

## SMART WATER WATCH

# Aliaxis builds digital momentum with acoustic acquisition

The purchase of hydrophone pioneer Aquarius Spectrum adds to the fluid handling specialist's growing list of smart water investments. GWI sounds out the company's drive to digitalise infrastructure.

**A**liaxis Next, the new investment arm of pipe giant Aliaxis, last month announced the acquisition of Aquarius Spectrum, an Israeli firm specialising in acoustic loggers, hydrophones and condition assessment software. The purchase comes at a buoyant time for acoustic leak detection technologies, with widespread drought and subsequent scrutiny on leakage forcing utilities to re-think the scale of their digital investments.

Having been hand-picked from a broad pool of potential acquisition targets, Aquarius Spectrum's well-positioned portfolio was enough to cement an investment that will look to take acoustics mainstream. "They were the most interesting company, and the most advanced when it came to technology and market traction," Frederik Östbye, head of Aliaxis Next, told GWI.

Long-term success in the Israeli and Italian utility sectors had already established Aquarius Spectrum's credentials in the highly competitive acoustic leak detection market, while promising financials also piqued Aliaxis' investment interests. "The company has grown well, moving from a few thousand in revenues to a few million. This is perfect for us, because we can come in and apply our benefits: we have access to the market, expertise and large-scale manufacturing capabilities, as well as financial means," Östbye noted. This will likely prove key to cracking new markets, especially the burgeoning North American sector.

Aliaxis' investment is not only a bet on Aquarius Spectrum's market credentials, but also a vote of confidence in the company's pioneering hydrophones – a new generation of acoustic devices tipped to succeed where acoustic loggers have often struggled. "The benefit of hydrophones was one really important decision criteria for us. Simpler acoustic technologies only look at pipe vibration, but hydrophones go into the water to listen for leaks," Östbye explained. This differentiator means hydrophones can detect leaks in plastic pipes, a material that has long been the Achilles heel of acoustic loggers. Though Aquarius Spectrum's portfolio carries both products,

## SOUND OF THE UNDERGROUND

Aliaxis is championing hydrophones to shake up the acoustic leak detection landscape.



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Frederik Östbye, Aliaxis

Östbye suggested hydrophones will eventually outgrow their traditional counterparts.

While it is hard not to imagine natural synergies between Aliaxis' plastic pipe portfolio, and the material-agnostic value proposition of Aquarius Spectrum's hydrophones, Östbye stressed that a more holistic strategy underlies the firm's decision making. "It is not our strategy to sell more pipes, it is to bring solutions to the world's water challenges. We cannot just think pipes anymore. We need to go into solution mode and help the customer with the totality of the problem." This approach has already seen Aliaxis provide \$6 million of backing for wastewater monitoring firm Kando in 2020, and an undisclosed minority investment in condition assessment specialist APX10 in 2021.

With Aquarius now joining the smart water ensemble, Aliaxis' diversified

approach continues to place its eggs in many baskets. "One single company cannot solve all problems. The important question is to be within the best ecosystem that serves the most customers and makes the largest impact," Östbye commented. The acquisition will bring no or little personnel change at Aquarius Spectrum, with Aliaxis confident that the firm's pre-existing strategy will still bear fruit. "Aquarius Spectrum was created with absolutely the right vision and the right solution mindset. It is a very capable team with technically robust products," Östbye said.

What both parties will need on their side is timing, which can often be elusive for digital players looking to bring innovation to a slow-moving sector. "Arriving early can cost a lot, but the market is opening up in a different way and starting to mature around digital solutions," Östbye suggested. Against this backdrop, Aliaxis expects to see strong appetite from utilities pushed more than ever to slash non-revenue water, and could find further encouragement from the acoustic sector's apparent lack of a clear market leader. Currently, pockets of smaller players typically compete in the mature European market, though Aliaxis' high-profile sector entrance will likely open new avenues for growth in regions yet to deploy acoustic devices at scale, such as Asia-Pacific.

For a company with firm roots in pipe infrastructure, Aliaxis joins a growing number of fluid handling players seeing digital investment as a means of delivering long-term revenue growth. For example, GF Piping Systems has invested in digital start-up Oxford Valves. Moving into the digital realm offers tangible benefits for companies eager to extend their value proposition. "Profitability is driven by the fact that a new technology can create a better operational situation for a utility – it creates a value that should be realised," Östbye explained. Hoping to capitalise on the value of Aquarius' pioneering hydrophones, Aliaxis' entrance into the acoustic space represents another key step in the company's drive to make brick-and-mortar infrastructure intelligent. ■