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WATER INFORMATION TECHNOLOGY TO GROW

Offering simple solutions for improved water management, water IT addresses a \$16.3 billion potential market in 2020, says Lux Research.

Boston, MA – November 4, 2009 – By 2030, 47% of the world's population could live in areas of high water stress, according to the Organization for Economic Co-operation and Development. Meanwhile, while water treatment technology and infrastructure improvements get lots of attention, some of the simplest solutions for managing water resources may arise through better *information* about water usage. Water information technology (IT) is a \$530 million market today, with potential to address a \$16.3 billion market in 2020, according a new report from Lux Research.

Entitled "Ranking Water Information Technology Companies on the Lux Innovation Grid," the report provides an intuitively visual snapshot of five market segments: water mapping, water infrastructure, water quality monitoring, smart meters, and smart irrigation. It also quantitatively ranks companies within each segment according to their technical value, business execution, and maturity.

"Water IT hasn't received much attention until now, but the need for [water management](#) is bringing it to the fore," said Heather Landis, an analyst for Lux Research, and the lead author of the report. "Utilities are becoming more and more accountable for water losses, but they lack the tools they need to measure those losses. Water IT not only provides solutions, it can save utilities money by helping them dial-in on what parts of their infrastructure need to be fixed."

The report pulls from information gathered in over 50 interviews with executives of companies working in the space over the last year and rated them on three dimensions: Technical Value, Business Execution, and Maturity. From this analysis, we found that:

- **Entrenched companies make it difficult for start-ups to enter the market.** There is often little incentive for utilities to change the status quo. So to break through, successful start-ups will need to offer innovative new solutions such as Derceto's technology for reducing energy usage, or TraceDetect's online analyzer, which discloses real-time arsenic concentrations in drinking water.
- **Likely winners will provide a complete water management solution.** While companies providing a specific product or service are performing well within their segments, the real winners will be companies that provide integrated solutions for water management. One example of a company doing just that is Miya, which helps utilities and municipalities reduce water losses and unaccounted-for-water in the distribution and sewer systems.
- **Systems integrators will play a dominant role in the water IT market.** System integrators like IBM will strongly influence which products get to market, and will likely

capture the lion share of the profits. Start-ups and small specialists will be wise to hitch their wagon to a leading integrator to ensure their product has global reach.

“One of the keys to success in this growing market will be to partner with companies with unique and innovative water management solutions,” said Landis. “This report is the only resource that explores how dozens of water IT companies stack up within their respective fields.”

“Ranking Water Information Technology Companies on the Lux Innovation Grid” is part of the Lux Water Intelligence service. Clients subscribing to this service receive ongoing research on market and technology trends, continuous technology scouting reports and proprietary data points in the weekly Lux Research Water Journal, and on-demand inquiry with Lux Research analysts.

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