



**Client: The Layne Company**

**Project: Proposed Corporate Acquisition**

**Services Provided:**

- Evaluate the Products and Technologies of a Company Targeted for Acquisition
- Render an Opinion of that Company's Competitiveness in the Market

**Type of Company:**

1. Four-year-old business selling engineered wastewater treatment systems.
2. Installations in Central America and North America.

*The Layne Company* has been in growth mode for many years on the basis of its long success providing water supply and drilling services to cities and towns across America. *Layne* made a commitment to grow the wastewater treatment side of its business both organically and through acquisition. One of the companies identified for possible acquisition was a young wastewater technology company with a great deal of belief but few installations.

*Wastewater Experts, Inc.* was hired to analyze the company and its technologies, evaluate the full-scale operating facilities, and help determine the competitiveness of these technologies in the North American Wastewater Marketplace.

The target company made bold technology claims and offered assurances of dozens of large projects in the Sales pipeline. But within a few weeks it was clear that there were issues:



- A detailed review of existing plant operating histories and performance capabilities was fruitless: the treatment plants were either too new to have meaningful performance data or else had no reliable operating data upon which to base an analysis. This was highly problematic as there were only six operating installations, including four in Central America.
- Examination of the core design principals of the key wastewater treatment technology revealed overly optimistic design assumptions and an unrealistic emphasis on minimizing space requirements. The Wastewater Treatment Market always welcomes technologies with small footprints; however the market rarely *pays the extra costs* for these systems.
- A review of projects in the "Sales Pipeline" revealed similarly unrealistic expectations of success.

After on-site investigations, review of existing installations, design principals, and Sales claims, *Wastewater Experts* made a strong recommendation to abandon the acquisition. Within two years the targeted company was out of business, leaving large performance liabilities in its wake.