

Water Innovations Alliance - Winter Newsletter, Vol. 2, Issue 1

Last year was our first at the Water Innovations Alliance www.waterinnovations.org and a great one it was. From the growing membership with Hach, Veolia, Seimens, IBM, Intel, Trophos, 349Q, Hydropoint, U Denver, U IL, etc, etc, the outpouring of support of our mission to advance innovation in the water field has been amazing.

We were blessed with the opportunity to work extensively with the new Obama Administration and senior members on both sides of the aisle in Congress. Aside from providing testimony before the House of Representatives, we also were involved with numerous efforts to develop and pass new legislative initiatives as well as creating and deploying new programs. With conferences in New York City and Chicago, as well as developing surveys, white papers, presentations and other key research and materials, the Alliance achieved its goals as an information provider in year one. We also launched our Water IT subcommittee chaired by IBM's Peter Williams and just recently got approval for our 501c3 Foundation.

We at the Water Innovations Alliance are going to build on this success this year and we want all of you to help us - whether it be working on a host of legislative issues, developing new, cutting edge research, creating partnerships for our members, throwing new events and a Washington DC policy tour, or a number of other activities we have planned in 2010 - WE NEED YOU to be a part of it. We need your feedback, your suggestions and your valuable time to make it work. And most of all, we need you as members, so please be sure to contact Vincent Caprio about joining and coming aboard our team. Vincent is an email away at: vince@waterinnovations.org.

I want to give special thanks to all of you who responded to us when the State Department and USAID requested assistance in getting water supplies to Haiti. Many of you donated incredible resources to various charities and supporting organizations. And you deserve incredible thanks and praise. While we did arrange for some support for USAID, there has been a delay in getting other members and technologies over there. This is to be expected as they are overwhelmed. Please be patient. I can assure you that your valuable efforts and big hearts will find their way into helping rebuild the devastation in Haiti.

A bit of an announcement. Our 1st Annual Dayton Water Conference is being held at the University of Dayton from May 10-12, 2010. The purpose of the conference is to improve awareness and collaboration between large companies, engineering firms, universities, utilities, start-ups, NGOs and governments by educating attendees on new water technologies, innovations and prospects. Whether the developments be in materials, IT, engineering, financing or public policy, the conference will shine a spotlight on all advancements and provide best practices across the spectrum of the water field, with a particular emphasis on activities in the Dayton area. The Dayton Region is a true leader in water technology and resources. The Alliance is very excited to be partnering with them to make the Dayton Water Conference an insightful and fruitful event. We hope that all of you can join us as presenters, exhibitors, and sponsors. The three-day conference program will be posted soon and Crown Solutions will present their long-running Crown Solutions Water Technology Expo as part of the Dayton Water Conference on May 10th. Go to: <http://www.daytonwaterconference.org/> for more details.

We will also be returning to Chicago in late September for our big annual show as well. Details in the next newsletter.

In the next few weeks we will be developing out our Advanced Filtration Technologies Subcommittee. Please let us know if you'd like to play a role in that effort which will seek to better develop and deploy new means of treating water and water resources via research, discussions, road mapping, white papers, legislative briefings, collaborations and exchanges.

Also, please be aware of a new feature in this issue. We are going to be featuring articles and interviews in each issue. We kick this one off with a talk with Chris Spain, Chairman and Co-Founder of Hydropoint Data Systems <http://www.hydropoint.com>, an incredible early-stage water technology company and valued member of the Alliance. Please be sure to drop us a line at: info@waterinnovations.org if you have any ideas or suggestions in regards to articles, interviews or other valuable pieces of data for the WIA News going forward.

Thanks again and take care.

F. Mark Modzelewski, Executive Chairman
Water Innovations Alliance
Cambridge, MA.

JOIN THE WATER INNOVATION ALLIANCE TODAY!

Now accepting individual memberships. Become an individual member today and receive numerous benefits including:

- 33% discount on all advertised priced conference sessions
- Products and services discounts and special offers from other Water Innovations Alliance members
- Coming Soon! Exclusive members only access via the Water Innovations Foundation website - Discuss key topics with experts on our interactive forum, post and view industry articles and be part of a community that is making a difference
- Certificate of membership
- Networking Opportunity - access to members who have provided their email addresses for contact from other WIA Members

Annual membership: \$100

For an individual membership form you may go to <http://www.vincentcaprio.org/become-a-wiamember>

If you are interested in becoming a Corporate Member, please contact Vincent Caprio at 203.733.1949 / email vince@waterinnovations.org with any membership questions or you may go to <http://www.waterinnovations.org/become.php>

INTERVIEW: CHRIS SPAIN, CEO of HYDROPOINT Data Systems

The thing you have to know about Chris Spain is he brilliant. He is one of the nicest guys in the business. When we were just starting the Water Innovations Alliance Chris was one of the first people to recognize what we were trying to do and he has been one of our biggest advocates ever since. His company - HydroPoint Data Systems - is doing the near impossible. Its making money and getting customers as a start-up in a bad economy.

Chris Spain is Chairman and Chief Strategy Officer of HydroPoint. Mr. Spain co-founded HydroPoint in 2002 with the vision of providing smart water management for sustained conservation and cost savings. Today HydroPoint is regarded as a proven leader in clean technology, with top-tier venture and strategic partnerships. Mr. Spain has over 20 years of experience successfully managing cutting-edge technology, media and information services companies. Previously, he headed Shaman Corporation, which he co-founded in 1996. Shaman Corporation provided mission-critical IT data services to such leading companies as Hambrecht & Quest, DLJ, Lockheed, Department of Education and Intuit.

In early 2000, Mr. Spain successfully sold Shaman to Corporate Software and Technology, one of the country's largest corporate software resellers. Prior to Shaman Corporation, Mr. Spain was president of Accelerated Media, a broadcast and interactive media company that produced the Discovery Channel's science-and-technology-based "Know Zone" program, for which Mr. Spain received an Emmy award. Accelerated Media created one of the first interactive TV/website systems, later adapted by the Discovery Channel for other programs. In addition, Mr. Spain led multimedia projects for NBC, Apple, Pacific Bell and Francis Ford Coppola's Zoetrope Studios, among other clients. Prior to Accelerated Media, Mr. Spain won numerous awards for direction and design as a Special Projects Producer for Chronicle Broadcasting in San Francisco. His work on live, national television shows blended complex technology integration with large-scale project coordination, honing an ability that serves him well at HydroPoint, where he leads the Company in delivering enterprise-wide water management solutions for a wide variety of industries. We are lucky to have him as a member and especially lucky to have him to discuss water with this issue.

WIA: Chris, you are a smart guy. You have had success in tech before. Why in the world did you start a company focused on water?

CS: As co-founder of a Smart Water Management company, I have seen firsthand how water maddeningly suffers from an abundance of the absurd. It's incomprehensibly essential yet consistently taken for granted.

We started HydroPoint Data Systems for two reasons. First, we truly believed when we started the company that water was about to undergo a major market transformation. Based on a wide range of recent events, we believe strongly this is happening right now. And second, we were

struck by the profound lack of both good data and advanced measurement and management technology. Ultimately, we were motivated by the unique business opportunity to apply technology to realize savings and by the opportunity to accomplish something worthwhile for our environment.

WIA: OK but why irrigation as your initial focus?

CS: 60% of urban water goes to outdoor irrigation and, of that 60%, anywhere from 30% to 300% is wasted. One reason for this waste is technology - albeit dumb technology. There are over 40 million irrigation controllers in the US alone that are nothing more than timers irrigating regardless of landscape need. This overwatering not only wastes water and energy, but it also causes both hardscape damage and runoff pollution and creates a large economic burden. We were drawn to the profound amounts of waste caused by a 'dumb' technology we knew could be seamlessly replaced with smart technology.

WIA: What exactly does HydroPoint do? Why would I do business with you? Who are your customers?

CS: HydroPoint is the leading provider of Smart Water Management solutions. We are a water efficiency and information Company. Our solution WeatherTRAK simply replaces 'dumb' irrigation timers. WeatherTRAK not only calculates exactly how much to water and when, but it also tracks a wide range of data and usage statistics which are transmitted in real time to our Climate Data Center. If necessary, WeatherTRAK alerts you via web, phone and email when your irrigation system is wasting water.

We enable our customers to not only have visibility into usage optimization and remote management control from one centralized dashboard, but we also help them save money while being green. Payback on a WeatherTRAK implementation takes less than 24 months. Compare that to solar, for example, with a 120-month payback.

Our customers include 8 of the top 10 fast food and quick service restaurants, 7 of the top 10 hospitality companies, the largest retailers in North America along with many more Fortune 100, 500 and 1000 companies as well as municipalities across the nation from Newport Beach, CA to Charleston, SC.

WIA: What makes HydroPoint unique?

CS: No other Smart Water Management company can boast our breadth of leading companies as customers. No other Water Management Company integrates high resolution Climate Data with advanced computing technology and software optimized for irrigation and reporting efficiency.

The reason they select HydroPoint is that we offer the most proven technology - 22 independent studies demonstrate over and over that HydroPoint maximizes water savings year after year.

It's our laser focus on Smart Water Management technology that really sets us apart. Only HydroPoint has invested in a Climate Center with the ability to calculate ET down to a square

kilometer. This is essential for sustained savings because local weather stations and on-site sensors are vulnerable to a host of issues.

We're able to provide a suite of weather data services to our customers. For example, water agencies can use our ET data for analyzing and establishing water rate structures. Our expertise in weather data is a key component of our new services going forward.

WIA: Where do you see the company going? Is it growth in the sector or do you see the company expanding into other areas of water?

CS: Our plan was to bring data visibility and water intelligence to those areas that represent the greatest opportunity for conservation and return on investment. Now that we have successfully proven that outdoor water management can represent significant savings and environmental benefits we are poised to apply our technology to indoor water intelligence and management and offer our customers a 360° Water Management solution.

We believe our installed base of over 20,000 controllers represents a powerful market to help us focus on those applications that solve their most pressing issues.

WIA: How were you funded?

CS: By both venture and strategic investors. Our last round included Rockport Capital, one of the world's leading clean-tech VCs.

WIA: Your company is very innovative, for an often stogy field. How receptive were people to the change you bring and what did you do to sell them on it?

CS: When we started it was particularly hard because we had to change people's orientation that technology and data visibility would save them time and money. For the markets we were targeting, this was a truly novel idea. The only way we could open their eyes was to physically show them the benefits, which meant for most of our customers and partners pilot installations with detailed measurement and verification. One great outcome of these pilots is that they gave us incredible domain expertise in regards to best practices for both smart irrigation and result validation through measurement and verification. Again, our Climate Center data proved to be critical in helping customers measure how much they saved year over year with weather normalized.

WIA: Tell us about your team. Who did you bring together to get this company moving and growing?

CS: The core team of founders included manufacturing and irrigation experts Mike Marian and Phil Boland as well as technology and data experts Peter Carlson and Chris Manchuck who I had worked with for six years at our previous company. Our first two key hires were our amazing Climate Scientist, Dan Dansereau, who has built a premier Climate Center that has calculated over 4 billion ET values, and Tom Ash, our director of water conservation alliances, who has an incredible background in developing and implementing innovative water agency

conservation programs. Since those two early hires we have been extremely lucky finding dedicated and talented team members with a wide range of skill sets including wireless communications, advanced data systems, hardware manufacturing, municipal and corporate marketing, implementation services, field support and customer service.

Our most recent addition to the management team has been our new CEO, Paul Ciandrini. Mr. Ciandrini's track record of successfully scaling companies to accelerate growth made him the ideal choice for HydroPoint as we expand our offerings and customer base.

WIA: How did you all survive this downturn? Has the continued focus on Clean Tech been a benefit to y'all?

CS: I think we did better than most for the simple fact that we demonstrably enable our customers to save money. In 2009 alone, HydroPoint customers saved over 11.3 billion gallons of water and over \$75 million in expenses. While other companies were reporting losses, we grew revenue 22%.

WIA: Its been said that water people don't get technology and technology people don't get water. Has that been your experience?

CS: I think more to the point is that while water was so inexpensive and abundant there was little motivation to improve efficiency through any approach - technological or otherwise. So, until recently, none of the advances we've seen in other verticals appeared in water. I do agree that water is unlike any other resource from a wide range of perspectives and this is often hard for people to adequately appreciate whatever your background is in technology, business or philanthropy. Water is such a loaded issue that any change - even for the better - is emotionally charged. As water awareness has grown we have moved from early adopters to mainstream buyers who understand the value of data visibility to improve efficiency management.

WIA: I know you come from a political family. So lets talk politics. What does the federal government need to know about the water industry - or at least pay attention to at the highest levels? And, if you could advise President Obama, what would you tell him?

CS: Well I have to assume that he has great folks educating him about why water is truly one of key issues for the 21st Century and that they have identified a host of issues that need to be addressed not the least of which is a comprehensive national water strategy. But perhaps my best contribution to his education would be our real-world experience as a business. I cannot speak to all conservation solutions but our number one challenge is quite simply awareness - awareness that there are green technologies that stand on their economic merits alone, independent of proven environmental benefits.

HydroPoint addresses an area of profound waste. By eliminating that waste, economic payback is realized within 12 to 24 months without significant infrastructure investment or behavioral change. We have a very compelling economic value proposition that when heard by the right person results in rapid adoption. But, the widespread misperception that going green always means slow financial returns sometimes makes getting to that right person a challenge.

We have found expiring rebates and tax credits to be very effective in generating awareness and helping us create a sense of urgency. Ultimately, the most important catalyst for the adoption of green technologies will be one of awareness - that is focusing on those solutions that deliver the fastest possible time to value.

The most powerful catalyst for a green recovery is solutions like ours, which achieve environmental sustainability in an economically sustainable manner.

WIA: Give me your take on the growing attention to water IT and a smart water grid. What would moving in this direction do for the water industry and users? What's needed to jump start it?

CS: It's just not possible to manage something if you cannot measure it and the growing attention on water IT is being driven by the rapidly growing need to intelligently manage water. It really is a question of scarcity and how that scarcity affects both price and the ability to operate efficiently. Our take is that a smart grid has to have not only usage data but also contextual data to really understand the efficiency opportunities. For example, you need both weather data and water management expertise to ensure you are focusing on the best savings opportunities. From a business perspective, we see a host of signals that the market is getting the jump start it needs most - customer demand. We have seen the attention of substantial vendors in this space including IBM, Intel, Oracle and Cisco to name a few.

WIA: You have the floor. Tell us anything you want about your company, the water industry or yourself.

CS: Well I think based on the first question's implicit assumption that if you're smart and successful you would avoid water - everyone now knows plenty about me. In regards to the company itself, I think it's important to know that we are passionate about water and that we truly enjoy working together, saving money for our customers while conserving one of our most precious resources. In the general media one now hears a lot of talk about sustainability, but usually by people who are not responsible for the sustaining portion of the initiative, which is really where the rubber meets the road. That's where we truly add value. I think we have been successful because we are so focused on each site's success and using technology effectively to sustain that success year after year after year.

DAYTON WATER CONFERENCE

May 10-12, 2010

www.daytonwaterconference.org

To speak or sponsor email: vince@waterinnovations.org

"Building on the success of the Water Innovations Alliance Conference in Chicago this past fall, we're excited to be debuting our newest event in Dayton, Ohio, a city that is clearly committed to advancements in water technology," said Vincent Caprio, co-founder and Chief Operating

Officer, Water Innovations Alliance. "We'd like to extend our gratitude to the city of Dayton, with special thanks to the University of Dayton for generously providing the venue to host our conference."

"The Dayton Region is pleased to host the Water Innovations Alliance's Dayton Water Conference in 2010," said Jim Leftwich, President & CEO, Dayton Development Coalition. "This national, high-profile conference gives our region the opportunity to promote our valuable, abundant, and sustainable water resource. We welcome the global business leaders and innovators who will be involved in the conference and look forward to their messages as we advance our precious asset."

"The University of Dayton is pleased to be one of the sponsors of the Dayton Water Conference," commented Dan Curran, President, University of Dayton. "The Dayton region is fortunate to have clean and bountiful groundwater. Prudent use of our unique water resources for economic development, education, and recreation will be a key to the region's future vitality. We look forward to welcoming key stakeholders from across the country to Dayton, Ohio to learn about new developments in fresh and waste water technologies."

If you are interested in becoming a Corporate Member, please contact Vincent Caprio at 203.733.1949 / email vince@waterinnovations.org with any membership questions or you may go to <http://www.waterinnovations.org/become.php>

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Soon to launch on TWITTER...Stay Tuned!!!

WATER IT SUBCOMMITTEE UPDATE

From The Chairman, Peter Williams, CTO of Big Green, IBM:

WIA's Information and Technology Committee has completed the initial steps needed to constitute itself as a working body and has commenced operation. Initial membership includes, as a selection, companies such as American Water, Intel, IBM, Hach, Nestle, and numerous others. The Committee has agreed its work program for 2010 and is now working to develop its priority items. These include an extensive survey of the current practice of and potential for, applying information technology to water management; and initiating the development of a set of "reference information architectures" that define the minimum core set of sensors, information sources, data, models, applications and visualization tools necessary to demonstrate due appropriate standards of care in the management of different types of water resource. The background research and development activity for these items will also support WIA's advocacy

activities in Congress as it seeks more funds for innovation in the water industry.

Please join us for our meetings every other week to advance the vital effort of creating a smart water grid and better water information management. Email us at: info@waterinnovations.org for more details

WATER INNOVATION NEWS STORIES

Water Innovations Alliance announces new water conference to be held at University of Dayton, WaterWorld:

<http://www.waterworld.com/index/display/article-display/6854689575/articles/waterworld/drinking-water/2010/01/water-innovations.html>

New water purification technology uses visible, not UV, light:

http://www.watertechnology.com/news.asp?N_ID=73352

Sink or Swim, Sustainable Industries:

<http://www.sustainableindustries.com/energy/83258662.html>

NanoH₂O to CHange the Economic of Desalination, Greentech Media:

<http://www.merid.org/NDN/more.php?id=2381>

Educating the future water work force, Milwaukee Business Journal:

<http://louisville.bizjournals.com/milwaukee/stories/2009/09/28/focus5.html>

Water investment outlook still murky, Reuters:

<http://www.reuters.com/article/idUSTRE58A50M20090911>

Quality will be key to Milwaukee becoming water technology hub, Milwaukee Business Journal:

<http://www.biztimes.com/blogs/milwaukee-biz-blog/2010/1/21/quality-will-be-key-to-milwaukee-becoming-water-technology-hub>

Water companies wait for someone else to take the plunge on smart metering, GCN:

<http://gcn.com/articles/2010/01/18/cybereye-box-smart-meters.aspx>

Georgia's Water Was, Fox:

http://www.mysouthwestga.com/news/news_story.aspx?id=338245

What's The Problem With Desalination?, TreeHugger:

<http://www.treehugger.com/files/2009/09/whats-the-problem-with-desalination.php>

Coca-Cola CEO Muhtar Kent urges action on water shortages, Atlanta Journal Constitution:

<http://www.ajc.com/business/coca-cola-ceo-muhtar-285693.html>

World Running Short of Water, Drovers:

http://www.drovers.com/news_editorial.asp?pgID=675&ed_id=6829

IBM Fellow John Cohn Explains How Technology Saves Water, CNNMoney:

<http://money.cnn.com/news/newsfeeds/articles/prnewswire/NY47974.htm>

UW Ruckelshaus Institute Report Assesses Future of Water with Climate Change, U. Wyoming Press Release:

<http://www.uwyo.edu/enr/ienr/showrelease.asp?id=39044>

ABOUT THE WATER INNOVATIONS ALLIANCE

The Water Innovations Alliance is an industry association focused on developing new funding, reducing regulatory barriers, increasing collaboration and raising awareness for cutting-edge water technologies and the problems they solve.

The Alliance serves the entire spectrum of the water sector: corporations, investors, engineering firms, start-ups, NGOs, research centers, municipalities, and others in the field.

The Alliance is located in Washington DC, Cambridge, MA, and Shelton, CT. It is a 501(c)(6) trade organization. To learn more about the Alliance and its membership, contact Vincent Caprio, vince@waterinnovations.org

ABOUT THE WATER INNOVATIONS FOUNDATION

The Water Innovations Foundation is focused on educating the public and key stakeholders as to new developments in fresh and waste water technologies. The Foundation works to gather data, develop reports, standards, economic analysis, and model training programs for advancing the development and deployment of new water technologies.

The Water Innovations Foundation is located in Cambridge, MA and Shelton, CT. It is a 501(c)(3) organization that works in conjunction with the Water Innovations Alliance. The Foundation was launched in Spring 2009. It is undertaking a series of initiatives to advance the understanding of new opportunities, technologies, and best practices for the water field. Recent initiatives include the forming of subcommittees to address the need for information technology in the sector as well as one to explore solutions to the water-energy nexus. The Foundation will be issuing a major report and series of briefings on the state of the water field in the Fall of 2009. This will coincide with the launch of a new website and blog for the water innovations sector.

CONTACT US

If you have any questions, suggestions, or submissions for the newsletter please do not hesitate to contact us at:

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