

Industry Predictions 2001

Only time can tell what the future holds for the water treatment industry.

In the business world, there is no telling what the future holds. Stocks rise and plummet faster than you can buy your next Wall Street Journal. Businessmen understand that there will be ups and downs and that they either will have to choose to ride out the bumps or give up. To make matters a little more easy, WQP asked industry professionals to tell us what they think will happen in the water industry

during the next year or so. Each explains the key issues the industry will deal with and their own personal feeling and insight on the upcoming year.

Although no one can predict what actually will happen, these individuals all welcome the chance to provide a thorough overview ... but only time will tell.

Projections for 2001 ... and Beyond

By Dr. Alan Leff, QUASI LLC

Municipal water systems will come under greater scrutiny because of increases in the findings of contamination. There will be some cases of treatment plant failures or falsified records. The greatest issues will be dealing with aging distribution systems and the biofilms contained within. Although the majority of the municipal systems in the more developed countries provide qualified potable water most of the time, bottled water use as a more secure source of potable water will continue to increase.



Industry consolidation will occur throughout the water treatment device and bottled water industry. The consolidation will continue until governments become concerned about global monopolies or until the conglomerates become too large to efficiently handle the administration of an unwieldy organization. Bottled water consolidation for global metropolitan areas will continue to reduce the number of major global players to a dozen or less. Bottled water prices will continue to fall in the more developed countries, while stronger economies in Asia will prop the price of bottled water from falling any further. The strength of the U.S. dollar and the oversupply of bottled water in Asia will keep the prices from rising and continue to constrain margins. Consolidation and reduction in management costs will be the source of anticipated increases in bottled water company profits.

Major consolidated bottled water companies will follow organization models used by other industry conglomerates. More and more services will be outsourced to reduce overhead costs. Although consultants are worthy of a premium, the lower use rate results in significant cost savings by the corporations. Both corporations and high quality consultants will benefit.

About the Author

Dr. Alan A. Leff is the managing director of QUASI LLC. Dr. Leff is a certified HACCP and SQF2000 auditor. He has extensive experience in process industries and water-related issues. QUASI is a consultancy for the global food and beverage industries, which provides training, consultations and consultative inspections for production and hygiene-related issues. QUASI is approved by every international bottled water association and institute to provide inspections and audits for its bottler members.

For more information about this subject, write in 1016 on the reader service card.

Use of POU/POE systems is another alternative to reducing contamination risks at home where a municipal system is the supplier

The bottled water industry will have to deal with issues of having to remove ozone from the treatment of groundwater because of bromate formation. This issue is particularly important in the 19-liter (5-gallon) bottled water business. Proper sanitation of returnable bottles is the critical issue. Hygienically produced small pack (one-way bottle sizes) can be done with confidence, especially in plants that are executing HACCP plans.

Use of point-of-use/point-of-entry systems is another alternative to reducing contamination risks at home where a municipal system is the supplier. Microfiltration use will increase to ensure that microbes, especially where the risk of *E. coli* and *Cryptosporidium* contamination exists, are reduced. New technology will be developed that will combine efficient metal and organic contaminant removal by a single treatment unit. Although the technology will not be cost effective yet, its reduced space requirement makes it attractive.

increases pressure on the limited supply of usable water and as industries become more dependent on process water. This will be an exciting time for those dealers and suppliers poised to respond to the challenges of government regulations, continued industry consolidations and marketing alliances, a more knowledgeable consumer and margin erosion.

Public water supplies are being challenged to remove cysts and other contaminants that are not financially feasible to treat at the plant. These suppliers also are under increased pressure to meet more stringent government regulations and higher consumer expectations on aesthetic quality. Suburban growth is putting demands on water supplies previously used only for irrigation that now must be raised to potable standards. Herbicide and pesticide run-off in groundwater must be dealt with. Methyl tertiary butyl ether (MTBE) and other petroleum contaminants are reaching all the water supplies. Water treatment dealers who have experience and knowledge of local water conditions will become valuable resources to municipality water purveyors for POU/POE systems.

We have left behind the era when every municipal system was presumed to have safe water

Consumers are more interested in "designer water" at competitive prices. This presents opportunities for residential dealers and puts more pressure on bottled water suppliers as it becomes increasingly more cost effective for the homeowner to have a system installed.

Commercially, the trend is toward more design standardization of systems. Demineralization and reverse osmosis systems have been designed to death.

The largest growth area is in disinfection of all kinds. The next few years should provide significant improvements in the methods used to provide biologically safe water. We have left behind the era when every municipal system was presumed to have safe water.


Good water has not been a priority when selecting a home site. Too often this is a costly mistake. The trend

Challenge to Public Water Supplies Create Great Opportunity

By Ian Knapp, Alamo Water Refiners

Continuing its move into the new millennium, the water treatment industry will continue to gain importance as the rising world population





The next few years should provide significant improvements in the methods used to provide biologically safe water

of the future seems to be toward water treatment as an appliance provided with the home. This may be the most exciting new development for dealers and consumers.

About the Author

Ian Knapp is president of Alamo Water Refiners of San Antonio, Texas, a member of the Marmon Group. He has been in the water industry since 1977 with various companies. Since joining Marmon he has been president of two other

businesses, Aqualytics, Inc., in New Jersey, and Ecodyne Water Treatment, Inc., in Illinois. Prior to accepting the position at Alamo, Knapp worked as part of the team that put together the agreement between Alamo Water and the Marmon Water Group. Under his guidance, Alamo will be merged with its two sister companies, Ecodyne and Matt-Son, Inc., also in Illinois. The merger has begun as of the first of the year.

For more information on this subject, write in 1017 on the reader service card.

New Opportunities in Mexico

By Sid Fly, Alamo Water Refiners

The people of Mexico won an enormous victory in the elections held last July. The ultimate winner was true democracy. In a country where the same party has ruled for 71 years, it comes as a surprise to see the old guard step aside and allow for the transition of power. The president-elect, Vincente Fox, has vowed to clean up the corruption, which has been the hallmark of Mexico's socio-economic system for years. This aggressive approach is being cheered by many and watched by some with concern. Businesses on both sides of the Rio Grande are speculating as to what effect this change might have on their future growth potential.



Mexico is a country that went through severe financial difficulties in the mid-1990s and took immediate action. One of their actions was to ask for United States help by means of a more than \$50 billion loan. What most people don't know is that Mexico took the unprecedented step of paying the loan back in full and before it was due. This show of responsibility has placed the Mexican banks in a position of high esteem in the eyes of their American counterparts.

U.S. corporations are investing heavily in the construction of new manufacturing plants in Mexico in order to take advantage of NAFTA and the large available work force. This has led to many opportunities for process water systems. There also has been an increase in the knowledge and desire for better drinking water. As the economy improves, there is more expendable income available for domestic systems and bottled water plants.

In this period of transition, we expect to see a slow down in commerce, which is a trend that we've come to expect anytime an election occurs in Mexico. This year the slow down may be drawn out over a longer period of time as people look for tangible changes at the highest levels of government. Real change in Mexico, however, will be measured by what happens at the lowest levels of the bureaucracy. Those government employees who perceive a potential loss of income due to the elimination of corrupt systems may look for ways to offset their losses. At the time this article is written, there is a strong concern that the ousted PRI officials might rob the treasury before they leave office in December, leading to a devaluation of the currency. This may cause additional problems for U.S. exporters in the interim.

Companies that are looking for long-term growth opportunities will do well in the Mexican marketplace. According to the International Trade Administration, the United States exported \$56.7 billion to Mexico in 1996, the last year for which there is published data. Not only is Mexico our largest foreign trading partner, it also is a country of unmatched human and natural resources. There will continue to be the challenges associated with doing business with a foreign country. However, for those companies willing to make the investment in time, there will be great dividends.

About the Author

Sid Fly is the director of international sales at Alamo Water Refiners, San Antonio, Texas. He has been with Alamo Water for 10 years. Fly is an alumnus of California Polytechnic Institute at San Luis Obispo, CA.

For more information on this subject, write in 1018 on the reader service card.

Arsenic Rule's Effect on the Water Treatment Industry

By Patrick Dalee, IWW, Inc., WQA

The critical issue facing our industry in the near future is arsenic.

The U.S. Environmental Protection Agency's (EPA) proposal to lower the arsenic maximum contaminant level (MCL) from 50 ppb will make point-of-use/point-of-entry (POU/POE) equipment a viable alternative to reduce arsenic in municipal as well as well water supplies. Arsenic is a known contaminant that in high dosages has both direct effects and indirect links to skin and other cancers. Arsenic is naturally present in water supplies throughout the United States with high concentration in the Western states.



The American Water Works Association is spending large sums of money and time in lobbying Congress to raise the proposed EPA standard of 5 ppb. The general consensus as of this date is that a compromised standard of 10 ppb will be adopted. This is the standard the World Health Organization has adopted for arsenic. The reason AWWA is lobbying Congress is the perceived high cost in reducing arsenic levels to the 5 or 10 ppb MCL at the central or municipal treatment plant. POU/POE equipment using reverse osmosis, ion exchange or a number of absorptive media looks to be the most cost-effective method. POU/POE equipment also would offer a high quality of water along with the arsenic reduction. For this reason, we are seeing a number of water purveyors considering the POU/POE alternative.

There still are many obstacles to the POU/POE method. The main one is that the EPA has not deemed POU/POE as the "best available technology" classification. Even though the fact that POU/POE equipment is certified to NSF certification standards to resource arsenic, we still cannot guarantee the delivery of safe, potable water continually to the consumer. Monitoring and maintenance of thousands of systems vs. one central location is of greatest concern. Current monitoring and maintenance exists to overcome this objection, but our industry traditionally has designed our equipment for aesthetic purposes. Whether manufacturers and dealers would want to deal with the liability and responsibility of delivering safe,



potable water treating primary health contaminants also must be addressed.

In the coming year, the arsenic MCL level will be set. I believe it is only a matter of time before POU/POE technology will be employed at the municipal level. In the United States alone, more than 50 million people are

drinking tap water containing arsenic at levels that are lower than EPA's current standard of 500 ppb. Who will control this potentially huge market remains to be seen. The Water Quality Association remains our industry's best resource to help guide this process and help our industry gain a foothold in this new potential market for those who choose to participate.

About the Author

Patrick Dalee is president of IWW, Inc., a manufacturer and distributor of water treatment and water testing products. Dalee has more than 25 years experience in the water treatment industry and also is the current president of the Water Quality Association.

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