



How to maximize the ROI of your EHS Platform



Introduction

If your organization isn't already looking at deploying an EHS software platform, you're at risk of falling behind. Cloud-hosted deployments are now the standard across all industries. Aside from other benefits, they allow storage, analytics, and management of huge amounts of data. Verdantix—an independent research, advisory, and analyst firm for the EHS software industry—predicts an annual growth rate of approximately 11% in the EHS software market to reach a staggering \$2.5 billion by 2026. And 53% of respondents to their yearly EHS budget survey indicated they were increasing their EHS budgets in 2023.

Yet many organizations remain resistant to making the investment, citing a range of concerns with taking the leap.



Their reasons for waiting can typically be categorized into organizational hesitancy towards change, fear of committing to a platform, experiencing tech obsolescence, and concern with having to purchase a software solution that's more feature-laden than what's required. But the **overwhelming feedback we hear from customers who adopt our digital EHS system is that they wish they'd done it earlier.**

~ Jill James, Chief Safety Officer



Some Costs of EHS Failure

- ✓ Workers' compensation claims
- ✓ Lawsuits
- ✓ Fines and other penalties
- ✓ Lost productivity
- ✓ Damage to equipment
- ✓ Loss of materials
- ✓ Employee absenteeism and turnover
- ✓ Retraining employees
- ✓ Reputational damage

To remain competitive, it's increasingly important to obtain the value that can be added by a more comprehensive, efficient, and effective EHS system. Properly deployed, it can easily pay for itself in a surprisingly short period through:



Improved brand reputation

Organizations are viewed as being sustainable and responsible by their people, customers, suppliers, and other stakeholders.



Enhanced Compliance

Moving beyond mere compliance requirements, the system makes certain that all risks are addressed proactively.



Cost Savings

The EHS system reduces—and in some cases eliminates—injuries, illnesses, and incidents thereby decreasing the associated expenses.



Improved Employee Satisfaction

Organizations that demonstrate their commitment to the health and safety of their employees, and the environment, can find that recruiting and retaining top talent is much easier.



Increased Operational Efficiency

Higher worker productivity leads to faster revenue growth and long-term sustainability.



The biggest risk is waiting

The benefits of deploying an EHS software platform are significant savings in both direct and indirect costs as well as a substantial reduction in operational risks.

It's estimated that the cost of deaths, injuries, and illnesses to the US, employers, and individuals in 2020 insurance premiums was \$163.9 billion. Direct costs include insurance premiums, fines, wage replacement, job retraining, light-duty work development, civil lawsuits, and the inefficiencies associated with using an outdated EHS platform. And this says nothing of the effect to the employees and their families—effects which can be felt for a lifetime.

What's even more surprising, however, is that the indirect costs of injuries is estimated to be 20 times the direct cost due to reduced productivity, absenteeism, training and onboarding replacement employees, accident investigation, the implementing of corrective measures, and so on.

In addition to these costs, EHS software greatly reduces potential risks for an organization. The software can help identify issues before they can do harm, thereby eliminating injuries, illnesses, and cost. It's important to identify and correct risks early and often before they become something with life-altering consequences. One key consideration is reputational damage. According to a Deloitte survey, 41% of companies that experienced a negative reputation event reported loss of brand value and revenue.

But a well-functioning EHS system mitigates risks in less obvious ways too. For example, it's proven to greatly increase employee engagement, thereby combating the estimated \$450–\$550 billion per year cost to US businesses of disengaged workers.

Whether it's savings in direct costs, indirect costs, or business risks, there's no doubt that the longer you wait to adopt a cloud-based EHS platform, the longer you continue to hurt your bottom line.



The value of EHS Systems

There have been big advances in EHS software technology. It's created a far more effective approach to workplace safety and compliance.

Modern platforms have replaced what were time-consuming and complicated manual processes. Previously, each incident needed to be documented by hand, information was stored in binders and filing cabinets, and reports could be incomplete or even lost. The result was a significant lack of transparency, inconsistent follow-up, delays and errors in responding to issues, and unreliable reporting.

And many companies still function like this. A recent survey on just OSHA 300 logs showed that more than 56% of businesses still run their processes via paper and spreadsheets. By contrast, a modern and genuinely integrated EHS software platform lets an organization efficiently manage its entire EHS ecosystem. According to a Verdantix survey, more than 85% of EHS functions contribute to the broader management of quality, operational risk, worker wellbeing, and supply chain and contractor strategies.



An EHS software platform helps you streamline compliance, identify and reduce risks, offer real-time insights, enhance both visibility and accountability, and improve safety across the entire organization.

1. Instead of a manual, paper-based system (with its inherent potential for inaccuracy and lost data), a modern integrated EHS platform brings everything together—including having the benefit of automated workflows and immediate notifications to the relevant parties. It also opens up access and transparency to the leaders who need to have visibility to act.
2. The ability to report incidents by using mobile devices means that all employees can easily contribute to preventing them before they become a problem and offer greater detail about incidents when they occur. This has the added benefit of promoting a safety culture organization-wide by empowering workers to actively help the workplace remain safe. This has a powerful flow-on effect for improving employee engagement and attracting talent in the future. More than 75% of all employees say that feeling personally safe and secure in their workplace is vital to them.
3. The centralized nature of an integrated platform allows data to flow seamlessly across the organization. This helps to overcome problems caused by the data, operational, and technology silos that are typically found in the old way of operating. Likewise, it provides an organization-wide standardization of processes, reducing the likelihood of idiosyncratic or different approaches by different departments (or even within them).

Modern EHS platforms can also respond to required changes much faster and more easily. If, for example, processes evolve or regulations change, the system can be quickly configured to keep pace. Similarly, as the organization changes in size or relocates, the platform can be readily scaled to respond.



“HSI Donesafe has helped our managers easily keep on top of safety using their mobile devices and it’s so easy to use we have seen a three-fold increase in reported events.”

Head of Operations
Sayfa Group.

What return on investment can you expect from an EHS system?

Some benefits of a high-quality EHS system are immediately clear and tangible. A reduction in incidents and injuries means lower costs from claims, disruption, damages, and regulatory fines. Also avoided are the costs associated with accident investigations and training replacement employees. In a report from the International Social Security Association, various safety measures were compared in terms of costs and benefits. The results were inarguable.



“Before HSI Donesafe, the process to pull weekly reports involved manual extraction and analysis of data from multiple systems which would take two days. This information had to be shared with all senior management across 14 sites. With Donesafe, it now takes 45 minutes. It’s amazing!”

National Safety Manager
Aus Flight Handling

Prevention costs vs prevention benefits in Euros per employee per year

Benefits for all

What a well-functioning EHS system provides to each department.



Safety Managers

- ✓ Drive cultural change
- ✓ Reduce daily risks
- ✓ Meet compliance requirements



Operations

- ✓ Safer staff – less absenteeism
- ✓ Greater productivity
- ✓ More engaged employees, easier recruiting



Finance

- ✓ Cost savings – claims, insurance
- ✓ Risk – reduction of fines and legal ramifications
- ✓ Improved investment and buyer relations

	Cost	Benefit	ROI
Personal protective equipment	168	566	336%
Guidance on safety technology and company medical support	278	414	150%
Specific prevention training measures	141	632	450%
Preventative medical check-ups	58	441	760%

However, while insurance premiums can be costly, many employers don’t put that much emphasis on, or concern with, fines and lawsuits. Many injuries and illnesses go unknown to government regulators unless they fall under certain criteria, and lawsuits don’t happen with every case because of the workers compensation system.

The ROI of an EHS platform isn’t always a straight-line calculation of dollars. This is why it’s hard to create a simple calculator that explicitly shows, “if I invest X amount of money, I’ll save Y amount.” Sometimes calculations can be straight forward, but many times there are intangibles and variables at play.

Evaluate the money savings, and the intangible ROI

The ROI of an EHS system and improved processes is hyper specific to your business, your industry, your employee base, and more. Here are some real-world examples where both straight-line ROI calculations and intangibles are at play:

1. Harmon Inc.

Harmon, a large construction company, found that its incidents fell to 25% of what they once were. OSHA indicates the average cost of each incident is \$1,100.

- **Calculable:** If there were previously 400 incidents, the total cost would be \$440,000. Reducing that by three quarters realizes Harmon an annual savings of \$330,000.
- **Intangible:** A decrease in the incident management rate allowed Harmon to compete for bids it was previously excluded from due to compliance policies, leading to more business each year.

3. Electrical District 3

Electrical District 3 a large utility company in Arizona, reduced the time for manual logging of field operations by two hours daily for each technician.

- **Calculable:** With just 50 field technicians at, for example \$30/hour, their savings add up to \$780,000 per year in hourly costs.
- **Intangible:** With employees spending less time on "back-office" work, they're freed up to do more of their core job in the field, to the tune of 100 hours per day, which improves the services they provide to the community.

2. Comcare

Comcare the Australian Government's injury management authority, found an average return of \$5.81 for every \$1.00 invested by companies into workplace health programs.

- **Calculable:** The straight calculation would then show that if a company invested \$20,000 in an EHS platform, they would save \$116,200.
- **Intangible:** The average program resulted in sick leave absenteeism decreasing by 25.3%, workers compensation costs decreasing by 40.7%, and disability management costs decreasing by 24.2%, leading to many more hundreds of thousands in savings and other benefits

4. McDonald's

McDonald's was able to consolidate reporting on incidents across hundreds of locations instead of looking at segmented store data, finally realizing the wide-spread burn issues with a specific grill.

- **Calculable:** Burn incidents across more than 900 locations were reduced to nearly zero, saving \$100,000s in burn treatment, lost worker time, and health penalties.
- **Intangible:** Employee engagement in safety culture is up 500%, soaring to a 95% acceptance rate. McDonald's reputation as an innovator is reflected in its commitment to workplace safety.

Other benefits of a strong safety system have a more indirect effect on ROI but can still be significant and include:

- An organization with a robust safety record may be more attractive to potential employees, buyers, communities, governments, insurers, and investors. This enables it to more easily expand and evolve with fewer social or political barriers.
- Human and financial resources can be focused on growth rather than being distracted with health and safety and environmental incidents.
- In addition to the costs associated with illnesses, injuries, or deaths, the consequence of property and environmental damage can have a big impact on an organization's ability to operate.
- The financial repercussions of a major incident could result in insolvency or affect profitability for years to come.

The establishment of well-controlled and reliable EHS processes also creates a culture of responsibility for all employees which results in increased productivity and quality across the entire organization.

Finding and calculating ROI across the organization



Realizing the potential.

To truly recognize the value-added possibilities of an EHS platform, it's important to consider just how broad its impact can be. Its ability to centralize all information, digitize it, and offer automation of various functions is, obviously, going to offer significant efficiencies. But these benefits are merely the beginning of the story.

Obtaining real-time data and marrying that with superior analytic tools will enable far more comprehensive and agile opportunities to both anticipate issues and respond to them faster.



How does an EHS system help with ESG?

The breadth of ways that EHS systems are offering ROI is ever-expanding. Organizations are discovering how their system can contribute to their environmental, social and governance strategies on top of the traditional focus on safety.



Environmental

When it comes to the environment, ROI can be extracted from EHS involvement in:

- Energy and Water Usage
- Waste Management (split by Recycled Waste and Hazardous Waste)
- Carbon Footprint and Greenhouse Gas Emissions
- Environmental Incident Management
- Sustainability and Climate Change Initiatives



Social

In social strategies, an EHS system offers value in:

- Employee Demographics (split by Gender and Race/Ethnicity)
- Diversity, Equity and Inclusion (DEI)
- Employee Health and Safety Training
- Overall Incident Management
- Community Service (split by Volunteer Time and Charitable Giving)



Governance

And, in governance strategies, EHS can add value through:

- Ethics and Anti-Corruption Practices
- Harassment and Discrimination Training
- Data Privacy Policies and Procedures
- Cybersecurity Controls
- Board Member/Executive Management Demographics



Establishing metrics.

When calculating the ROI of a system, it's vital to focus on multiple outcome measures. As we've seen, the benefits of a well-run system offer value in all sorts of areas for the organization, and your ROI calculations should include the advantages relevant to your stakeholders.

It's also important to involve all levels of employees in defining and setting the measures to ensure there's an understanding of what the system is trying to achieve. And that there's an agreement with, and acceptance of, whatever KPIs or processes are being introduced.



Measuring performance.

Unlike most ROI calculations, when it comes to safety and the environment, you're actually trying to calculate the value of something that didn't happen. So, it's important to establish a benchmark for what workplace injuries or other incidents may cost your organization. These shouldn't just be the publicly available statistics for what injuries cost, but specific costs related to your organisation's experience.

Consider choosing three or so of your organisation's most common injuries and analysing every possible related direct and indirect cost associated with those injuries. Once an internal benchmark is determined, it can be used as justification for further investment or as a way to determine the effect of improvements. It can be useful to create a scorecard for your organization. This includes key metrics like your leading and lag indicators, details of equipment failures, numbers of inspections completed, and safety audits. At the same time, implementing comprehensive KPI processes will enable you to accurately keep track of your organisation's progress.

Accelerating **your ROI**

Four keys from a product developer for selecting a suitable EHS platform for your organization:

- Modular and customizable so the solution can scale with your business needs
- Frictionless workflows and automations to realize business efficiencies
- Seamless integration allowing single sign-on and a great user experience between training, chemical safety data sheet (SDS) management, reporting, and more
- Unified rollout into your existing systems, from the sales experience to customer success and implementation teams to ongoing account management



Effective onboarding

An EHS system can only operate well if employees are engaged and using it correctly. Make sure that everyone understands the data requirements before its implementation. Ensure that the new system is effectively integrated into existing processes so that it receives an accurate and full flow of data. Engage with all levels of the organization so that the system can be configured to accurately reflect your processes and systems. Many companies start with 2–3 modules, to improve the processes of very specific workplace needs, then grow from there. This allows you to focus on getting things right and getting all employees on board.



Factoring in scalability

When selecting an EHS platform, ensure that it has the ability to easily scale as your needs grow or shrink. It should be able to provide immediate benefits when deployed but continue to find new ways to improve your safety processes as your systems and technologies change.



Single-source platform

A software solution that provides a single-source platform offering real-time data enables comprehensive, efficient, and accurate decision-making.



Empower continuous improvement

Improvements in workplace safety often require behavioral change. Encourage conversations about the introduction of the new system, explain why it's needed and how it'll help make your organization safer. Enable your staff with planned, relevant training and make it part of a larger focus on education, including first aid, CPR, AED, and so on. Expand the concept of health and safety to include the need for action on mental health and psychological issues. You should also consider the need for SDS management that's accessible to employees 24/7 and helps them make informed decisions about hazardous chemicals within the organization and manage them safely and sustainably.



Make a choice for now and the future

There's no doubt that the sooner you invest in a full-service EHS system, the sooner you'll start to see an ROI. And it's clear that delaying deployment can actually cause real damage to your organisation's operations. But it's vital you choose a system that not only meets your current needs but can also expand to meet your requirements in the future.

The best way to future-proof your EHS platform is to select one that's modular and scalable. This allows you to lessen your initial investment by not paying for anything you don't immediately require but also means that you'll have the necessary infrastructure in place to easily expand the system as your needs grow.

It's important to research potential platform vendors to ascertain they have both the expertise to integrate the new system flawlessly into your current processes and provide you with ongoing support and advice to facilitate ongoing system success.

1.

How can implementing an EHS system improve our business processes?



2.

Or, in what ways could our current EHS system operate better?

3.

What would those improvements look like?

5.

How would that change our organization as a whole?

4.

What are the top 3–5 things you could start benchmarking today?

The more you understand about your organization's specific requirements, the easier it'll be to choose an EHS software platform that can make a real impact on your bottom line.

About HSI

HSI is your single-source partner for EHS, Compliance, and Professional Development solutions. HSI provides integrated e-learning content, training solutions, and cloud-based software designed to enable your business to improve safety, operations, and employee development. Across all industries, HSI helps safety and technical managers, human resources, first responders, and operational leaders train and develop their workforce, keep workers safe, and meet regulatory and operational compliance requirements.

HSI is a unique partner that offers a suite of cloud-based software solutions—including learning management, safety management, chemical SDS management, and more—integrated with content and training so businesses can not only monitor and manage multiple workflows in one system, but train employees via one partner.

HSI is majority-owned by Waud Capital Partners, a leading growth-oriented private equity firm with total capital commitments of approximately \$3 billion.

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