

# Encompas, Environmental Analytics introduce merged identity

## Guardian Compliance

**E**ncompas and Environmental Analytics (EA), two leading providers of LDAR monitoring and environmental compliance services for the petroleum refining and petrochemical industries, recently merged to form Guardian Compliance — the largest independently owned LDAR monitoring and compliance service provider in North America.

BIC Magazine recently met with Guardian Compliance Executive Vice President Craig Cantu and Executive Vice President of Sales Brad Serres to discuss the new company's business growth objectives and new position in the market.

### **BIC: How did your organizations decide to merge Encompas and EA?**

**CANTU:** The private equity firm that purchased Seal-Tech Inc., dba Encompas, in 2009 saw a profitable, well-established platform company with good management and strong potential for growing quickly. After the acquisition, we looked at several other LDAR companies in the industry to identify which ones we thought had the potential of moving us to the next level in terms of geography, critical resources and revenue. Of course, EA was an organization on our target list, and we hoped to eventually bring it into the portfolio. But because of its success and size, we did not anticipate EA would be our first deal. As luck would have it, our discussions were productive, the timing was right and all the pieces fell into place.

We always wanted to merge with EA because the companies complement each other so well. We feel EA has some of the best documentation and standard operating procedure support in the industry and has a great geographic footprint. Even though we had been fierce competitors, our relationship was professional and our client base didn't really overlap. Our merged operations give us a much broader presence across the nation than any other acquisition target could give us. EA's management group is experienced and very talented and their culture fits well with ours. Encompas has established a solid regional management structure. All of our client sites have regional management oversight and communication processes that involve site supervisors and clients. EA has developed exceptional documentation, back office technology infrastructure and operating

procedures to support their programs and growth. Our strengths are complementary and will mesh together to create strong service options for existing and future clients.

Going forward, we are exploring value-added services that complement what we are doing today but not necessarily in just the environmental space. With this merger, our compliance business grew from the original sealing and industrial repair services business, Seal-Tech. So we plan to continue building and expanding by bolting on additional specialty maintenance lines. That's consistent with our historic business growth strategy.

### **BIC: What is the value proposition Guardian Compliance can deliver for current and future clients?**

**CANTU:** Management from both organizations invested many hours examining and defining the core variables that make up our combined operation. As part of that work, we believe Guardian's merged environmental compliance personnel, programs and services will provide customers who are facing pressure to meet federal, state or regional environmental compliance standards a marked improvement in audits, and they will look better within their set of company facilities. Guardian Compliance clients will also enjoy greater confidence and peace of mind almost immediately after engaging our organization and processes in their program compared to other industry competitors. The advantages of using our programs include the best technology, including LDARtools, superior customer service, management support and a compliant program, which is, after all, the point of contracting with Guardian in the first place.

When you combine the most experienced technicians in the industry and allow them to operate in a safety driven culture with access to equipment and exclusive LDARtools to support their work and our customers, I don't think anyone can compete on value and ability to execute. We often encourage our clients to speak directly with their industry peers about their experience with our services.

We welcome potential clients to compare our programs by meeting directly with us to discuss their specific state and federal requirements. Component count and all the other metrics are important, but it's really about relationships and being able to deliver results and work together over many years. Compliance is an ongoing process, and we strive to anchor our clients' overall

success when they make the investment to improve their current LDAR program.

**SERRES:** This is going to be very positive for our current clients in terms of the ability to provide them with even more services using the tools and innovations each company brings to the table. We will also have a broader geographic footprint than before. Together we can effectively service the entire United States. I think it is going to be well received across the board both from an operations and service standpoint.

Guardian Compliance has exclusive commercial representation rights to LDARtools. These are the most innovative, LDAR specific hardware and software tools available to the industry. We will use Tools as part of our service offering. The suite of LDARtools will position Guardian Compliance in a unique and competitive posture compared to any other LDAR contractor in the industry.

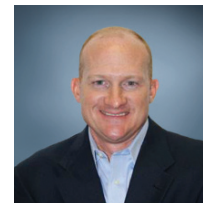
### **BIC: What has the reaction been from the market?**

**SERRES:** Everyone expected something like this to happen for a number of years, and I think two of the strongest companies coming together really surprised the marketplace. But I sense customers are happy about it in terms of what it means to create one strong LDAR service provider. Our clients and prospects expect to benefit from our integration. Our plan is to deliver on those expectations.

**CANTU:** It has been great. Encompas has a really good industry-wide reputation. EA is innovative in how it manages its clients, so together, people recognize and believe Guardian Compliance brings a stronger value proposition than either company enjoyed on its own. Since the merger was announced, we have been proactively meeting with clients and field personnel, listening to their concerns and educating them about our new partnership. Everyone has been open-minded and generally had a very favorable outlook.

### **BIC: What is the status of integrating the companies and what challenges do you anticipate?**

**CANTU:** We have gone through an extensive process selecting the name, logo and developing our value proposition. Our people are weighing in on the identity of the new corporation. The Guardian Compliance organizational structure is already in place. Our objective is to support clients nationwide. Fortunately, we were able to do a lot



Craig Cantu, executive vice president, Guardian Compliance.



Brad Serres, executive vice president of sales, Guardian Compliance.

of planning before we actually closed.

Taking all the policies and procedures throughout the organization to blend the best of each will be challenging. Training and auditing will also be critical. As an example, we will train and audit quarterly for every site. This is a great investment in resources and is a massive endeavor. We are looking at a totally different training and auditing group, which requires new programs, technology platforms and protocols. It will be a busy year for sure.

### **BIC: Is there a difference in regulation requirements between petroleum refining and petrochemical production?**

**SERRES:** For the most part, we have seen the refining industry impacted by the EPA's consent decrees. We are now starting to see the chemical industry enter into very similar arrangements with the EPA. We anticipate consent decree agreements between petrochem producers and the EPA will continue, which is good for our business. Going forward, we expect both industries will eventually be on the same playing field.

### **BIC: How will the new GHG Subpart W regulation impact your business and clients?**

**SERRES:** GHG source documentation will certainly create more opportunity. It is an expansion that likely means a need for more services for our existing client base and opens up opportunities with a new set of customers. It appears interpretation of the new regulation varies from audience to audience. The best available monitoring methodology (BAMM) clause results in more questions than answers at this point. Right now, we are listening and researching. We use infrared (IR) cameras currently with some clients so expanding IR imaging will be an option for some. The final impact for GHG will play out through the first quarter of 2012 when initial reporting is mandated. ●

For more information, call (800) 519-2786 or visit [www.guardian-compliance.com](http://www.guardian-compliance.com).

