

## 3E GOES GLOBAL AS INTERNATIONAL EH&S REGULATIONS BECOME MORE FAR-REACHING AND COMPLEX

*3E Co. (www.3ecompany.com) is a global provider of chemical, regulatory and compliance information services. 3E provides a comprehensive suite of data products and information services that addresses the entire lifecycle of a chemical, covering global regulatory data; material safety data sheet (MSDS) authoring, distribution and management, transportation, emergency response training; regulatory reporting, and waste management. 3E has also established a EH&S Mission Control Call Center, and an online platform for compliance information management, all built on a foundation of the world's premier hazardous substance database of global regulatory and compliance information. The company has more than 500 employees in locations around the world and serves customers in virtually every industry. It has more than tripled its revenue since 2004. Robert Christie is the firm's president and CEO.*

**EBJ:** How has business been in general the past couple of years?

**Christie:** Our business is currently going through a period of hyper-growth. In 2007, we augmented our already-rapid growth with the acquisition of two leading MSDS solution providers, HSE Systems and MSDS Solutions, which further secured our leadership of the EH&S regulatory compliance market. We also introduced several new solutions during the year, including a new version of Ariel *WebInsight*, our premier online regulatory compliance reference tool; MSDgen 5.06, an enhanced version of our enterprise software system for the authoring, management, and distribution of MSDSs and the generation of labels; and 3E Online European MSDS/SDS Management, a global vendor MSDS management service.

**EBJ:** What has been the principal aim of your strategy over the past couple years?

**Christie:** We see the opportunity to grow globally as probably our number one opportunity right now. We've been promoting globalization on multiple fronts: by helping U.S. companies become compliant in various international locations; by helping European and Asian companies become compliant within U.S. laws and regulations;

and by helping global companies achieve global compliance. In response to this focus on globalization, we have taken the steps necessary to internationalize and expand our product line to facilitate global compliance. In addition, our M&A activity this year was aimed at further strengthening our leadership role in the global MSDS management market, while providing additional opportunities for market expansion.

**EBJ:** What trends have you observed in state and federal enforcement of environmental regulations, and how have those trends affected your business?

**Christie:** The recent explosion of global regulations has made EH&S compliance a complex, time-consuming, resource-draining, and often expensive task. The information associated with new regulatory frameworks like the European Union's REACH (Registration, Evaluation and Authorization of Chemicals) and GHS (Globally Harmonized System of chemical classification and labeling) often dwarfs those of other recent major regulatory challenges, such as Sarbanes-Oxley, in their breadth and sheer complexity. Because of the complexity of the requirements—and because of the financial and human cost of non-compliance—more and more companies are now shifting their board and executive focus to EH&S compliance. The increased focus on EH&S compliance has obviously been very beneficial for us. Companies often need assistance in navigating the new regulations and in developing a strategy to achieve compliance with them. 3E can assist them globally with these regulatory issues and challenges.

**EBJ:** In which countries and for which client sectors is international business growth taking place, and what factors are driving that growth?

**Christie:** EH&S regulatory compliance is a global issue, and our customer base includes businesses from around the world. We currently do a significant amount of business with chemical manufacturers internationally, and we are constantly seeking to expand our customer base into new regions. In fact, with our recent acquisitions of HSE

Systems and MSDS Solutions, we are now uniquely poised to further expand our service offerings to new applications, industries, and geographies.

**EBJ:** What kinds of opportunities have arisen with the focus on domestic security?

**Christie:** Recent homeland security concerns and regulations around chemicals have put the spotlight on the need for companies to manage safety and risks throughout the chemical supply chain. As a result of this, we have further expanded and strengthened our unique EH&S Mission Control Call Center. The Center continues to offer unparalleled, 24/7/365 support to callers requiring professional assistance and immediate response in chemical emergency situations. We have seen quite a demand for this 24/7 service; the center fields thousands of calls per week, ranging from routine MSDS questions to calls concerning chemical spills and major transportation incidents. Our customers appreciate that our specialists are able to support them with information so that they can better manage employee safety while protecting the environment during an emergency.

**EBJ:** Where do you see your best growth opportunities?

**Christie:** Our growth is going to come from deeper penetration of our presence in areas that are most receptive to the need for efficient compliance management, including healthcare, transportation, retail, utilities, and manufacturing. We will also expand our presence in markets such as food, flavors and fragrances, cosmetics, and pharmaceuticals.

**EBJ:** What areas are you considering as potential new business practices?

**Christie:** We are constantly striving to develop the most complete, relevant, and timely line of global EH&S regulatory compliance services on the market today. In 2007, we announced the creation of a new REACH practice to help our customers prepare for REACH. As part of this practice, we incorporated REACH requirements and data into our existing suite of services and solutions to help our customers achieve compliance with this new regulatory obligation and stay ahead of the competitive curve. In 2008, we will continue to respond to strong client and market demand for high-quality data and professional services

that facilitate compliance with new and urgent regulatory requirements.

In addition, the company continues to invest heavily in new product development to further drive rapid organic growth. We are adding new regulatory content, new loaders for additional platforms, new rules and phrases, and bringing more compliance tasks into an online environment.

**EBJ: What growth do you forecast for your company over the next two to three years? The next five years?**

**Christie:** I anticipate that we will continue to rapidly expand both through internal organic means as well as through acquisitions. Since I joined the company, the number of employees has dramatically increased, the number of offices has expanded, annual revenue has increased organically and profitability has increased. I expect this to continue into the distant future.

**EBJ: What do you think are the most pressing EH&S issues facing CEOs today?**

**Christie:** The biggest EH&S challenges facing CEOs today center on ensuring that EH&S regulatory compliance is embedded in corporate governance and best practices. As CEOs, they are responsible for ensuring that their companies are compliant with all of the regulations—local, state, federal, and international—that apply to EH&S. Executives who recognize and respond to this responsibility can help guide their companies toward compliance, while in turn minimizing corporate risk and protecting the corporate brand.

**EBJ: What do you think differentiates you most from your competitors?**

**Christie:** Our primary differentiators include our global presence, the breadth and depth of our offerings, our 24/7/365 EH&S Mission Control Call Center, our domain expertise, our data and content, and finally the important fact that we own our own content and employ our own MSDS authors, without being dependent on third parties.

3E differentiates itself from its competitors by offering customers a full chemical lifecycle product offering along with the call center and response management. Our EH&S expertise is unrivaled; the breadth of countries covered and depth of regulatory and legislative information provided offers unprecedented support for identifying

monitoring and complying with constantly changing and evolving EH&S requirements.

The foundation of all of 3E's products is the massive aggregation of global regulatory content that is delivered by the products and services within the Ariel EH&S Decision Support family. Ariel regulatory content is refined and maintained by 3E's own team of EH&S specialists and provides extensive coverage of regulated chemicals throughout the world at multiple levels of jurisdiction, from international and U.S. federal and state, to European Union member and non-member states. 3E's Ariel content contains more than 700 complete regulatory lists covering thousands of data elements spanning more than 80 countries around the world.

Our staff is also one of our key competitive differentiators. We have a highly qualified, multilingual staff consisting of a wide range of regulatory experts. All of 3E's services are provided by our own staff, and staff members are readily accessible to customers through an innovative user feedback tool that facilitates the question-and-answer process in a timely fashion. In addition, staff members regularly solicit feedback from customers and leverage their suggestions to develop enhanced versions of existing services and solutions.

**EBJ: What has been the major objective behind your M&A approach?**

**Christie:** We are actively seeking to strengthen 3E's position as the leading global provider of EH&S information and compliance services through M&A activity. We plan to do this by integrating businesses that leverage our substantial assets, including our world-class data, our existing infrastructure, and our talented team of employees. We are also planning to expand our global presence through M&A, especially in Europe and in Asia.

**EBJ: How do you identify a company for acquisition?**

**Christie:** We consider a range of possible acquisitions, including those that bring new customers, new products and/or competitive advantage. Any M&A activity in which we participate is aimed at helping us further strengthen and expand our service offering, while further differentiating us from our competitors.

**EBJ: Why did you acquire the companies you did?**

**Christie:** The acquisition of HSE and its MSDgen MSDS authoring platform is an important step forward in our expansionary growth strategy, as we continue providing our customers with innovative and industry-defining solutions that ease the burden of regulatory compliance. We are currently working with the impressive MSDgen corporate user base to carry out ongoing innovation to the MSDgen platform as well as leveraging our global presence to bring the platform to new markets.

HSE was a particularly attractive acquisition because its staff and company culture are similar to 3E's. The acquisition enables us to round out our full range of MSDS authoring offerings and presents multiple MSDS authoring service options for our customers. As a result of the acquisition, we now have the ability to supplement clients' in-house authoring staff during high-volume and heavy-workload periods.

MSDS Solutions is a successful and well-managed company with a singular focus on providing ASP (application service provider) vendor MSDS management solutions to the global market. By combining our offerings into a "best of the best" suite of tiered MSDS management solutions, we have further secured our leadership position as the provider of choice for MSDS management. This acquisition, especially following closely on the heels of our earlier acquisition of HSE Systems in June, also demonstrates 3E's commitment to efficiently executing our M&A growth strategy.

Acquiring MSDS Solutions gives our customers an exceptional and broad range of products to choose from; the acquisition also gives MSDS Solutions' customers additional EH&S services to use. We further believe the acquisition has accelerated our global and international expansion due to the company's technological strengths in multilingual product development. ■