

TO FACILITATE NEXT STEPS IN GROWTH PLAN, ENVIANCE SELLS TO BATTERY VENTURES

A recognized pioneer in the provision of environmental, health, and safety (EHS) software through a software as a service (SaaS) platform, **Enviance** (Carlsbad, CA) has enjoyed high rankings in independent evaluations of its software offering for some time. The firm's software was found, for example, to offer best-in-class air and greenhouse gas (GHG) emissions management functionality, a "unique framework" for EHS value chain and financial impact analysis, and a very strong overall end-to-end data management platform in **Verdantix's** Green Quadrant EH&S Software report released in April 2014.

As analysts of the EHS software market acknowledge, however, there is still no one company that can do it all, and the competition to become that provider of full EHS software functionality is stiff. To grow to this level of capability, EHS software companies have of late been turning to private equity, and private equity firms on their part have taken a strong interest in the sector.

In February of this year, Enviance announced that it had been acquired by Battery Ventures, a global private equity firm with an investment focus on software and related services, web infrastructure, e-commerce, digital media, and industrial technologies. With the backing of Battery Ventures, Enviance's plan now is to grow aggressively, and acquisitions will be a major part of that growth strategy.

At the same time that the deal was announced, Enviance also disclosed that it had brought in long-time software industry executive David Muse to lead the company as its new CEO. Muse, based in Houston, was previously chief operating officer of **P2 Energy Solutions**, a provider of software and other data management tools to the oil and gas industry. At P2, Muse had been a

force behind the company's 13 consecutive quarters of sales growth and client expansion, Enviance said in its announcement.

"This is a segment that is ripe for roll-up," Muse tells EBJ, suggesting that Enviance provides an ideal platform for engaging in such a rollup. "Having a platform that extends across multiple competencies allows for a lot of value to be derived." Especially attractive is the fact that Enviance isn't providing a "single point solution," but rather a platform that can take EHS information management functioning to the enterprise level for clients, he adds.

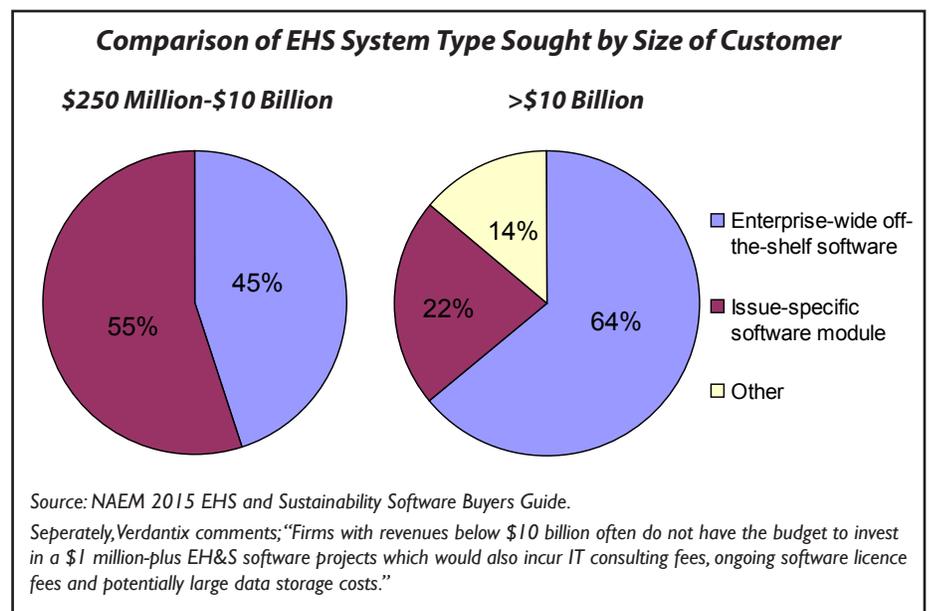
For Battery Ventures and the private equity community generally, the attractions of the EHS software market are not obscure. A recent Verdantix report estimates that companies spent \$584 million on EHS software in 2014, and that the market is expected to exceed \$1 billion by 2019. The growth potential is substantial, and the private equity world has taken notice.

"Battery Ventures is definitely more on the growth orientation side," says Muse. "It's not distracted by fixing anything, but rather is energized by growth and by being more aggressive from a market leadership standpoint." Enviance's strong base in serving "large-enterprise" clients, such as oil and gas companies, utilities, and retail companies, is key to this leadership position and further bolsters the growth potential, Muse observes.

Moreover, effective EHS management, which today encompasses issues of sustainability, sound resource management, and risk avoidance to go along with regulatory compliance, is not discretionary. "Our approach from a management standpoint is that these applications are mission critical," Muse explains. "We have a commitment to our clients, to maintain their functionality. We want the software in place in a long-term relationship with the client."

The key to Enviance's offering in today's market is "providing visibility into your risk," he continues. "We have functional applications around measuring and reporting that people interface with daily, to make sure they achieve compliance. But at the global level, from a corporate standpoint, you need visibility of risk, whether it's air or water, or occupational risk, or job hazards. Even though this is all functionally specific, all of it can be condensed down to questions such as, what are my risks at this moment? What are my options for addressing them so that they don't pop up again?"

Muse cites one client who recently expressed excitement about the Enviance offering's ability to "present data in a way that provides constant forward-learning. They said they have been waiting for someone to be able to do that for 10 years." Lots of EHS software providers offer solutions in workflow management and reporting—the barriers to entry are low, Muse claims—but "where Enviance differenti-



ates itself is not just being able to report on that data but use it to mitigate risks going forward.”

TWO-FOLD GROWTH PLAN

Enviance’s growth strategy will be two-fold, he says. “We have a tremendous runway for product development. We’re continuing to enhance applications such as job hazard analysis, management of change, and inspections and audits, as well as continuing to refine our environmental suite in areas like emissions.” The other part is strategic acquisitions, which will be aimed at “closing the white space in our portfolio,” says Muse.

Following the acquisition by Battery Ventures, it didn’t take Enviance long to execute on the acquisition piece of the strategy. In April, the company announced its purchase of **Remedy Interactive** (Sausalito, CA), a developer of enterprise-level, cloud-based ergonomic and safety management software to multiple industry sectors. In terms of filling out the white space, Remedy Interactive “checked the box in occupational health and human performance,” says Muse. “That’s a very-high-growth area.”

Another virtue of the acquisition is Remedy Interactive’s relationships with very-large-enterprise clients, with global staffs on the order of 70,000 to 80,000 employees. “With that type of client base, they have to be experts in the user experience, and traditionally, in this space, one thing we’ve tried to do better than the competition is to enhance the user experience.” Remedy Interactive also establishes a position in the biosciences, which is a new client area for Enviance.

Muse doesn’t disclose specific growth targets, saying only, “we’re confident that as we exit 2015, we’ll exceed them.” The challenge will be speed. “How quickly can we improve what we need to improve upon? How quickly we can integrate? I’m confident we’re ahead of schedule. And then execution, and delivering a high ‘say-do’ ratio with predictable delivery. One thing we think we can do better than our competition is integrate quickly and effectively. We believe we can do that seamlessly... and we want to add value to that process.” ■

CR360 CHARTS GROWTH THROUGH INTEGRATION OF SUSTAINABILITY PERFORMANCE ANALYSIS AND EHS FUNCTIONALITY

Although there’s no one path to success in the environmental, health, and safety (EHS) and sustainability software business, there is an evolution that will look fairly typical to those familiar with the industry: A vendor begins with an EHS tool at the module level, tracking data on air, water, or waste compliance at the site level; as the sustainability has grown, client needs expand, and EHS software vendors respond with more integrated tools covering an expanded realm of the clients’ operations, impacts, and even its supply chain.

The evolution of **CR360** (Cambridge, U.K.), formerly Credit360, has followed a different course. Offering a sustainability management package that has received high markets for its performance analysis capabilities from independent evaluators—the “360” refers to 360 degrees of visibility into sustainability performance—the company has more recently been building additional depth into the product by adding EHS and related capabilities.

Building a deeper product in this way is a key part of an overall strategy of providing a more integrated platform, according to Efrain Quiros, vice president of partnerships and operations. A recent rebranding effort, including a name change and a vibrant, modern website redesign, “better represents the breadth of the company’s activities and the modern, user-friendly nature of the product,” according to a June 2015 press release.

Regarding itself first and foremost as a software company as it was getting off the ground in the early 2000s, CR360 saw that the sustainability movement was growing around them, and that clients in its target markets were facing demands to report on their sustainability performance. The reporting tools that were available, however, were more marketing-oriented and lacked the flexibility to handle sustain-

ability data, such as carbon emissions and other environmental metrics, from various business operations. Furthermore, while the financial and human resources data in the available enterprise resource planning (ERP) tools had been well developed, the environmental, social, and governance data had not, and the existing tools in the market “were not built for what companies needed,” says Quiros.

CR360 developed a platform to provide the key performance indicators (KPI)—the metrics—around sustainability, and as it moved deeper into the field, it strengthened the platform to facilitate performance analysis and management. It’s a platform that has received acclaim in independent evaluations for its sustainability performance analysis functionality. “Our tools are easily deployed and very user friendly,” says Quiros.

SUPERIOR USER INTERFACE

Indeed, the user interface design has also received acclaim as “superior,” at a time when a simple, effective user interface is highly prized in the marketplace. “That’s what we built ourselves around,” Quiros notes. “The EHS professionals for many years had tools that were black box data archives built simply for compliance in mind. That was okay then, but now, people are saying, ‘I have all this information—what else can I do with it? How can we use that data for performance management and preventative actions? How do I get my guy in a shop or on an oil rig to be able to quickly log an incident report?’ The user interface is critical.”

With this strong platform, CR360 has achieved success, and expects more to come. The firm, which today employs about 150 people. Revenue has been growing at a consistent rate of about 40% annually over the past three years, with anticipated revenue of approximately \$15M in 2015, Quiros reports.