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Innovyze Strategy Breakdown: The Growth Story of a Smart Water Pure Play

September 2018

Summary

Background

While data driven “smart water” solutions continue to gain traction within municipal utilities seeking to improve design, planning, and operating practices, providers of network modelling and design solutions have long been pioneers in offering digital water tools to the sector. The origins of this market date back to the 70’s and 80’s, but by the late 1990’s a market for commercial solutions was quickly emerging across various countries around the world. Among this diverse group of companies was a small outfit carved out of an engineering consultancy, MWH Soft.

This Company Insight, which draws from Bluefield’s *Digital Water Insight Service*, analyzes MWH Soft’s growth story – the origin of Innovyze – in the water sector. It provides insight into how, when and why key decisions were made that collectively enabled Innovyze to sustain a remarkable run of growth and profitability, while documenting the key deals which have led to the consolidated market we see today.

Since March 21, 2017 when EQT announced it would acquire Innovyze for US\$270 million (16x EBITDA) from Stantec, Innovyze has been viewed as a success story, a key example of how to successfully navigate the conservative, innovation-averse municipal water sector. The numbers are hard to argue – Innovyze has grown rapidly since its inception in 1996, with revenue growing at 27.3% CAGR.

With the backing of private equity firm EQT, which has since merged Innovyze with former rival XP Solutions, the combined company should be well positioned to usher in the next wave of digitalization in the municipal water sector. Armed with scale – its combined revenue reaches over US\$40 million – geographic reach, and an expanded product portfolio which includes tools for real-time operations, business analytics, and asset management, Innovyze should have ample opportunity to expand on its strong existing customer base.

Mapping the Growth of Innovyze

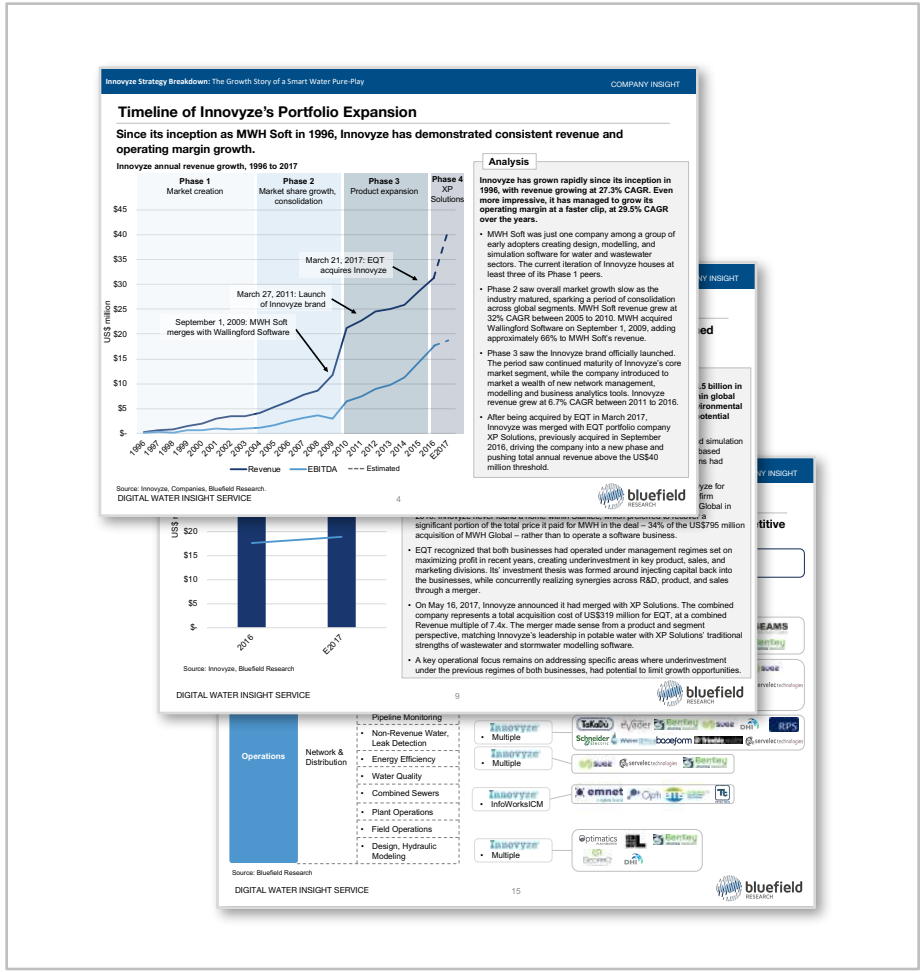


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This Company Insight draws from Bluefield’s Digital Water Insight Service and analyzes Innovyze’s water strategy, as it has grown and took on a greater role in the global water sector.

To learn more, visit www.bluefieldresearch.com

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Bluefield works with key decision-makers at utilities, project development companies, independent water and power providers, EPC companies, technology suppliers, manufacturers, and investment firms, giving them tools to define and execute strategies.

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