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Vendor Landscape: Emerging Software Tools For Corporate Social Responsibility

by Chris McClean
for Security & Risk Professionals



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EXECUTIVE SUMMARY

Companies that take corporate social responsibility (CSR) seriously — and they are increasing in number — have to find ways to map large amounts of disparate data to large numbers of disparate stakeholders. Whether it's helping companies report on fair labor practices to meet socially responsible investment criteria or tracking energy use for a carbon reduction program, technology vendors see this space as a market with much potential. Niche CSR reporting applications are beginning to crop up; environmental management systems are seeing increased interest; governance, risk, and compliance (GRC) tools are being used for ad hoc CSR initiatives; and large business applications are showing promise as top vendors take serious steps toward the market. Each group has something unique to offer, but buyers expecting a complete, packaged solution will have to be patient — it will be years before a comprehensive product is offered without substantial configuration and implementation requirements.

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NOTES & RESOURCES

Forrester interviewed 30 vendor and user companies, including AXENTIS, BWise, Compliance 360, credit360, CSRware, Enablon, Enviance, Environmental Support Solutions (ESS), eEquilibrium Solutions, ESP, MetricStream, Omniware, Oracle, Proventia Group, SAP, SAS Institute, StakeWare, and Syntex Management Systems.

Related Research Documents

["How The World's Leading Businesses Address Corporate Social Responsibility"](#)
October 17, 2007

["GRC Should Take The Lead In Green Business"](#)
May 11, 2007

GROWING CSR REQUIREMENTS ARE BEGGING FOR AUTOMATION

The buzz around corporate social responsibility continues to grow, and it's gaining footholds in pockets of the organization. Questions are coming in from customers, employees, investors, regulators, and non-government organizations, demanding to understand what companies are doing to improve their impact on the global community as a whole. As companies struggle to answer to these stakeholders, difficulties arise in collecting, processing, and publishing the desired information.

The Complexity Of CSR Reporting Is Overwhelming

Professionals who have dealt with substantial compliance or risk management initiatives understand the difficulties of trying to coordinate programs historically handled on a massive number of spreadsheets. As with areas of corporate compliance and risk management, technology can play a critical role in making sense of CSR data, which:

- **Comes from a variety of sources.** There are very few parts of the organization not involved when a company decides to take CSR reporting seriously. CSR offers a valuable context to demonstrate corporate values across human resources, finance, operations, the supply chain, and nearly every other department and business unit — but initiating a program across all of these groups requires flexibility to make the best use of existing systems without too much burden on current processes or performance.
- **Has little structure or consistency.** Financial reporting is difficult enough. Adding performance metrics to environmental, social, and governance efforts across different departments and business units requires substantial planning and infrastructure. A framework is needed to show reporting responsibilities and expectations throughout the organization, while guidelines must be developed to make sure the reported data is consistent in accuracy, level of detail, and frequency.
- **Must meet the information needs of many stakeholders.** Expectations of what constitutes a “responsible” company vary greatly among a company’s customers, investors, employees, regulators, and other stakeholders. A growing number of companies are publishing comprehensive CSR reports on an annual basis, but specific elements of this data will have to be mapped to other reporting requirements, such as an industry carbon reporting initiative, request for proposal (RFP), or business partner assessment.¹

Environmental Reporting Initiatives Show The Way

The most mature CSR reporting initiatives are typically driven by sophisticated environmental management and compliance programs. Companies with high dependence and impact on natural resources — in industries such as energy, manufacturing, and mining — are accustomed to keeping close tabs on their environmental performance for operational and regulatory purposes. Systems have been set up to track water and air pollution, waste management, hazardous chemicals, employee health and safety, and other similarly regulated areas requiring vast amounts of detailed data. Companies are responding to the recent surge in concern about protecting natural resources by leveraging the automated systems already in place and recycling the data to use in CSR reports.

THE MARKET GRAVITATES TO A SET OF CORE REQUIREMENTS

Whether they are tasked with collecting vast environmental data or broader elements related to social and corporate governance, professionals in charge of CSR reporting are looking for tools to bear much of the burden. Key capabilities that software vendors can offer to help address these needs include:

- **Automated and manual input.** CSR reports may include topics as diverse as employee training, product safety, information security, fair trade practices, community involvement, and carbon footprint reduction. Software should be able to collect quantitative data from existing systems (e.g., greenhouse gas emissions, financial records, and quality assessment results) as well as both quantitative and qualitative data requiring user input (e.g., staff satisfaction surveys, disclosure of political activity, and impact of community support programs).
- **Data normalization and aggregation.** Specific CSR metrics are often calculated based on a dizzying number of inputs. A company's energy usage figures, for example, may need to consider factories, data centers, ocean freighters, and office buildings, and depending on their location, reporting procedures and even units of measure are likely to be different. Converting data to allow site-to-site comparisons and aggregated reporting is essential.
- **Performance management.** Internal and external stakeholders not only insist that companies report on key issues of responsibility, but they also want to see published objectives for ongoing improvement as well as performance levels reported against those objectives. For example, an HR professional tasked with increasing the number of yearly training hours for junior staff or a procurement professional responsible for reducing the use of products made with hazardous substances would both benefit from an automated system for setting goals and showing progress. More advanced capabilities such as budgeting and forecasting related to CSR efforts are showing up on buyers' wish lists as well.
- **Flexible reporting.** Depending on their stakeholders, companies are expected to publish a variety of reports with different levels and categories of CSR information. As with leading compliance software tools, the ability to map stakeholder requirements to individual performance metrics and quickly configure reports accordingly is critical for those that want to simplify and automate CSR programs.²
- **Alerting and notifications.** As with other areas of business that are measured against objectives, it's important for professionals responsible for CSR to be notified as soon as possible if any goals are expected to be missed. This is especially true with regard to risk management and compliance aspects of CSR (e.g., failure to meet fair labor objectives might expose the company to reputation risks, while failure to comply with certain environmental standards might damage relationships with key business partners). In cases where missed goals require more immediate action, incident response tools are also required.

- **Auditable record-keeping.** Bearing the CEO's signature, affecting the decisions of private and institutional investors, and exposing data to media and industry watchdogs, CSR reports have increasingly high expectations of accuracy and transparency. Third-party assurance is still not the rule for CSR reports, but considering the implications of the information involved, companies need to know that they can demonstrate a complete audit trail — including a time stamp and a person responsible for the origin, changes, validation, and acceptance — of all reported data.

VENDORS APPROACH FROM DIFFERENT ANGLES

The market for CSR reporting is still in the emerging stages, and software vendors are only starting to produce and modify existing tools to meet these growing needs. The providers range from startup niche companies with strong content knowledge to large players with capabilities that may fit well into CSR programs (see Figure 1).

Figure 1 Categories Of Vendors Meeting CSR Reporting Needs

Category	Notable vendors	Common functionality	Differentiating functionality
Niche CSR reporting tools	<ul style="list-style-type: none"> • CSRware • credit360 • eQuilibrium • StakeWare 	<ul style="list-style-type: none"> • CSR data input (primarily manual) • Data aggregation • CSR-specific reporting templates 	<ul style="list-style-type: none"> • Workflow and process management • Integration with existing applications
Environmental management systems	<ul style="list-style-type: none"> • Enablon • Enviance • Environmental Support Solutions (ESS) • ESP • Omniware • Proventia • Syntex Management Systems 	<ul style="list-style-type: none"> • Environmental data input (manual and automated) • Data normalization and aggregation • Performance management 	<ul style="list-style-type: none"> • Risk management • Incident response • Asset management
GRC platforms	<ul style="list-style-type: none"> • AXENTIS • BWISE • Compliance 360 • MetricStream 	<ul style="list-style-type: none"> • Policy/procedure management • Risk/control assessment capabilities • Investigations management • Dashboard analytics 	<ul style="list-style-type: none"> • Training/eLearning • Business process management • Regulatory feed collection
Business applications	<ul style="list-style-type: none"> • Oracle • SAP • SAS 	<ul style="list-style-type: none"> • Performance management • Business intelligence • Dashboard analytics 	<ul style="list-style-type: none"> • Integration with existing/complementary technologies

Niche CSR Reporting Vendors See A Vast And Growing Opportunity

Seeing the growing demand for CSR tools and the lack of large vendors in the space, a number of niche software providers are looking to grab early market share with focused solutions. Applications in this category aim to pull in CSR and sustainability data from across the organization and repackage it to meet various reporting requirements. As these systems advance, customers will seek additional capabilities such as workflow and process management as well as better integration with existing systems. As this point, the most common characteristics among these vendors are:

- **A recently released product.** Companies in this category generally have had available products for at most only two or three years and have only a handful of paying customers, with a few exceptions reaching around 20 or 30 installations.
- **Substantial CSR consulting experience.** Most of these vendors have substantial consulting backgrounds related to environmental or social concerns and have brought in technology and business specialists to help productize their offerings. As CSR reporting is a new area for many companies, guidance on strategy, organization, and approach are often essential.
- **A mature product vision related to CSR reporting needs.** With a strong services background and close relationships with the thought leader community, these vendors show the best understanding of the role technology can play in automating CSR efforts.

The challenge for these vendors is demonstrating to buyers that they can deliver substantial content expertise as well as flexible systems that can draw CSR data from existing processes and systems without creating an undue burden on business users.

Environmental Management Systems Have The Most To Offer Right Now

Supporting large implementations for heavy-duty monitoring and management of air, water, waste, chemicals, and other environmental factors, many vendors in this category have also built reporting capabilities mapping to environmental responsibility standards. Some have begun to incorporate social and governance performance indicators for a more complete CSR package, although they generally focus more on building additional capabilities related specifically to environmental management. Vendors in this category typically have:

- **Mature product implementations.** These companies have generally been offering products for at least five years, and many can name customer deals of \$1 million or more. In some cases, manufacturing or energy companies with substantial environmental impact objectives have deployed these tools across dozens or even hundreds of sites to create a single source of record for greenhouse gas emissions, energy use, or water management.

- **Industry-specific content knowledge.** These companies carry a strong understanding of environmental regulations, standards, and reporting practices, which helps them craft more comprehensive and relevant solutions for their customers.
- **Experience solving extremely complex reporting issues.** Products in this category are built to handle vast amounts of data collection, normalization, and aggregation; capabilities that are absolutely essential for detailed CSR reporting.

Considering the high degree of complexity and broad scope involved in environmental performance management, professionals that perform this function are often tasked with leading their company's CSR efforts as well. This has helped the environmental management vendors benefit the most from current CSR trends, although they will have to find ways to more fully accommodate aspects of social and governance data if they are interested in fully addressing CSR reporting requirements.

Governance, Risk, And Compliance Platforms Have The Capabilities To Play

Vendors in this space help customers meet a very wide range of governance, risk management, and compliance requirements, such as corporate reporting, project risk management, financial controls, and code of conduct policies.³ CSR and sustainability are very new on the radar screen of these companies, even though many of the risk and compliance issues they address are key elements of social responsibility.⁴ Relevant to these requirements, these companies have:

- **Experience reaching across the entire organization.** Risk and control assessments, policy distribution, and other key elements of GRC programs require substantial participation from all business units and departments, and to help achieve this, these vendors have focused heavily on delivering role-based, user-friendly applications.
- **Functionality that can be applied to CSR initiatives.** Customers have found ways to use their GRC platforms' capabilities to incorporate elements of CSR within existing programs. Examples include companies that have incorporated environmental and social compliance requirements into vendor assessments and others that have modified training programs to present HR policies and code of conduct requirements in the context of social responsibility.
- **High-level reporting capabilities.** A small number of GRC vendors have developed specific reporting templates that directly align with CSR standards in response to growing customer interest. Beyond that, practically all of them have sophisticated dashboards that can track compliance with requirements across the organization, track progress on specific initiatives, and pinpoint areas of unacceptable risk or nonperformance.

Because these products align so well with the needs of CSR and sustainability programs, the vendors that commit to addressing these customer demands and are able to strengthen their CSR content knowledge will be in a strong competitive position against other software providers targeting this space.

Large Business Application Vendors Are Starting To Eye The Market

Several large software vendors have been watching developments in the CSR reporting arena to determine whether and when entry into the market would make sense for them. Those with the most to offer potential buyers include vendors with core strengths in performance management and business intelligence. Among the advantages these vendors offer for CSR reporting, all of them have:

- **Deep insight into business processes and performance metrics.** Products supplied by these vendors store, process, and report on granular data in nearly all aspects of their customers' business. This insight, from human resources and procurement to product development and financial forecasting, can provide the substance of CSR reports if put into the proper context. For example, linking better quality testing to fewer product recalls would help justify the expense in the context of maintaining a brand of responsibility.
- **Large client bases with CSR reporting requirements.** Global corporations with diverse and complex operations, which tend to be key customers for business application vendors, generally have the most sophisticated CSR reporting needs and the most to gain from automation. Of the top 100 companies on the Forbes Global 500 list, 97 have published CSR or sustainability reports on their Web site.⁵
- **Substantial resources for developing and delivering solutions.** When opportunities present themselves, these vendors have demonstrated the ability to deliver — through internal development, partnerships, or acquisitions — solutions to meet growing market demand. Their experience with extensive IT integration projects is a tremendous benefit in this regard as well.

While none of these vendors have made substantial headway into the CSR space, there are a few starting to focus on the space with modifications to existing tools and marketing literature. Their market presence and size give them strong potential if they decide to aggressively target CSR buyers, but their challenge will be to demonstrate thought leadership and a clear understanding of customer requirements.

RECOMMENDATIONS

KNOW WHAT YOU WANT — AND WHAT TO EXPECT — FROM VENDORS

Helping your company avoid being seen as an industry laggard will mean really understanding the internal commitment to corporate social responsibility and turning this information into clear, accurate reporting. It is possible to achieve some of this using spreadsheets and documents, but as CSR touches the far reaches of the organization, automation becomes a more pressing priority. When evaluating potential vendors, you should keep in mind that:

- **Niche vendors offer substantial CSR experience and flexible applications.** Buyers working with niche vendors should expect much of their value to come from the industry expertise of the company's executives and thought leaders. This expertise often shows up in the products' content libraries and reporting structures, but the products' technical capabilities are for the most part fairly basic.
- **Environmental management vendors bring expertise in metrics and data aggregation.** Buyers considering vendors in the environmental management space for CSR purposes should have substantial requirements for environmental tracking and reporting as well. Like the niche CSR reporting vendors, these software providers also bring substantial value through their vast industry expertise in environmental management. CSR and sustainability reporting, however, is usually a new area for them.
- **GRC platform vendors excel at policy management, controls, and reporting.** Companies with broad GRC needs or those that already have such technologies in place will find that vendors in this space offer many capabilities valuable for comprehensive CRS reporting. Their expertise and product capabilities are most valuable for establishing organizational structures, control frameworks, processes, and workflow for compliance and risk management requirements, all of which are applicable in a CSR context.
- **Business application vendors can ultimately help leverage existing systems.** Organizations looking to expand their CSR reporting programs will often have a substantial amount of the relevant data residing on systems supplied by one of these large vendors. While they can't necessarily offer the deep content knowledge or designated functionality that some other vendors have in this space, they certainly have the resources to enhance their offering given enough customer demand.

WHAT IT MEANS

CSR IS SEEPING FURTHER INTO BUSINESS PRACTICES

Attention to corporate social responsibility continues to grow, and this growth is one of the biggest trends affecting corporate governance, risk, and compliance professionals.⁶ Internally, the increasing complexity of business continues to drive greater demand for automating CSR reporting processes. Demand is being driven by external pressures raising expectations of responsible behavior, including:

- Environmental and social concerns pervading media and consumer discussion.⁷
- Regulators worldwide tightening compliance requirements, with examples including environmental restrictions, product safety, and public disclosure.⁸
- Investors casting financial votes for greater responsibility.⁹

While the market for CSR reporting is still in its infancy, the practices themselves that show up in these reports (e.g., fair labor, product safety, fraud prevention) are simply good business practices that are described in the context of responsibility. As companies respond to the external pressures described above, the trend will be to embed the concepts of CSR and sustainability into policies, procedures, and reporting. This means that ultimately, these efforts are more likely to be managed side by side with more traditional business systems, such as human capital management, enterprise resource management, and financial reporting applications.

SUPPLEMENTAL MATERIAL

Companies Interviewed For This Document

AXENTIS	ESP
BWise	MetricStream
Compliance 360	Omniware
credit360	Oracle
CSRware	Proventia
Enablon	SAP
Enviance	SAS
Environmental Support Solutions (ESS)	StakeWare
eEquilibrium	Syntex Management Systems

ENDNOTES

- ¹ As employees, investors, customers, and partners pay more attention to corporate responsibility, companies are responding by strengthening and reporting their efforts related to environmental, social, and economic issues. Forrester documented the content of corporate social responsibility (CSR) reports of the world's largest companies, creating a benchmark of the most commonly reported practices. In another context, many of these aspects of responsibility would be expected practices of any well-run business. However, among a number of surprises, a comparison of reports according to industry showed wide discrepancies in documenting social and economic efforts. See the October 17, 2007, "[How The World's Leading Businesses Address Corporate Social Responsibility](#)" report.
- ² Common frameworks companies use for reporting include the Global Reporting Initiative, Dow Jones Sustainability Index criteria, and the United Nations Global Compact, all of which include different, but overlapping criteria. Sources: Global Reporting Initiative (<http://www.globalreporting.org/Home>), Dow Jones Sustainability Indexes (<http://www.sustainability-index.com>), and UN Global Compact (<http://www.unglobalcompact.org>).

- ³ Forrester evaluated 15 leading enterprise governance, risk, and compliance (GRC) platform vendors across approximately 100 criteria. BWISE demonstrated the strongest overall offering, with AXENTIS, MetricStream, OpenPages, Paisley, and QUMAS rounding out the Leaders category. The Strong Performers included 80-20 Software, Compliance 360, Cura, MEGA, and Strategic Thought Group. Certus Software, Mitratech, and Protiviti were Contenders, while IBM was judged to be a Risky Bet. See the December 21, 2007, "[The Forrester Wave™: Enterprise Governance, Risk, And Compliance Platforms, Q4 2007](#)" report.
- ⁴ Assertions of green business practices are sprouting up across organizations, which then promote these pursuits as part of good corporate social responsibility (CSR). Customers, investors, and regulators are starting to increase their scrutiny of these efforts — with expectations for improved “green IT,” “sustainability,” or other such labels. However, without measured policies, control mechanisms, and reporting functions, the green organization has little to show for its investment beyond a few public relations buzzwords. Green business initiatives belong within the control of governance, risk, and compliance (GRC) programs, which can assure that such efforts and investments are consistent, measurable, and transparent. See the May 11, 2007, Trends "[GRC Should Take The Lead In Green Business](#)" report.
- ⁵ Forrester studied the available CSR, sustainability, and other similar reports found on the Web sites of the top 100 companies of the Fortune Global 500. Three companies among the top 100 did not have a published report of this kind available online. See the October 17, 2007, "[How The World's Leading Businesses Address Corporate Social Responsibility](#)" report.
- ⁶ Businesses in many industries are struggling to identify how environmental and social changes will affect their sustainability. Equally important, businesses must understand and respond appropriately to what customers, employees, and business partners expect of them from an environmental, social, and governance perspective. GRC professionals need to keep up with their company's CSR marketing and communication machines to make sure there are controls, assessments, and measurable data to back up any claims made to these stakeholders. See the February 22, 2008, "[Trends 2008: The Changing Landscape For Governance, Risk, And Compliance Professionals](#)" report.
- ⁷ Most of the major business media sources have published a number of stories on the growing trend of CSR. In one of the most recent examples, *The Economist* published a special report leading with a caption that explains, “Corporate social responsibility, once a do-gooding sideshow, is now seen as mainstream.” Source: “Corporate Social Responsibility: Just good business” *The Economist*, January 17, 2008 (http://www.economist.com/specialreports/displaystory.cfm?story_id=10491077).
- ⁸ The first few months of 2008 saw regulators across a number of industries take a more aggressive approach to defining and enforcing compliance requirements. Examples include the US Senate voting to nearly double the Consumer Product Safety Commission budget in response to waves of product recalls, the US Environmental Protection Agency setting tighter emission restrictions after accusations of lax control, and the UK's Medicines and Healthcare Products Regulatory Agency cracking down on transparency of drug trial results after cases where potential side effects were not properly disclosed. Sources: Anny Shin, “Senate Votes For Safer Products” *The Washington Post*, March 7, 2008 (<http://www.washingtonpost.com/wp-dyn/content/article/2008/03/06/AR2008030604081.html>); “EPA Strengthens Smog Standards to Better Protect Human Health and the Environment” EPA press release, March 12, 2008 (<http://yosemite.epa.gov>).

gov/opa/admpress.nsf/0/325164c014b3b8538525740a00745786?OpenDocument); and Ben Hirschler, "UK to tighten drug law, Glaxo escapes prosecution" Reuters, March 6, 2008 (<http://www.reuters.com/article/pressReleasesMolt/idUSL065388020080306>).

- ⁹ Shareholders are playing an increasingly significant role in defining how decisions are made in the organizations with which they invest. For example, the Securities and Exchange Commission recently moved to allow shareholders of Fidelity Investment equity funds to vote on measures to disallow investments that may be tied to human-rights violations such as genocide. The announcement was expected to open the door for similar decisions at other large investment firms as well. Source: Mark Jewell, "SEC ruling could bring Fidelity vote on 'genocide-free' proposal," *The Boston Globe*, January 24, 2008 (http://www.boston.com/news/local/massachusetts/articles/2008/01/24/sec_ruling_could_bring_fidelity_vote_on_genocide_free_proposal/?rss_id=Boston.com+--+Massachusetts+news).

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