

Providing their Material Disclosure Application on a SaaS platform, Actio Corporation Is enabling their Global 1000 Manufacturing Customers to manage the complex Regulatory and Environmental Aspects of Parts and Raw Materials

**Business Services
Environment Compliance SaaS
Product Quality and Safety
Sustainability**

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**Russ McCann
CEO**

BIO:

A respected high-technology entrepreneur with more than 25 years of marketing and executive management experience, Russ McCann co-founded Actio in 1998 and has served as CEO since the company's inception. He has been sourced as an industry expert in the Wall Street Journal, the New York Times, and currently serves on a USA Today panel of select senior executives who advise on market trends.

Prior to Actio, Russ was CEO and co-founder of Ares Software Corporation,

which became very well known for inventing a patented parametric font technology. Ares also produced and marketed a wide range of award-winning Microsoft Windows and Apple Macintosh shrink-wrap software products before being acquired by Adobe Systems in early 1996.

Russ's association with Adobe Systems began in 1990 when he joined its Application Products Division as Director of Accessory Products after Adobe's acquisition of Emerald City Software. As Vice President of Marketing and Sales for Emerald City Software, Russ was responsible for growing revenue more than 300 percent in less than one year, rapidly seizing market share with its innovative Postscript Development tools and graphic design-oriented consumer shrink-wrap software on both the Apple Macintosh and NeXT operating systems.

As Marketing Manager, International Marketing Manager and Manager of Product Marketing for Esselte Letraset Graphic Design Software U.S., Russ expanded the company's traditional graphic arts product line, having joined the Letraset organization upon the acquisition of Boston Software Publishers, which he co-founded. Under McCann's leadership as company President, Boston Software Publishers produced the first commercially shipped product for the Apple Macintosh, which helped define the desktop publishing revolution.

He has a BS and MBA from Northeastern University. A respected thought leader, Russ is frequently quoted in industry trade publications

and presents keynotes at industry forums addressing a wide range of technology topics.

About Actio Corporation:

Actio was founded in 1998 and now has a proven software solution in daily operation in over 35 countries. Actio has a successful track record delivering a consistent return on investment for more than 250 customers, including dozens in the Global 1000.

Read customer testimonials online at www.actio.net.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine**

CEOCFO: Mr. McCann, would you tell us about Actio Corporation?

Mr. McCann: Actio provides SaaS (Software as a Service) which enables manufacturing companies to manage the regulatory and environmental aspects of parts and raw materials.

CEOCFO: Would you explain more about what you are able to manage and some of the challenges in doing so?

Mr. McCann: Over the last ten to fifteen years the world has become a much more regulated environment. If you look at Europe, they passed the REACH legislation which is particularly difficult for American companies who want to ship raw materials, chemicals or parts into the EU. They also passed RoHS and WEEE, which are different initiatives that try to remove certain substances from raw material supply chains or subsequent product waste streams. In the United

States, several states have initiatives that are being put in place to reduce certain chemicals from being used. These particular states include California, Oregon, Washington and Michigan. Other legislation is being put in place on the federal level, such as the SEC Dodd Frank Section 1502 where the federal government is trying to track and ultimately remove conflict minerals from the supply chain. This results in a company being forced to go through their supply chain to get to the lowest common denominator of their raw materials and validate that those substances are produced in accordance with the regulation. Our software tools provide a mechanism to collect and filter that data depending on the regulatory context, and to analyze it as a BOM – viewing the data at the substance, part or finished good level.

CEOFO: What were some of the challenges in putting that software together?

Mr. McCann: Actio was started in 1998 and at that time we were focused primarily on the U.S. Hazard Communication Standards and providing Material Safety Data Sheet or MSDS data to our clients. The MSDS contains information on the composition of a product. This data was then leveraged to build an enterprise chemical management system delivered as SaaS. Initially it was for the United States. But it grew as our global customers required more sophisticated analysis. One of the real challenges has been keeping up with global regulatory requirements. Another was being able to build a flexible, extensible platform which can grow as regulations are promulgated or changed.

CEOFO: How do you keep on top of things?

Mr. McCann: Our regulatory content experts are constantly scouring the internet for new or impending changes in legislation. Our software applications have all been designed to be extensible and to adapt to these changes. Our Material Disclosure application provides the flexibility to build out an email campaign, which is essentially a preset regulatory question-

naire that a manufacturer can send to their supply chain, thereby enabling the manufacturer to collect the information they are looking for. For instance, in the printing and packaging industry, manufacturers want to conform to the Lacey Act, which would prevent them from using paper produced with pulp generated by illegal logging. Material Disclosure enables the manufacturer to survey their suppliers and receive material declarations on the content of their paper. Companies are reducing risk this way and enabling the packaging or printing manufacturer to certify that their products are conflict free, more specifically, rainforest free.

CEOFO: What is the competitive landscape?

Mr. McCann: There are companies that are competitive in segments but not inclusive to all of our modules. We find enterprise ERP or PLM software applications look to provide similar

“Since our founding we have had continuous positive annual growth, even through the last lean couple of years. The regulatory environment is getting more complex, which is great for our business!”- Russ McCann

functionality but they lack the breadth of all of our modules for substance level tracking. Actio’s platform being SaaS means it works in mixed ERP/PLM environments, so if a Fortune 500 company is very acquisition driven, there are typically multiple ERP systems and versions. Data is often siloed in a location with a specific ERP instance, and individual manufacturing facilities don’t have access to other plant information. This prevents a company from getting a global rollup and achieving transparency into their overall chemical footprint. Environmental health and safety, quality, product stewardship, sustainability –all of these job functions can leverage the information collected about their supply chains and raw materials. Data can then be used towards regulatory compliance or to drive change in composition or process within their organization.

CEOFO: Are most companies looking for a better system or do people

think they can figure it out themselves?

Mr. McCann: That question is a two-edged sword. Some of the modules that make up our platform can be considered a commodity (can be done internally or through a low cost provider). For instance, the MSDS management module, companies or individual manufacturing units can essentially source and get their MSDS information, scan it and put it online. While this becomes convenient for the employees to comply with the Haz-Comm standard, it ignores the ability to leverage the content for other purposes. This precludes global visibility and analysis. When Actio manages this information for an enterprise, all the data is relational, you can enter a CAS or chemical name in a search and identify any facility in the world where that particular chemical is being used. Imagine the time savings as compared to pouring over documents, one by one, trying to find compositional information. When companies are trying to comply with regulations like Dodd Frank, and in particular the conflict minerals aspect, there is a higher degree of urgency for raw material transparency because the C-Suite and Board must report their findings to the SEC. You really need to have an audit trail when you are collecting compositional information and material declarations from individual manufacturers. Without that validation, there is increased product risk and liability to the company and subsequently to the managing stake holders. This transcends industries, from a clothing manufacturer who might be worried about metal content in buttons to a circuit board manufacturer who is worried about the composition of metals being soldered on their products.

CEOFO: Are there particular industries that are using your services now more than others?

Mr. McCann: There are five industries that Actio’s Material Disclosure application has focused on. Material Disclosure is our platform that conducts surveying, data collection and analysis in the supply chain. Material Disclosure has been initially positioned for five market segments: packaging and

printing, aerospace, automotive, food and medical devices. All of these industry segments have to go out and collect compositional information. In the packaging industry, manufacturers need to determine whether or not their paper stock or inks are food-grade. Medical device manufacturers want to comply with REACH and RoHS by knowing if any of their raw materials or parts appear on Europe's SVHC list and if so where and in what quantities. The packaging manufacturer also needs to know that no rainforest harvested pulp is contained in their packaging material. Why? The packaging manufacturer is part of a number of supply chains and has to disclose to their customers, whether a pharmaceutical company or television manufacturer, that their product meets specific industry, sustainability or regulatory requirements. Extrapolate the interconnections of the supply chain, add in the global context and the amount of data being collected and you can see the scope of the problem we're trying to solve. Initially, we have tried to focus our attention on industries that are heavily regulated, are required by their customers to report, and will experience significant prod-

uct/brand damage in the event of a recall or regulatory event.

CEOCFO: How do you reach potential customers?

Mr. McCann: We reach customers a number of different ways. We do a great deal of outreach using marketing communications, particularly newsletters that enable our customers and other interested parties to stay up to date with the latest regulations and to see the trends in future regulations. We attend a variety of different trade shows focused on EH&S, quality and sustainability. Very frequently, companies get in touch with us as subject matter experts to see how our applications can streamline their processes. Our sales and marketing has always been geared towards consultative sales with a focus on improving our customer's processes cost-effectively with the least amount of intrusion.

CEOCFO: How is business these days?

Mr. McCann: Business is great. Since our founding we have had continuous positive annual growth, even through the last lean couple of years. The regulatory environment is getting

more complex, which is great for our business!

CEOCFO: Why should the business and investment community pay attention to Actio Corporation?

Mr. McCann: Actio is providing a solution which enables discreet and process manufacturing companies to assess and significantly reduce their brand risk, achieve supply chain transparency and reduce their environmental profile at a very reasonable cost.

CEOCFO: Final thoughts?

Mr. McCann: Look at the marketplace over the last five or ten years and the growing requirement for supply chain transparency to drive regulatory requirements, sustainability and product quality. Think about what is going on in Europe right now with horsemeat. If food was being tracked using a tool like Material Disclosure you would know the slaughter house, the processor and distributor of meat, from field to the shelf. If you have transparency in your supply chain, you can significantly reduce risk, and by reducing risk you are actually positively impacting your bottom line through improved processes.



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