

The logo for Trenchless TECHNOLOGY is displayed in a white rectangular box. The word "Trenchless" is written in a large, bold, red sans-serif font, and the word "TECHNOLOGY" is written below it in a smaller, black, all-caps sans-serif font. The background of the entire page is a grayscale photograph of a manhole cover with the words "SEWER" and "MAN" visible on it.

ITT Water & Wastewater Prepares for New Journey

Sharon M. Bueno — Jun 29, 2011

ITT Water & Wastewater traces its origins to 1901 when a Swedish businessman purchased a foundry in Lindas, Sweden, to start his fledgling water pump business. Simple as that.

More than a century later, the company has a comprehensive range of products for the transport and treatment of water and wastewater and is part of a worldwide, multi-billion dollar diversified company in ITT Corp., its parent company headquartered in White Plains, N.Y. Over the years, ITT Corp. has made calculated and successful acquisitions — such as Flygt and Godwin Pumps — to add to its arsenal of products. ITT Water & Wastewater offers dewatering, bypass pumping, treatment and other water-related technologies.

ITT Corp. is a diversified engineering company founded in 1920 with a major stake in water and fluid management. The company has three divisions: Fluid Technology, Defense and Information Solutions and Motion and Flow Control. ITT Water & Wastewater is a member of the Fluid Technology division and is made up of five brands: Flygt, Godwin Pumps, Leopold, Sanitaire and Wedeco.

ITT Water & Wastewater has grown in stature, reputation and revenue over the years and has proven its worth to its parent company, contributing more than \$1.8 billion to the corporation's \$13 billion bottom line.

But that is all about to change in the coming months, with regards to its relationship to its parent company. ITT Corp. is making the bold move of spinning off its highly successful ITT Water & Wastewater division into a totally separate water company that will no longer be under its auspices. Led by CEO Gretchen McClain, more details of this venture are to come.

"Internally we have been calling [the new company] "WaterCo," because its new name has yet to be finalized," said Karl Buscher, managing director of ITT Water & Wastewater USA. Buscher has been with ITT Corp.'s fluid business for 22 years, serving as vice president of Americas sales for ITT's residential and commercial water business prior to his current position.



The new water company will serve the water and wastewater, residential and commercial water, flow control and analytics markets, with an estimated projected revenue of \$3.6 billion. “We are very excited with the creation of this company,” Buscher said.

Today, ITT Water & Wastewater has nine manufacturing facilities around the world, located in Sweden, Germany (where there are two), the United Kingdom, China, the United States (where there are three) and Argentina. Its presence is in 140 countries with 6,300 employees worldwide and 300-plus distribution partners or manufacturers’ representatives.

Acquisition Strength

The municipal market is a very strong market for ITT Water & Wastewater, with the company being its No. 1 supplier of sewage pumps in the United States, holding a 45 percent share of the market — which includes lift stations, treatment plants and sewage networks. The municipal market had been steadily growing for several years until 2008, when the economy slowed and home building dropped off. “This year is turning out to be a decent year for us. We are seeing municipalities doing some work, although we are not seeing any major water and wastewater treatment plants being built,” Buscher said. “But they are patching up their networks and doing what they need to do.”

Godwin Pumps is a big part of the success that ITT has achieved in the municipal and trenchless markets since its acquisition, particularly the portable orange pumps for sewage bypass.

“ITT had a smaller division in Europe that manufactured pumps that were also used for groundwater control and sewage bypass,” said Godwin Pumps president Michel Bakhos, who prior to becoming head of Godwin Pumps and ITT Global dewatering business, was responsible for the Americas for ITT Water & Wastewater for 10 years. “But that product was limited in range and capabilities.”

Enter Godwin Pumps. At the time of the acquisition in August 2010, it had 800 employees throughout the United States and at its factory in Gloucestershire, England. Since the acquisition, the number of employees has grown to approximately 900 and five new branches were added in the United States.

“For six to seven years, [ITT was] looking for a strong company that had the technology, experienced people and the right mindset of a 24/7 service company, as well as the customer knowledge in the marketplace,” Bakhos said. “Within in a short time, we identified Godwin Pumps as being the leader in such applications and this market. They were not only the leader in supplying the products but also having the right people with the right mindset and approach to service customers.”

“We started discussions with Godwin Pumps owner John Paz and the more we talked with him, the more we liked the company. It was a very well run company,” Bakhos added. “It’s very well staffed and equipped and responds in a superior way to customer demands.”

Godwin Pumps adds its line of Dri-Prime pumps to bolster ITT Water & Wastewater’s Flygt’s sewage submersible pump in bypass applications, as well as dewatering pumps. Buscher credits the acquisition to Bakhos’ work in the deal.

“Michel was the real driver of that acquisition,” Buscher said. “We were in the dewatering business and participating in certain aspects of it. With the acquisition of Godwin Pumps, we became a complete solution provider. It gives us a lot of products, certainly the people who know how to do it and the expertise to do the dewatering solutions we didn’t have. It has taken a marginal player in the rental pump business and together with the Flygt submersible pump sales, made us a main player.”

The acquisition benefited both companies in the short and long terms: It strengthens and solidifies ITT’s dewatering and submersible pump share in the market and it gives Godwin Pumps a worldwide customer base with ITT Flygt’s distribution network reaching Europe and Asia.

“Godwin Pumps has been very successful in the United States and through some distributors in certain countries in the world,” Bakhos said. “The presence in other areas, such as continental Europe, has been quite minimal. ITT’s organization through Flygt, which is present in approximately 140 countries, gives Godwin the ability to market its product worldwide. We have started with high success in Australia, the United Kingdom and South Africa. Every few months, we are looking to enter a new [geographic] market. This acquisition gave Godwin the capability to expand exponentially around the world.”

The acquisition also gave ITT stronger footing in the trenchless market, with Godwin being a founding member of the North American Society for Trenchless Technology (NASTT). “We are still quite active in NASTT because we believe there is a strong need for this technology worldwide,” Bakhos said. “Since the acquisition, [Godwin Pumps has been] investing more in research and development to bring customers the best solutions. This will give [Godwin Pumps] a long-term competitive advantage. We are investing in how we can further improve the efficiency of our products.”

Bakhos particularly noted the infrastructure needs worldwide benefit from trenchless methods as water and sewer pipe continue to age and deteriorate. He noted as emerging trenchless markets Saudi Arabia and Latin America, where he said they have 70 percent of clean water supply and they have no more than 40 percent of collected sanitary water of which only 20 percent is treated. “It’s not limited to one country,” Bakhos said. “Emerging countries have to ensure clean and safe drinking water and at the same time they have to take care of their sewage application. It is those markets that there is the possibility to go trenchless, especially in heavily populated cities and areas where they are still digging because labor is not that expensive.”

Company Philosophy

At its core, ITT Water & Wastewater is a company that prides itself on innovation and serving its customers better than any of its competitors. Buscher touts the experience of its workforce, the design of its products and its desire and tenacity to develop emerging markets.



“Our biggest markets today are in the traditionally developed markets, such as Europe and North America. That’s very powerful for us,” Buscher said. “We are making inroads in lesser developed markets. I have a counterpart in 140 countries where there is

an ITT sales office and we are seeing growth in those areas. Growth in the Middle East, Africa, the Asia-Pacific region or Latin America is outpacing growth in the traditional markets such as North America and Europe.”

Simply put, “We take our technology and expertise into these new markets and try to advocate total cost, efficient solutions where you are looking at the entire cost of installation and cost of running a pumping station,” Buscher said. “That’s what we try to educate.”

The economic downturn in 2008 left its mark on ITT Water & Wastewater, just as it did on municipalities. ITT now works with customers that are constrained by budget crunches, and that are trying to eek out more time with their equipment and are more apt to repair a pump than replace it. It’s the nature of the economy, Buscher said.

“We are seeing a greater demand for energy efficiency at no additional cost [from customers]. That’s a common theme we hear from today’s customers,” he noted. “With budget pressure also comes a concern for how some of the bigger projects out there will be funded. That is a key issue going forward as well.”

New Company

In the works for some time, ITT’s spinning off of its Water & Wastewater division as its own company has re-energized company officials.

“The plan is to create a true, stand-alone water company that will be independently traded,” said Buscher. “Today our water business is a small part of a large conglomerate and therefore it doesn’t get the attention or evaluation we believe from investors. Creating a focused water company with great product brands and a global offering is what we perceive to be a pretty good business model for the future.”

Buscher said that in the short-term, there will be some transition for the company from being with a large company such as ITT Corp., to an independent water company, requiring education of their employees and customers as to who they are, why the move was made and why it will benefit them.

“In the long-term, the need for water and wastewater pump equipment and treatment equipment will be there,” he said. “The [infrastructure] is old, the sewage needs are there and they are going to need to be fixed. The fundamentals for providing clean water and providing safe wastewater when you discharge it back into the rivers, streams and lakes, that’s going to be a good, solid business for us.”

Buscher and Bakhos see a bright and exciting future for the water market. “The water business globally is growing faster than many businesses because people are recognizing the need for clean, safe drinking water in areas of the world where they didn’t have it before,” Buscher said.

Sharon M. Bueno is managing editor of *Trenchless Technology*.