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Amid historic drought, conservation and water innovation investments, patents on rise
California leads U.S. in water-related technology patents, venture capital commitments

SAN FRANCISCO — **Nov. 5** — With the economic toll of California’s drought expected to hit \$2.74 billion for 2015, water suppliers, investors and urban and agricultural users are seeking ways to reduce water consumption, according to [Next 10](#)’s issue brief, *California Innovation and Meeting the Water Challenge*. The brief finds urban users were able to save 600,000 acre-feet of water between June and August 2015, while venture capital investment looked to match rising demand for products and services improving water efficiency and management.

“Californians are used to answering the call for innovative solutions,” said F. Noel Perry, businessman and founder of the nonprofit, nonpartisan Next 10 (www.Next10.org). “In the midst of a historic drought and an economy dependent on a thriving agriculture sector, California urban and agricultural water users are reducing consumption and venture capitalists and entrepreneurs are catalyzing innovation.”

The issue brief, which breaks down the amount of venture capital invested into California water start-ups by region, also reveals a dramatic increase in water patents registered in 2014. The majority of these 137 new water patents went to water treatment technologies, while advances were also made in water supply networks and efficiency measures.

“When it comes to water technology, investors, entrepreneurs and municipalities are sparking innovation to increase water supply and reduce consumption through recycled water, improving water metering and management, and desalination,” added Perry. “These investments in innovation will benefit the state and other regions facing shortages now and in the future.”

Nationwide, California ranks number one for venture capital investment into water companies, earning \$97 million in 2014. The San Diego region alone attracted nearly \$82 million last year. Venture capital investments in Orange County totaled \$10 million, followed by the San Francisco Bay Area with \$5 million.

“While state and local governments have imposed water restrictions and other policies meant to reduce the stresses on water supplies, we can only get so far by residential users turning the tap on less frequently,” said Doug Henton, co-author of the brief and chairman and CEO of Collaborative Economics. “Investment in technology is critical and will shape the future of water management.”



According to the brief, Californians use more water for agriculture and urban purposes than most other states, but the state has seen reductions in urban use despite population increases. California ranks number one in the U.S. for most irrigated land, and with many heavily water dependent crops, farmers are increasingly adopting more efficient irrigation practices.

“In 2010, 38 percent of California farmers were using low volume methods of irrigation, more than double the number who were using these conservation techniques in 1991. But there is certainly room for improvement in the agriculture sector,” said Henton. “Urban users are making significant reductions. And statewide, residential usage averaged 102 gallons of water per day in August 2015, down from 123 gallons in August 2014 and a 27 percent reduction from 2013 levels.”

The report highlights the significant market potential for and growing interest in water technologies. Reducing municipal water leakage presents a \$167 billion global market value opportunity and improving irrigation techniques is a \$115 billion market.

“These are win-win opportunities. Financial investments in water companies will help create, commercialize, and scale new, groundbreaking technologies and services,” added Perry. “Venture capitalists and water entrepreneurs can’t make it rain, but investment plus ingenuity can result in conservation measures that will allow us to do more with less water.”

To learn more about California’s water gap and the tough questions the state faces, visit Next 10’s California Water Challenge (cawaterchallenge.org). The tool presents dozens of policy solutions to meet California’s increasing demand for water given its limited supply.

About Next 10

Next 10 (www.next10.org) is an independent, nonpartisan organization that educates, engages and empowers Californians to improve the state’s future. With a focus on the intersection between the economy, the environment, and quality of life, Next 10 employs research from leading experts on complex state issues and creates a portfolio of nonpartisan educational materials to foster a deeper understanding of the critical issues affecting our state.

About Collaborative Economics,

Collaborative Economics (www.coecon.com), which compiled the data for California Innovation and Meeting the Water Challenge, is a Silicon Valley-based research and consulting organization. CoEcon works with businesses, foundations, government, education, and community sectors to do leading edge innovation and clean economy analysis for states and regions across the country.