

From: [Simon Drain](#)
To: [innovationconsultation](#)
Subject: Consultation on Innovation in Water Industry
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Q1:

(1) Fragmentation across the industry, both within water companies, within contractors and between them. Fragmentation creates barriers to (a) successfully identifying the most appropriate channels to introduce and implement new technologies especially with regards new product technologies, (b) effective implementation of any new technology and (c) dissemination of information.

For example, a new technology our company, Kobus Services, has been promoting within the sector is suitable for a number of applications in mains renewals, mains rehabilitation, repair & maintenance, lead pipe replacement schemes, leakage, etc. Each of these areas of infrastructure upgrades can be managed across different divisional or operational business teams within a network company or contractor. Transfer of knowledge, reporting of trials, etc across areas is difficult or occurs without the technology owner's involvement. This leads to multiple trials, presentations, justifications, and implementation strategies having to be adopted by the supplier to gain traction.

Fragmentation within main contractors results in trials being undertaken in one geographical region without knowledge of other geographic regions of the same contractor undertaking the same work within a different water company framework. For example, trials have been conducted to replace service pipes by Clancy Docwra in Scotland as part of the Scottish Water contract, and further trials on the same application by same contractor in SE Water, SES Water and Southern Water.

Dissemination of information across water company contracts, contractors, regions is leading to additional work, time and cost to introduce and implement new technologies.

(2) Disconnect between Innovation Teams and Operations Teams

Innovation Teams are an excellent vehicle for initial introduction of new technologies to water companies. However, there appears to be a disconnect between these teams and operational teams in implementation. Handover of the supplier of the technology from the Innovation Team to the Operations Team is informal, inconsistent, and often results in the project stalling. For example, SES Water innovation team arranged initial trials of a technology with operational teams but since the trials, it has been difficult to engage with the operational team to pursue adoption of the technology. No recognisable handover from one team to another, or formal introduction to senior decision makers to facilitate implementation phases. Process of evaluation of new technologies is inconsistent or unclear to suppliers. Is Initial trial to wider pilot trials to acceptance and scale up – does this exist and are phases clearly defined to the supplier of the technology?

(3) Pressures on network companies & contractors to deliver results

All sector companies are pressured to deliver results, for example, delivery of a particular scheme or project on time, often to tight budget constraints. There is, as a result, understandably limited persistence in working with innovators over a period of time to

develop initial concepts, prototypes, etc into commercially beneficial technologies. Often the initial introductions of technologies are not optimised. This can only be achieved through regular collaboration over time with professional feedback and a commitment to jointly develop the initial conceptual design. Currently, innovations can be quickly dismissed if only partially successful as network operators favour prioritising the use of traditional, well-proven, albeit inefficient technologies to 'get-the-job-done'.

Q2:

I do not believe this funding support will in itself stimulate innovation. However, it will undoubtedly support more efficient and cost effective delivery and implementation of innovative technologies through dissemination of results, information and sharing of knowledge that is a pre-requisite of funding. For example, one company may decide to take advantage of the financial support to undertake a thorough evaluation of a new technology. The results, or at least critical results and information, to allow other companies in the sector to take advantage of the technology would significantly reduce the introduction and implementation time and costs across the sector.

Q3:

The amount of funding would appear appropriate from the customer perspective, ie circa £1.50 per customer bill, provided clear criteria are attached to the type of project that qualifies for funding.

Q4:

A collectively funded competition may increase innovation. The gas industry Network Innovation Alliance funding mechanism offers a benchmark in this respect. This type of collective funding could also stifle innovation due to companies inefficiency to deliver projects. For example, a successful company securing funding for a particular innovation project may not place the same priority on its delivery over time that other companies within the sector might have. These other companies may also wait until the successful company publishes its results before adopting the technology thus potentially delaying the sector-wide roll out of the benefits. Collaborations across companies are notoriously difficult to manage and deliver due to conflicting priorities, so any incentives for collaboration may prove to be worthless. Consideration within the framework of the competition needs to be given to successful completion of projects within an agreed timeframe. Project over-run, loss of momentum, organisational changes within the network company may cause delays that negatively impact on the outcomes. The successful applicant for the funding may then delay or negatively impact other stakeholders in the sector through poor management or implementation of a project. How will suppliers of potential new technologies have an input into the selection of 'successful' funding applications?

Q5:

End-of-period innovation roll out rewards will not, in my opinion, create value. As mentioned in the initial view, the risk is the adoption of sub-optimal solutions or rewards for solutions that would have happened as business as usual. It might encourage overly embellished results to justify the reward claim. Projects which can potentially generate the greatest benefits and savings to the sector over the long term may be disregarded in favour of more easily implemented projects that create less return to the industry. Robust

assessment and decision-making would not, in my view, mitigate these risks due to the scale of the assessment task across the sector.

Rewards need to be designed by project based on successful implementation within accepted timeframes, and should be proportionate to the value of the benefits accrued or forecast.

Consideration should also be given to rewarding contractors within the industry that support the network company in delivering a project e.g potential extensions of contract period.

Q7:

Centres of excellence would be highly beneficial providing expertise and knowledge, centralised data and uniformity of testing, standards, etc. They can also provide 'independent', unbiased assessment of new technologies that forms the basis for water companies and contractors within the sector being able to more confidently enter into their own pilot trials and phased roll out. For example, 'endorsement' or 'approved by' status for new technologies offers a level of confidence to those looking to introduce the technology into their own operations. These centres can also provide the necessary introductions between suppliers, network companies and partners. Funding of such facilities would need careful thought. Who and how would they be funded? Customer funding? Supplier funding?

Q8:

Activities of Regulators, authorities, associations, etc, need to be the enablers of innovation to all parts of the sector and supply chains. The proposals in section 5 do not in themselves help drive innovation.

Regards

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