

Case study

Addressing the problem of global water scarcity

i2O Water

Conserving global water resources through intelligent control systems



Background

i2O Water is addressing the increasingly urgent problem of global water scarcity. It has developed a system which significantly reduces leakage in water distribution systems and improves network monitoring and control.

The company was founded in 2005 by Adam Kingdon and Andrew Burrows with backing from a small group of angel investors. This enabled i2O Water to prove its concept, after which additional funds of £1.7 million were secured from a larger group of private investors and Nemadi Advisors in order to fully develop the prototype for i2O's advanced pressure management solution.

Trials with customers exceeded expectations, and the system was able to demonstrate leakage savings of more than 25% at a very competitive cost and with short implementation times. A pipeline of orders and new projects quickly followed within several UK water companies who were keen to optimise performance and improve service to their customers.

Series A funding round

Having proven the technology and its benefits in commercial trials, the company then needed additional investment in order to further develop the business across the UK and, given the considerable interest from countries as diverse as Australia, China, US and Spain, to pursue opportunities in foreign markets.

Faced with the double challenge of raising funds within exacting timescales and achieving a price and terms which would be acceptable to existing investors, i2O's founders decided it was time to bring in specialist expertise, and engaged FirstCapital as its exclusive financial adviser.

In April 2009, i2O closed an investment of £4.2 million in Series A funding from a consortium of venture capital funds led by Swarraton Partners. This round of funding will enable i2O to roll out its technology in both the UK and internationally.

Key successes

- i2O's first system was demonstrated on a part of Severn Trent's distribution network in January 2008. Leakage savings of 26 per cent were significantly ahead of expectations and resulted in a first order from Severn Trent in September 2008.
- Pilot projects are now up and running with a number of other UK water companies, including United Utilities, Northumbrian, South Staffs and Portsmouth.
- There is also considerable interest outside the UK, particularly from water-stressed countries such as Australia, China, the US, Italy and Spain.
- Significant potential for global environmental benefits from reduction in water leakage and substantial carbon savings.

Investor:	Consortium of Venture Capital funds led by Swarraton Partners
Location:	Southampton
Sector:	Cleantech
Stage:	Development
Exit:	Still in portfolio
Company website:	http://www.i2owater.com/
Investor website:	http://www.swarraton.com/
Adviser website:	http://www.firstcapital.co.uk

“FirstCapital came highly recommended by our Chairman, who had worked with them previously, and I was very impressed from the outset with their people and approach. They conducted a robust evaluation of i2O's potential from the perspective of potential investors before taking our business, which was reassuring because it meant we could be confident of achieving our objectives”

Adam Kingdon,
Co-founder and Managing Director