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### ON THE RECORD

Paul Turgeon, President,  
BWA Water Additives

### PRODUCT FOCUS

Pumps

### COUNTRY FOCUS

Saudi Arabia

### SPOTLIGHT

Milan Balac, MD, Rental  
Solutions & Services (RSS)

# TOP TRENDS

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# The specialists

BWA Water Additives, established in 1973, is one of the world's leading providers of speciality chemicals dedicated to the water treatment sector. The company's customer service and distribution network spans over 90 countries, with regional head offices in Manchester, Atlanta, Singapore, Tokyo, and Dubai, and manufacturing locations in Canada, China, England, India, Italy, Japan, Saudi Arabia, and Switzerland. **Paul Turgeon**, President, BWA Water Additives spoke to Anoop K Menon on his company's current position in relation to its key water treatment markets, competitive differentiators and plans for the future.



Paul Turgeon

antiscalants, corrosion inhibitors and antifoulants. Our products are predominantly used in cooling systems, which, by the nature of their operation, have trouble with microbiological growth and scaling. Another area is water re-use. When end-users try to use less water and re-cycle their water for the maximum number of cycles, they have to deal with concentration of impurities. They could also face corrosion issues depending on the quality of water and the nature of their operations. Our products have the answers to all these problems and more.

## Could you also touch upon your go-to-market strategy for the industrial segment?

We cater to end-users through industrial water treatment service companies. The reason for this indirect route is that application characteristics vary significantly depending on feed water quality, type of technical equipment used and the equipment's age. Effectively, you would need different approaches to reach out to literally millions of different end-users around the world.

Our focus is on chemicals that address severe service performance situations, where the higher levels of impurities, temperatures and/or pressures make the water particularly difficult to treat. We don't sell to utilities or refineries or any such end-users; rather, we sell to service companies, who in turn, formulate products to meet the specific needs of the end-users. However, we do give a lot of support to service companies to help

## BWA Water Additives has been in existence for over a quarter century. How has the company evolved during this period?

Throughout this period, our market positions have continued to remain strong even as we went through a series of changes in ownership, from Ciba-Geigy to FMC to Great Lakes to CBPE and at present, Bahrain-based Seera. Our business is a knowledge-cum-intellectual property-cum-R&D-driven business at the front-end, with strong channels-to-market and customer intimacy at the back-end. Over the years, we have built a very strong brand name and product recognition in the global industrial water treatment and desalination markets. The common characteristic among our products is that they all are speciality chemicals engineered for severe

service performance. End-users who have cooling towers or large thermal desalination units or other high value capital equipment will get excellent performance from our products, in terms of gaining the best efficiency from their assets and protecting them. They don't have to worry about water systems corroding their assets or permitting deposits within the equipment that could shorten the life of the equipment and prove costly to run. Two thirds of our business is in the industrial water sector and one third is in the desalination sector.

## Could you elaborate more on the industrial water treatment business?

Industrial water treatment, which accounts for two thirds of our revenues and profits, is organised around four key product groups, namely biocides,



them understand and solve end-user requirements. GE Water and Nalco are well-known examples of service companies.

The growth for industrial water products is being driven by products and expansion in developing regions. BWA introduced several new products into these markets including biocides, antiscalants and corrosion inhibitors.

We are seeing growth in developing markets in the Asia Pacific, North & South Africa and the Middle East.

#### **How would you differentiate your focus on desalination vis-a-vis industrial water treatment?**

Our involvement with the desalination market started two decades ago with the discovery and commercialisation of a polymaleic-acid based polymer with very unique ability in thermal desalination applications. Since then, we have developed different generations of our first discovery. Belgard, our brand name for thermal desalination, is well known across the Gulf region as the market-leading antiscalant.

Outside the Gulf region, you don't have as many thermal desalination plants because most countries don't have the benefit of availability of fossil fuel at lower cost; so membrane desalination is much more prevalent. In countries like Australia, China, India and the US, the membrane desalination market is growing at the rate of 15-20% annually in terms of new capacity alone. We have a strong line-up of products for membrane desalination under the brand name Flocon. The business premise for the membrane market is the same – severe service performance. That's where our products have most value.

#### **Earlier, you had stressed on the fact that your business is a knowledge, intellectual property, and R&D-driven business. Would you like to elaborate on that a bit?**

Part of our core strategy is to be a new products and new technology company. So we are investing a significant portion of our earnings into R&D. We have R&D group leads focusing on the different product areas. They have been with the business for an average of over 17 years and are well regarded in their fields.



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We have very focused R&D programmes, managed via a stage-gate portfolio system. We look at the market potential and different options available to ideate new chemistry or new products, and develop the products and the processes. That's the macro picture. We have two R&D centres, in Manchester, England and Atlanta, Georgia, where we carry out the core work. We also work with universities in the UK, US and China, and with different institutions around the world.

#### What is the average age of your products?

We have Key Performance Indicators (KPI) for every aspect of our business. In R&D, the aim is to have at least 15% of sales from new products. We consider a product new if it is less than five years old. Of course, we have a number of products that are more than five years old. They have strong brand recognition and proven performance, and continue to do very well.

#### Do you have plans for the wastewater treatment sector?

We don't focus on wastewater treatment because it is, largely, a commodity-type market. We do, however, have interest in the water re-use area. We find that end-users are now faced with the challenge of cost of water and availability of water becoming dear.

They also have to cope with increasingly stringent regulations on what they can discharge into the environment or to the wastewater treatment plant. As a result, they are re-using the water more than they have in the past.

The more the customers push their operations to re-use water, the more severe service operating environment they create, and as the level of impurities in the water go up, it becomes more challenging to prevent corrosion and scaling. Within such operations, we offer the best severe service additives that enable end-customers go for more water re-use cycles and deal with higher levels of impurity. We help them get the best water re-use they possibly can, while ensuring the efficiency of their assets.

#### How do you differentiate from competitors?

First, we have a broad product range, which is atypical of suppliers in this



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space. Our competitors focus on a couple of chemistries, a large asset base to produce them and sell horizontally across many markets. We have a vertical focus in that we are solely focused on water treatment. Our focus is on having a product range that meets all the key challenges customers face and thereby, become a one-stop shop for those needs.

Second, we are a knowledge-driven company. When our customers call us with a problem, they expeditiously get the right answer. With our vertical focus, we prefer to hire people from within the water industry, train them well and retain them for the longterm. Moreover, people coming into our organisation, whether from the industry, supplier or end-user sides, bring with them in-depth experience and understanding of customers. Our vertical focus and human resources strength align together to differentiate us from competition.

Last but not the least, is our regulatory capability, which is key to our business because many of our products are regulated. There are different governing bodies with different requirements around the world. We, therefore, have a regulatory team which keeps abreast of current regulations and can see what is coming. An example of their effectiveness was the launch of biocides in the US market some years ago, which others have been unable to match. This was possible mainly due to of our regulatory team's strong knowledge of the trends and requirements coupled with our ability to do all the test work that will answer the authorities' questions.

#### Is price a factor?

Our products, as I said earlier, are very focused on severe service performance.

So we endeavour to focus them on applications where this focus brings value. In less demanding applications, you will be paying for performance should a system be subject to upsets or variability. We prefer to focus on areas where performance is valued and is a very small cost relative to the benefits the products provide. In so far as if you don't get the performance due, you could have equipment that is not running efficiently and will cost you several times the chemical treatment cost, in terms of efficiency loss and in the worst case, it may lead you to replace the costly equipment.

#### Have non-chemical alternatives made inroads into your product markets?

Non-chemical alternatives haven't had much of a market impact because end-users have realised that they work only sometimes, and again, only when the operating severity is low. These units don't have the bandwidth to deal with significant variability in systems or process.

#### Lastly, will the existing revenue mix between industrial water segment and desalination stay the same or will the latter take a larger share in the years to come?

The ratio of revenues and earnings we enjoy from both markets is changing. The percentage of sales and profits from the desalination segment is growing and I expect that trend to continue at a faster pace. However, the mix may not change as quickly as you might expect because of the new positioning of products in the industrial space (that I had discussed earlier). But I believe that eventually desalination will provide us a higher percentage of our revenues. Again, while the fraction of sales that come from one versus the other will change with time, they are both going to be large numbers. ■