

# CAN MANAGED SERVICES

*By Abrar Ansari and Jeff Adams*

**T**he pressure of globalization and changes in the regulatory landscape are challenging businesses to alter both their short-term tactics and their long-term strategy to improve top-line growth while reducing expenses. As global business models change, the health and safety landscape is becoming more dynamic and complex, forcing a re-examination of existing models for managing H&S compliance.

Amid these pressures on your organization, as an industrial hygienist, do you have the information and the time necessary to effectively set and efficiently execute your exposure assessment strategy? If not, are you dealing with entering sample data, keeping regulatory reference data current, responding to new demands from the businesses you support or

managing H&S system issues?

This article aims to review the impact of these business challenges and introduces a new model to address these issues in your H&S program.

## **BUSINESS CHALLENGE**

Three major categories of business change directly influence the development and implementation of effective H&S strategies:

**Global Markets.** In seeking global market share businesses are increasingly forced to rapidly enter new markets through the development of new plants, sales channels and distribution networks or through mergers and acquisitions. Entry invites competition from other entrants, including government-sponsored entities, while forcing an organization to extend its supply chain and develop new products.

Regardless of the mode of entry, globalization poses a complex set of business issues and forces an organization to evaluate whether it has sufficient knowledge of the local regulations, harmonized business practices and flexible information systems to

provide effective H&S compliance in these new markets.

**Regulatory Change.** Constant regulatory change is a reality of global trade. For example, the Globally Harmonized System for the classification and labeling of chemicals is slated for adoption in the United States by January 2007. GHS not only will have an impact on authoring documents like MSDS,<sup>1</sup> but also will affect industrial hygienists tasked with managing work force exposures to these classified chemicals.

Whether the regulatory change is global in nature (e.g., GHS or Registration, Evaluation and Authorization of Chemicals) or country specific (e.g., the Sarbanes-Oxley Act of 2002, which included requirements to disclose EH&S liabilities), it is imperative for businesses to be able to anticipate, understand and react to the impact of regulatory change through their H&S programs.

**NGOs, Quality Programs and IH Metrics.** By exerting pressures both subtle and explicit, nongovernmental organizations act as shadow regulators

# HELP YOUR H&S PROGRAM?



and force companies to publish statistics and metrics on safety and health operations as well as present and predict environmental and energy impacts.

Similarly, voluntary quality management systems such as ISO 14001 and OHSAS 18000 are driving the adoption of quality management programs that address environmental, health and safety issues through standardized and certified processes that demonstrate continuous improvement through increasingly visible metrics.

The net effect of these forces is reshaping the business landscape and how a company manages its H&S assets and liabilities. Enterprises that develop cost-effective H&S strategies that can adapt to and support these dynamic and influential business imperatives will gain a competitive advantage over those that do not.

## TECHNOLOGY OPPORTUNITY

H&S systems have evolved over time but often have lagged well behind the current state of the art in enterprise business systems (Figure 1).

In the H&S arena, this lagging effect has been magnified by the lingering effects of legacy practices. The traditional practice is to quantitatively measure and monitor the high-risk

exposures at specific sites as opposed to performing exposure assessments in a comprehensive manner and within the integrated global business context.

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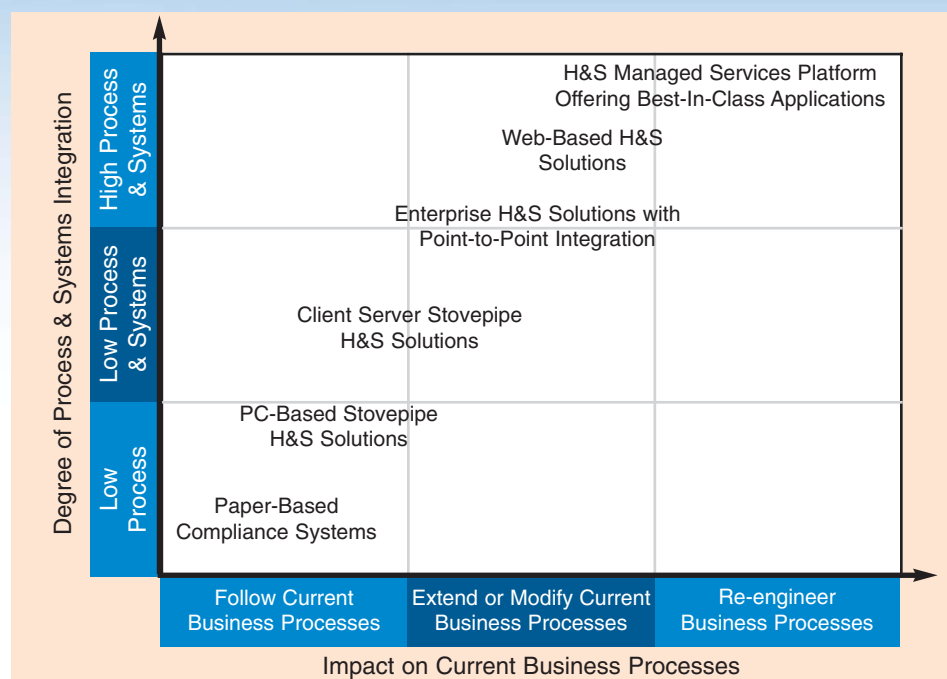


Figure 1. H&S software evolution.



## Do you have the information and the time necessary

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As a result early H&S systems, and many systems still in use today, are stove-piped applications that often are not integrated with other business systems (e.g., human resources or materials management) and do not share data with other EH&S systems or they lack consolidated input from experts whose core business is H&S. This reality ultimately limits the efficacy of an H&S program. In addition, resource-limited H&S departments frequently are challenged to track global regulations and maintain the underlying reference data (e.g., occupational exposure limits) or to determine and share best practices throughout an enterprise, both of which undermine compliance and increase risk.

### **A BETTER WAY—MANAGED H&S SERVICES**

So, how can industrial hygienists help their organizations meet these

challenges while lowering compliance risk and operating costs?

Managed services constitutes one of the fastest-growing segments of the IT-enabled services market and is now an accepted approach to re-engineering business. Managed services is a variation of business process outsourcing. It offers companies a way to reduce the costs and risks of H&S compliance through accessing hosted state-of-the-art applications that integrate back to the business and are supported by domain experts.

This new H&S value proposition is possible because senior managers are exploring ways to reduce costs by outsourcing non-core but dynamic activities (e.g., managing H&S software and supporting hardware, keeping a system current with underlying regulatory data, loading sample data, etc.), while allowing scarce H&S resources to focus on the core, high-value and

knowledge-intensive activities of the exposure assessment strategy. This will allow an H&S program and its industrial hygienists, ultimately, to deliver compliance and mitigate health exposure risk at a lower cost.

Under this model, the managed services provider offers the customer access to a set of H&S applications from a variety of vendors. The H&S applications are hosted and maintained by the MSP. The MSP also can supply subject matter experts who can perform H&S functions that are supported directly by the hosted applications. Figure 2 shows examples of non-core activities that can be migrated outside the enterprise to leverage core assets and activities.

Managed services allows an enterprise to focus on its core competencies while transferring non-core business functions to a third party, who in this case, provides a suite of best-in-class H&S applications to support H&S

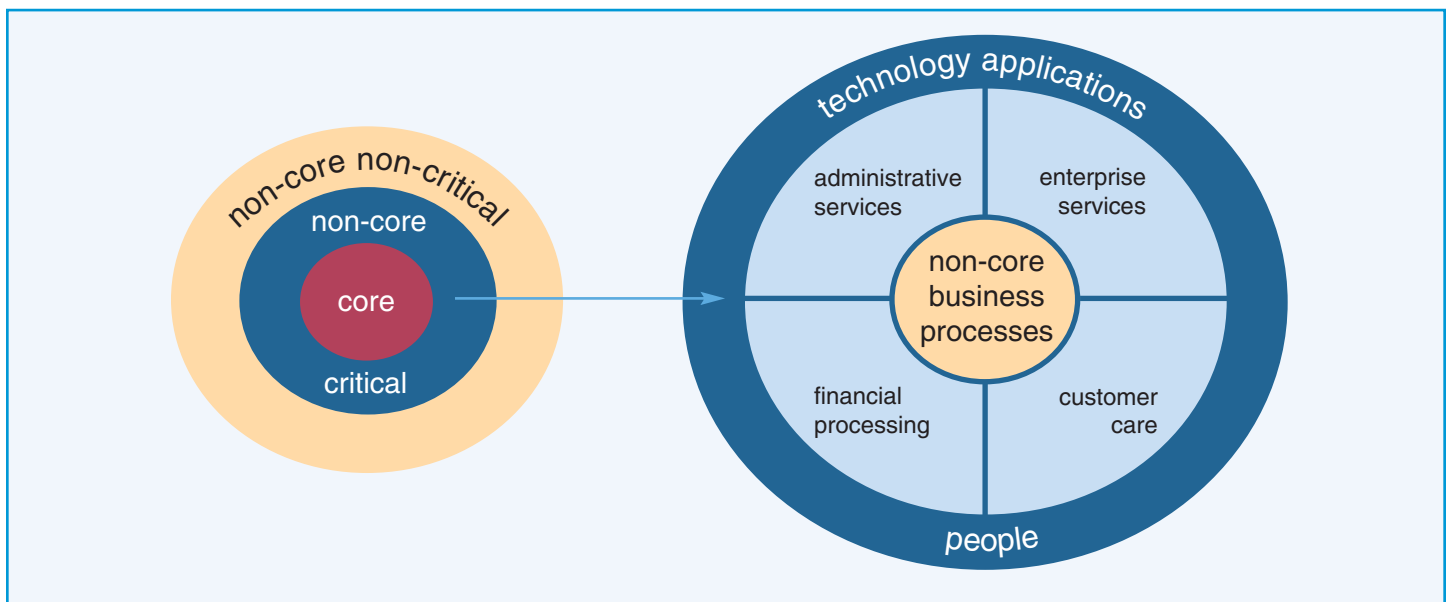


Figure 2. Outsourcing non-core activities to a MSP.

## to effectively set and efficiently execute your exposure assessment strategy?

compliance functions within the customer organization.

An example of a technology platform that can deliver the benefits of managed H&S services is the Exposure Assessment System. EAS was developed throughout the last decade by Exxon-Mobil as a tool to implement and manage a global exposure assessment system. The system is modeled after the AIHA best practice described in *A Strategy for Occupational Exposure Assessment*.<sup>2</sup>

As the systemization of the AIHA best practice, EAS combines worker exposure information to agents with exposure ratings using a risk matrix. The risk-based approach allows industrial hygienists to identify and prioritize H&S exposures across an enterprise comprehensively, thus improving the effectiveness and efficiency of H&S programs. As a managed service, EAS also can be supported by third parties such as consultants for the benefit of the business.

EAS is now commercially available through an agreement between Exxon-Mobil, AIHA and CGI-AMS. As a hosted application that can be integrated back to other business systems, EAS can eliminate investment in IT infrastructure and IT resources and leverage H&S and regulatory domain experts, thereby allowing a business and its H&S organization to focus scarce resources on business operations and its exposure assessment strategy.

Leading organizations from chemical producers to utilities to transportation companies now are looking closely at how to deploy applications like EAS to gain the cost savings and efficiency benefits inherent in this comprehensive, managed services approach.

### **BENEFITS OF MANAGED H&S SERVICES**


This model provides a number of important benefits not available under the traditional enterprise application deployment approach:

- **Lowest total cost of ownership.** By accessing a suite of best-in-class H&S applications maintained by the MSP, enterprises of any size can gain scale and expertise at a fraction of the cost of purchasing each application separately.
- **Best-in-class systems share information to reduce compliance risk.** Because the MSP administers the H&S applications with H&S experts, the MSP can tailor the mix of applications and services to the needs of the global enterprise without compromising local requirements, which ultimately reduces the risk of compliance.
- **Integrated and maintained content aligns H&S programs with business needs.** The MSP provides subject-matter experts who stay current with H&S changes, aggregate best practices across sectors and manage the H&S applications with the appropriate content and keep it up to date with regulatory changes.

### **SUMMARY**

Successfully transitioning a major business area such as H&S to a managed services model is a decision that requires careful planning and execution. To reap the full value of this paradigm, organizations should undertake an analysis of their current H&S business model to understand the strategic value that may be obtained with the appropriate application of managed

H&S services. The managed H&S services model, however, offers a way to access best-in-class H&S applications and experts, eliminates the cost of maintaining legacy H&S systems in house, improves compliance effectiveness and better aligns the H&S function with business needs.

For more information on availability of the EAS application and user group program, please contact Jeff Adams. 

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