

QUESTIONS & ANSWERS

A Collection of the Best from the SWA Webinar



Introduction

On 5th August, Singapore Water Association (SWA) co-organised the latest webinar with LVI Associates, “The Water Market in South East Asia”. More than 100 participants attended the webinar. LVI Associates has invited Mr. Pravi Bansal, Partner M&A and Strategy at Amane Advisors to be our speaker.

During the session, Mr. Bansal shared his invaluable insights about the South East Asia region. We have discussed questions about:

- How is COVID-19 impacting the water market in South East Asia?
- What is the next direction for the water market?
- What is hot in the water market in South East Asia?

During the course of the webinar, our highly engaged audience asked pressing interesting questions about developments affecting the water market. For the benefit of our wider network, we have collected the responses into this report. We hope you find our insights valuable and useful.

The webinar recording is available now online. Please visit www.lviassociates.sg.



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Experts



Kayleigh Regan

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Kayleigh started her recruitment career in 2016 in the London LVI Associates office where she built a team specializing in the forensic engineering & construction claims recruitment market. This has since become one of the largest and most successful specialist teams within LVI Associates globally. In 2018, Kayleigh had the opportunity to move internationally to take on the challenge of growing LVI Associates in Singapore. Kayleigh is now responsible for the construction claims, water/wastewater and transportation recruitment teams for the entire APAC region.



Pravi Bansal

Managing Partner

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- Over 22 years' experience in strategy, mergers & acquisitions, restructuring and corporate finance in South East Asia and India markets
- Previously, Pravi was Associate Partner at a BIG 4 in Singapore
- Advised global water operator and sovereign wealth funds in developing their water strategy
- Act as strategic advisor to a national oil company to support Board Governance de-risk ventures

Government & Policies

Do you expect regulators deferring planned tariff adjustments during COVID-19?

P: As of today, we have already seen regulators allowing users in commercial and industrial segments to defer payments due to COVID in Southeast Asia. Elsewhere, in countries like Bahrain, the government has stepped in to cover the cost of water bills, protecting their utility from any potential revenue shortfall. Some 90 US cities and states have also suspended water shutoffs for unpaid bills in response to the economic impact of the crisis.

Do you foresee greater political will by governments in these Asian markets to enforce wastewater treatment regulations?

P: Yes we are seeing greater

enforcement in general, but it is not necessarily driven by COVID but rather wastewater pollution depleting water sources that will effectively affect water supply (e.g. in Vietnam) and consumers become more conscious of pollution of the natural environment (e.g. tourist areas, beaches).

What new incentives or guarantees should the government provide to the private sector to entice them to invest under the PPP framework?

P: We have seen incentives such as viability gap funding, revenue risk sharing and foreign exchange guarantee to increase private sector participation. Multilaterals are actively partnering governments and the private sector to strengthen the existing PPP framework.

Since water is crucial in public sanitation, while pharmaceutical and F&B projects are beefing up, do you foresee more public or private funding in public water infrastructures or municipal projects?

P: We are not yet seeing a significant impact between COVID-19 and increased spending in the municipal water sector, although some increase in demand is expected due to increased washing and cleaning for sanitation purposes. However, this increase is likely to be minimal and well within the capacity of existing water treatment and distribution systems. As for cleansers and sanitisers being used which end up in wastewater treatment systems, we also expect biological treatment systems to continue to function well.

As mentioned in the webinar, what we are seeing is more a delay in spending on municipal projects, but projects are expected to pick up once the crisis has been alleviated and governments can focus more attention on the water sector past the immediate healthcare focus.

Water Market Entry Strategies

What is the strategy to be adopted by small/mid-sized technology companies from Europe to enter the market in this current situation?

P: Each of the South East Asia markets is structurally quite different and offer significant long-term opportunities as outlined during the webinar. In our experience, partnerships with well-established local companies, undertaking pilot projects to demonstrate capabilities locally are a few potential approaches.

Given the uncertainty in the market, would it be prudent for water companies (especially foreign companies) to adopt a “wait and watch” strategy entering the region?

P: The markets in South East Asia are quite diverse and, in our experience, it takes time to establish a foothold in this region in particular. We have seen many interesting opportunities come up during uncertain times, but the timing of entering the market depends on individual companies' strategies.



Market Outlook

Do you expect industry consolidation given market slowdown?

P: Yes. In our analysis of COVID's impact on water investments, we have also anticipated that it is the optimal time for larger corporates to look for the tuck-ins which would help strengthen product portfolio, customer access or geographic reach.

What is the impact of evolving circular economy concept affecting the water industry?

P: We are already seeing the material impact in water hydration markets with players looking to get away from plastics use. Furthermore, we expect to see increased growth of bottle-free water coolers in the residential and commercial segments.

What is the market value and potential capacities for the water business in Vietnam? Both in the municipal water supply and waste water plus the opportunities in industrial wastewater?

P: Vietnam has had a sharp increase in the capacity and coverage of both its water and wastewater infrastructure. Wastewater management has moved up the political agenda, with new regulation and a federal government goal to achieve full coverage for wastewater collection and treatment in major cities by 2025. For industrial, opportunities are driven by the US-China trade war with growth in industrial parks as well as textile/garments industry for example. Vietnam has steadily introduced environmental laws and regulations to control pollution from industrial facilities,

driving the market for wastewater treatment.

According to Global Water Intelligence, the municipal water CAPEX market is worth ~\$500m in 2020 and ~\$330m for wastewater, while industrial water and wastewater CAPEX is estimated to be ~\$90m.

Do you see the governments in these markets being as effective as China in enforcing wastewater treatment regulations both in the municipal and industrial sector in the near future?

P: China has one of the most stringent and it will take significant time and effort for the less developed countries in Southeast Asia to reach the same level of enforcement and compliance, especially as the sector is much less mature with spending and

resources prioritised for building infrastructure rather than on increasing treatment to meet wastewater discharge regulations, for example.

India is the next country to look at in terms of strict enforcement of regulations, and they are progressing a few years behind China in general, with strong efforts now to strengthen enforcement of wastewater standards.

Market Outlook

What is the outlook of recycling and reuse market in the Malaysia and Indonesia region? Will it have the potential in the near future? (Considering the low cost of raw water in Malaysia and Indonesia.)

P: In Indonesia, the opportunity for reuse is mainly among industrial facilities. Industrial estates are charged based on the volume of water consumed and wastewater discharged, as such, there is an economic incentive for water reuse, and new regulation is also being introduced to force industrial facilities to implement reuse.

In Malaysia, it is slightly more advanced with potential for reuse in both industrial and municipal sector. In industrial, for example, Veolia was involved in a wastewater treatment and reuse concession for the Tun Razak

Exchange business district in Kuala Lumpur. In municipal, IWK has set targets to reuse 30% of wastewater and 100% of sludge by 2030.

What is the market potential for zero liquid discharge (ZLD) as compared to the more conventional wastewater treatment process like bio-membrane?

P: We have not encountered opportunities for ZLD in Southeast Asia, with no markets mandating ZLD yet. At the moment, the focus is on bringing current wastewater discharge standards to a higher standard (e.g. stricter maximum allowable values or adding new parameters such as nutrient removal).

Which countries will still have a budget to push through their water infrastructure for next

year? Which are the countries to focus next year?

P: The largest markets for municipal water and wastewater spending in Southeast Asia are Malaysia (\$2.9b), Indonesia (\$2.5b), Singapore (\$1.9b), Philippines (\$1.8b), Thailand (\$1.7b) and Vietnam (\$1.3b), with the strongest growth coming from Vietnam (13%), Philippines (10%) and Indonesia (9%) in particular. These three countries are the most dynamic and offering greatest opportunities in the near term, but the progress on water infrastructure projects for 2021 will be based on how the COVID-19 crisis evolves in each and the government's ability to balance resources between the healthcare sector and infrastructure projects, as well as the role of the private sector and multilateral funds in

funding projects to support its implementation.

Technology & Digitalisation

Is Indonesia ripe for digitalization in the water sector?

P: In Indonesia, Perusahaan Daerah Air Minum (PDAMs) have been generally slow to adopt digital solutions but we do see pockets of adoption in larger cities and more forward-looking PDAMs. We are quite positive on digitization.

Do you have examples of those who have done the adoption of digitalization by PDAMs in Indonesia?

P: We are quite positive on digitization. In Indonesia, PDAMs have been generally slow to adopt digital solutions but we do see pockets of adoption in larger cities and more forward-looking PDAMs. Most digital solutions we have seen adopted by the PDAMs so far are for small AMR projects

(i.e. couple hundred meters each), typically installed with large end-users.

ATB in Batam is one such example, although they are more privately run utility. They have in place for many years a SCADA, GIS and IoT enabled system, as well as an internally developed system for customer billing and services. Below are some examples we know of PDAMs with some levels of smart solutions in place:

- PDAM Sury Sembada Kota Surabaya: Installed 300 AMR meters for large volume users to combat NRW reduction. Generally, there are efforts to transform Surabaya into a smart city.
- PDAM Makassar: Smart metering project by ABB (~170 AMR meters for large users) a couple of years back.

What is Indonesia's market potential from a technology provider's point of view?

P: Broadly, technology is one of the areas where foreign players providing more sophisticated technology have a competitive edge over local providers in Southeast Asia. In Indonesia specifically, especially in larger PDAMs, a number of upstream and downstream projects have strong technology needs to drive operational efficiencies.

Water Talent Market

It is interesting to see the potential for the water market in South East Asia. How do you recommend people who looking to get into the water market in South East Asia to find opportunities in the sector? Especially, if we are not in South East Asia now.

K: The potential for the Water market is exciting in South East Asia and although a lot of companies prefer to hire local talent, there are still opportunities that arise for those who are not based in Southeast Asia. The difficulty is that a lot of the time, the opportunities that open up are not posted publicly – this could be due to confidentiality on projects, sensitivity as it's a replacement role in a very small market or even that companies rely on their network to find someone to fill the role.

If you are looking to get into the water market in Southeast Asia, I would recommend growing your LinkedIn network in the region so that you can connect with those who are already in the market and be up to date with any postings on new roles either made by companies or their employees. My other recommendation would, of course, be to connect with a specialist recruiter in the region. If the recruiter truly is a specialist, they will be able to keep you up to date on any upcoming projects or companies in the region that are looking to grow. There are many benefits for job seekers to get connected with a specialist recruiter, here is an article you can refer to - [How a Specialist Recruiter Can Help You Secure Your Dream Job](#).

I often have had recruiters reach out to me about new opportunities - I normally reject the requests as I have been in my current company for a long time (I guess we are all a bit worried about stepping out of our comfort zone). Is this behaviour common in the Water market? Do you think it is better to work for the same company for a long time, or is it better to move to different companies to gain exposure in the water industry?

K: This is a very common behaviour – people typically do not like change and being comfortable can feel very safe. However, the one thing I would suggest is that you keep your options open. This does not mean changing jobs regularly, but it does mean to keep your ear close to the ground to be aware of the market movements, the trends

and upcoming opportunities. By understanding what is out there in the market, you can make a more informed decision on whether the company you are working for is the best option for you, or whether there is a benefit to moving elsewhere. I have moved many water professionals from one company to another where they have previously spent 10+ years in their old company but have moved for various reasons including an increase in salary, more benefits, better project opportunity, more career progression etc.

Water Talent Market

Do we have enough digitalisation water talent in South East Asia?

K: Going digital is a new concept for the water industry in South East Asia and companies have only really looked to invest in it in the last few years, and even more so in the last year. A lot of companies have struggled to break the barrier of getting into a more digital way of working and this has been due to the industries reluctance to make a change which has resulted in a lack of digital talent. There will always be the 'if it's not broken, why try to fix it' attitude around change but in the last 6 months with COVID, it's been undeniable that digitisation is necessary for the industry to move forward.

The biggest challenge with switching the mindset to digital and getting employees trained in this sector is finding experts

in the Water market who have a digital skillset. We have seen a lot of companies trying to attract talent from Google, Amazon and other technology companies to bring their expertise to the Water market and train the existing employees. It is these types of movements that will create a better presence of digitalisation in the water market and increase the expertise in the region.

What specific talent skillset will be required by the water sector given the major trends you have cited?

K: It's going to be important to attract digital experts into the water sector to bring the industry to the next level. Digitalisation has become even more important than before in the last 6 months and there is a huge lack of technology talent in the water

market currently in Southeast Asia. Companies to look at would be the large technology firms such as Google, Microsoft and Amazon who can bring their forward-thinking ideas and knowledge to the water industry.

Another skillset that will be required is a local talent that can liaise with the local governments and investment companies in countries such as Myanmar, Philippines and Vietnam to push for improved water infrastructure and technology to provide cleaner water. International talent is needed to bring experience to these markets but it's important that the local talent is exposed to this work and can carry it through to the next generation. Building local talent will play a huge factor in the region moving forward.

Are you actively looking for a job and immediately available?

During the pandemic, we have not stopped for helping our clients to find mid-to-senior business-critical talent. We have already helped **over 530 mid-to-senior infrastructure & engineering professionals** to find a new opportunity. We are here to help.

[Submit Your CV](#)

Useful Content

- **The Impact of COVID-19 on The Water Sector**

This article from Amane Advisors discusses the impact of COVID-19 on water globally for utilities, technology providers, industries and investors.

- **How a Specialist Recruiter Can Help You Secure Your Dream Job In a Difficult Job Market**

This guide from LVI Associates analyzes the benefits of a specialist recruiter. How a specialist recruiter can help a job seeker to secure a job in a difficult job market.

- **SWA Webinar: The Water In South East Asia (Recording)**

This insightful webinar is now available online. Please visit www.lviassociates.sg.





About Singapore Water Association (SWA)

Established since 2004, Singapore Water Association has been instrumental in profiling and promoting Singapore as a pivotal regional hub for all water-related services and water technologies, by providing a platform to build effective networking, facilitate opportunities for collaboration, and foster the exchange of ideas and knowledge amongst member companies.

SWA also serves an integral linkage for members, to the global water network through the setting up of Singapore Pavilions at Singapore International Water Week and overseas trade shows. Also, SWA continues to promote the development of water technologies and innovations through missions, forums and conferences.

There are consistent, ongoing efforts to develop partnerships and collaborations in growth areas of strategic mutual interests and objectives with higher learning institutes and research centres. To-date, SWA has grown to have 260 members from an initial 27 in the year 2004.

 <https://www.swa.org.sg>



About Amane Advisors

Amane Advisors is a global advisory firm dedicated to the water industry bringing services to its clients on all matters relating to their growth. Its clients range from multinationals, institutions and investors, to innovative start-ups and technology companies. Services include Strategy, Market Intelligence, Commercialization, Mergers & Acquisitions, PPP Advisory and Digital Transformation.

 <https://www.amaneadvisors.com>

About us

LVI Associates is the leading specialist recruitment agency for the infrastructure sector. We were founded to give candidates and clients peace of mind that the recruitment process is in expert hands. Today, we provide permanent, contract and multi-hire recruitment from our global hubs all over the world.

Infrastructure plays a critical role in creating a future that works for everyone. As a specialist recruitment agency, LVI Associates places professionals who make a profound difference in our everyday lives. Our placements ensure that the public has access to everything from clean drinking water and reliable electricity to safe housing and roads for self-driving cars.

We pride ourselves in keeping our professional network up-to-date with any changes that will shape the future of work or affect the hiring process. Visit our website to discover more invaluable insights, including exclusive research, salary guides and market trends.

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