHS Software Implementation



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You will find little argument that large-scale software implementation is both costly and complex. The amount of time and resources spent on the decision process can be overwhelming and the slow progress is often frustrating. IT market intelligence thought leaders McDonough, Vesset and Tenwolde write in a recent article, “Budget constraints and corporate capital expenditure policies faced by many departments make it time consuming and costly to pursue large software purchases.”<sup>1</sup>

Further complicating the issue are the IT resources needed in the implementation of in-house, enterprise software. McDonough et al continue, “IT Department resources are constrained and may not have time to build evaluate and buy specific solutions for every business problem.”<sup>2</sup> Once a software solution has been decided, there are also the obstacles of special installs and the obligatory consultant occupation of the IT department for the next week.

### EHS

The demands on EHS professionals are rigorous and complex. *Power* magazine covered the topic and reported,

For those who work with it daily, environmental, health, and safety (EHS) compliance is synonymous with long, confusing, and stressful hours of sorting through paperwork and regulations. Trying to navigate the maze of EHS

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<sup>1</sup> Brian McDonough, Dan Vesset, and Erin Tenwolde. “Business analytics SaaS expands,” KM World. Jan 2008, 1, 24.

<sup>2</sup> *Ibid.*, 1.

regulations and requirements can create havoc in a company, and when multiple facilities are involved, the confusion is amplified. EHS regulatory compliance requires continual vigilance and the focused attention of management. This constant workload, if managed inefficiently, can cause a company's valuable time to be wasted.<sup>3</sup>

In order to address these burdens, software solutions specific to EHS have their own unique set of requirements. In an address Michael R. Dixon, P.E., president of Dixon Environmental, gave to the National Association of Environmental Managers National Conference, Mr. Dixon acknowledged, "Volumes of data from many sources need to be collected, stored, organized, interpreted, checked against standards, rechecked, acted upon, and reported to a regulatory agency or internal management. Any misstep in the pipeline may have negative consequences."<sup>4</sup>

Software as a Service (SaaS), though not a new concept, has become the choice of many companies trying to reduce cost, increase ROI and ease the load on IT departments that are already overcommitted. Brad Kenney, the IT Editor for IndustryWeek magazine wrote in a recent article,

As Doug Timmel, director of manufacturing solutions for on-demand software provider Bluewolf Inc., relates, "Increasingly companies have come to realize that it's much easier and more cost-effective to use Web-based SaaS." With 30 years

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<sup>3</sup> "Automating EHS Reporting," *Power* Jul/Aug 2003, p. 32.

<sup>4</sup> Michael R Dixon , "Applying the Latest Technology Trends to EHS Compliance," *Pollution Engineering*, Feb 2006, 18-19.

of manufacturing under his belt, Timmel saw the IT cost/benefit ratio changing drastically as SaaS made the leap into the manufacturing sphere.

“Consumer companies saw the opportunity first,” he admits, but adds that industrial manufacturers such as DuPont and International Paper are realizing “the new way to deliver software is easy to use, easier to install, flexible and cost-effective.”<sup>5</sup>

### Cost Reduction/Increased ROI

Tracey E. Schelmetic, Editorial Director of *Customer Interaction Solutions* magazine provides a glimpse back into the 1990’s and the software buying perspective of the time, “When the tech market was up, up and away, no one could imagine there was any technology in the marketplace that wouldn’t pay for itself within a few years from the astronomical profits that were being reaped, or the jaw dropping amount of venture capital money that seemed to show up in the mailbox unsolicited, almost like junk mail.”<sup>6</sup>

Current economic conditions no longer allow IT budgets to swallow the tremendous up-front costs of large out-of-the-box software packages and the associated costs. McDonough et al. continues, “The SaaS offering can help reduce that bottleneck by enabling departments to subscribe to software services using operational budgets.”<sup>7</sup>

Barry Rosenberg, partner at Pace Harmon, an outsourcing, sourcing, and technology consulting firm writes,

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<sup>5</sup> Brad Kenney, “Life Beyond CRM: SaaS Grows Up,” *IndustryWeek*, September 2007, 38.

<sup>6</sup> Tracey Schelmetic, “The Church of Return On Investment,” *Customer Interaction Solutions*, October 2006, 62.

<sup>7</sup> Mcdonough, Vesset and Tenwolde, 1.

- Upgrades. For licensed software, users usually pay for both major and minor releases. For SaaS, upgrades are embedded in the subscription cost.
- Conversion to new applications. With SaaS, this is simplified through utility programs and open, published APIs. Getting the data in and out is relatively easy and doesn't require much cooperation from the vendor. By contrast, for traditional point integration and middleware models, there are extra costs, and the vendor's cooperation is needed.
- Vendor management. Maintaining the vendor relationship for licensed software requires time from procurement, contracts, and enterprise leadership. With SaaS, the complexity of vendor management is greatly reduced.<sup>8</sup>

Schelmetic continues in her article, “Others describe SaaS as mistake-proof technology buying. Companies can buy the features they need (and add more later should their needs change) in a modular fashion, scale up or down in terms of seats according to their contact center’s cyclical or unexpected needs.”<sup>9</sup> She concludes that a SaaS solution will increase ROI because it will, “eliminate costly professional services and internal IT administration and, most important, eliminate the need for a substantial up-front cash outlay.”<sup>10</sup>

Rosenberg agrees, “When a total-cost-of-ownership (TCO) approach is properly applied and all costs are accurately captured, SaaS in many cases provides great long

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<sup>8</sup> Barry Rosenberg and Craig Wright, “Software As A Service: Value To Go,” *Optimize*. Mar 2007, 46.

<sup>9</sup> Schelmetic, 63

<sup>10</sup> *Ibid.*, 63

term value. Factor in its lower risk and greater speed to market, and SaaS can be a compelling alternative that generates both a high ROI and resulting business benefit.”<sup>11</sup>

## IT

Control of technology is a substantial benefit of the SaaS model. With an in-house product, all changes and modifications need to be made by the IT department. The larger the company the more complicated and time consuming modifications become. The SaaS solution, however, puts much more power in the hands of the administrator. As McDonough et al adds, “The SaaS Offering puts control over technology decisions into the hands of the business user.”<sup>12</sup>

Kenney also emphasizes this point in his article,

Executives at Oriental Motor U.S.A. are realizing all these benefits, and more.

The controls, drives and motor manufacturer recently implemented a customizable SaaS sales solution from InfoStreet that reduced a number of portals and parallel systems down to one user interface based on the demonstrated business need of each user. “We’re able to provide information in one portal and allow different features by login,” says national distributor manager Dan Heibesen. “The ability to enable and disable functions on the menu was key.”<sup>13</sup>

McDonough et al adds, “Mature software functionality built on newer technology platforms is suitable for SaaS delivery because years of functionality definition and

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<sup>11</sup> Rosenberg, 46.

<sup>12</sup> McDonough, Vesset and Tenwolde, 1.

<sup>13</sup> Kenney, 38.

development have established widely accepted best practices that can be configured, rather than customized, through a flexible platform to suit most business needs.”<sup>14</sup>

In regards to the actual quality of the software, UC, Irvine professor Vidyanand Choudhary conducted a comparative study. He writes, “We find that the SaaS licensing model leads to greater investment in product development under most conditions. This increased investment leads to higher software quality in equilibrium under SaaS as compared to perpetual licensing.”<sup>15</sup>

Gartner predicts that one quarter of new business software will be delivered as services by 2011, up from around 5% now.<sup>16</sup> Coverage from other technology reporting sources are almost unanimous in their opinions that SaaS implementation will continue to increase as more companies are made aware of the ROI.

As eWeek Editorial Director, Eric Lundquist writes,

The thrill of being an early adopter is often at odds with return-on investment calculations, security considerations and legacy application integration. At some point, however, those obstacles are overcome, and the buildup of potential projects becomes an industry wide spending trend. If you can build an application more quickly, less expensively, more securely and more precisely attuned to your company’s business goals, it’s tough to continue to say no. That, I’d argue, is where the industry is now with SAAS.<sup>17</sup>

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<sup>14</sup> Mcdonough, Vesset and Tenwolde, 26.

<sup>15</sup> Vidyanand Choudhary, “Comparison of Software Quality Under Perpetual Licensing and Software as a Service,” *Journal of Management Information Systems* 24 (2007) : 141-165.

<sup>16</sup> Rob Preston, “Don’t Like SaaS? Fine, If It’s For The Right Reasons,” *InformationWeek*, Nov 2007, 92.

<sup>17</sup> Eric Lundquist, “The Summer of SaaS,” *eWeek*, July 2007, 46.

Safetec has more experience in MSDS and chemical management SaaS than any other than any other provider. Safetec's dedication to innovation began when the company released its first internet-based product in 1998. Safetec is also the first company in the industry to achieve full .NET status, providing a foundation that allows superior configurability and customization to match customer needs. In 2003, Safetec leap-frogged the market by releasing version 7.0 of Chemical Compliance Manager (CCM), the first Microsoft .NET based MSDS and chemical management application. In 2007, Safetec released CCM v8.0, the flagship software suite, providing best-in-class flexibility, integration, advanced features and usability.

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