



EH&S Software Due Diligence Is Critical to Success

“Due diligence” commonly refers to voluntary investigation of a business before signing a contract and is a key component of the environment, health, and safety (EH&S) software evaluation and selection process. Just as you perform EH&S due diligence when buying or selling assets, you should perform due diligence on a software package you intend to implement, its vendor, and implementation team.

by Jill Gilbert

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Due diligence is a way to identify and manage business risks. This column focuses on reference customer contact, part of the greater effort that organizations should undergo before signing software and implementation service contracts.

Due Diligence Criteria

Due diligence begins well before you start to speak with potential software vendors. Establish a set of objective criteria early in the software life cycle to allow you to judge candidate software packages and vendors. When your organization develops a strategy and charter for the EH&S software system, this sets the tone for the program. Common next steps are to develop a set of prioritized business requirements and to develop a business case.

The due diligence criteria address not only how the software helps to automate your EH&S business processes, but also a number of factors that impact the potential success of the implementation. Examples of evaluation criteria include:

- vendor characteristics;
- alignment with EH&S business needs;
- alignment with information technology (IT) needs;
- ability for users to adopt the software;
- potential for successful implementation; and
- total cost of ownership.

Key stakeholders—a “steering committee” or “core team” representing EH&S, IT, operations, and management—must reach consensus on the due diligence criteria. Define what your organization means by each of the evaluation criteria and assign a “weight” to each one, adding to 100%. For

instance, alignment with business needs is 20% of the score, and total cost of ownership is 10% of the score (see Figure 1). Some of my clients use total cost of ownership as one of the criteria, and others do not.

Customer Due Diligence

Armed with a solid set of evaluation criteria, go forth with software demos and the proposal process! Once you have narrowed down your list of potential vendors to that one or two that appear to best fit your needs, then you are ready to schedule discussions with reference customers. You should ask each prospective software vendor for references—and check them. You should ask your colleagues in other companies for references, as well.

Get feedback from a business similar to yours, a business that has similar EH&S needs, and/or similar complexity of software implementation. Prepare a standard list of questions to ask each reference, and try to elicit answers to each one, each time you interview a reference.

Telephone conferences work well for reference calls. Involve the steering committee and perhaps a representative from your purchasing group. Some reference customers will provide a software demo, allowing you to see an actual implementation.

Speak with others in the software user community, attending regional or local user group meetings if time allows. User communities share best practices, potentially making your implementation and on-going maintenance easier.

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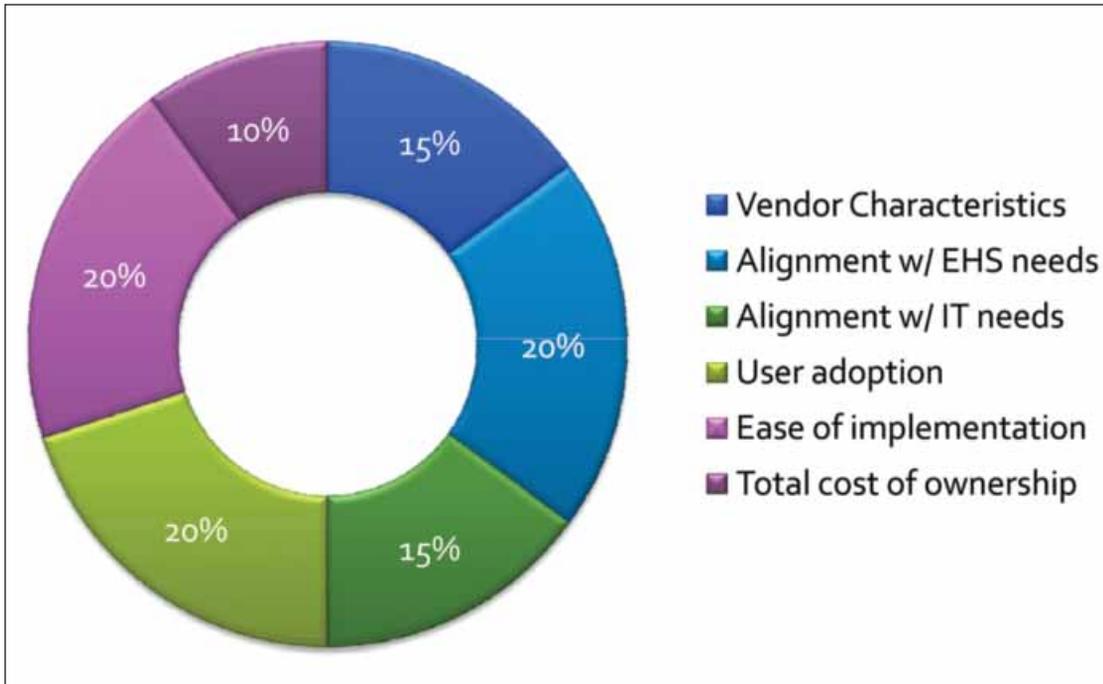


Figure 1. Example evaluation criteria.

Advice from Software Customers

I recently facilitated an EH&S software and evaluation process for a client. We had the opportunity to speak with a dozen or more customers of the software application packages under consideration. Here is the advice we received—with additions based upon my experience over the years on other projects—categorized as technology, people, and process issues.

Technology

- No software “out of the box” will fulfill all of your needs.
- Software will not replace your EH&S personnel.
- Those working on the project must be familiar with the system and how it works.
- Implementers must understand the software and how you want to interact with it.

People

- Get senior management commitment to eliminate old ways and to embrace the new system.
- Represent all stakeholders. Involve key users in the implementation.
- Drive a single EH&S culture of responsibility and accountability.
- Have a good relationship with your IT group.
- Organizational change management is important; people will need to change how they do work.
- Train people consistently and train them well.
- Have a “voice of sanity” on the team.
- “Go all in or don’t go.”

Process

- Perform due diligence. Identify pitfalls before implementation.
- Get into the nuts and bolts. Capture everything you might need in the future.
- Configure the system consistently. Document how and why you configure the system.
- Develop consistent naming standards to enable data queries and reports.
- Have a gatekeeper to make sure that users adhere to standards.
- Eradicate all vestiges of legacy systems when you implement the new system.
- Establish clusters of experts in the system to support others.
- Develop a sound change management process to manage “scope creep.”
- Have operations personnel enter data to avoid duplicate processes and systems.
- Attend software user group meetings to take advantage of best practices.
- Get over roadblocks and do not “finger-point.”

Do not wait until a software vendor has provided a couple of demos to think about due diligence. And, more important, do not make shortcuts with the due diligence process, or skip it altogether, just because you are anxious to get a contract signed. Start early in the software/systems life cycle, involve key stakeholders, develop a set of objective evaluation criteria and a list of questions, and speak with customer references. You will be glad that you did. **em**