

Thursday, October 9, 2003
The Spokesman-Review
Spokane, Wash./Coeur d'Alene, Idaho

THE *Idaho* SPOKESMAN-REVIEW

AN EDITION OF THE SPOKESMAN-REVIEW

Blue Water has clear goals

Water purification firm exploits new technology

By Tom Sowa
Staff writer

John Shovic has done high-tech startups. He's now moved on to what he calls "an old economy company."

Shovic was involved in starting Advanced Hardware Architecture, a small Pullman technology company, as well as TriGeo Networks, a Post Falls network security firm.

This year, after leaving TriGeo, Shovic reconsidered his options. He wanted to find a company with a clear and compelling product. The search led him to Moscow, where he asked if the University of Idaho had any good technology with commercial potential.

In short order, Shovic learned about a novel way to treat and purify water.

This spring, Shovic, 46, helped launch Blue Water Technologies Inc., a Coeur d'Alene company trying to develop systems that remove phosphorus and arsenic from drinking water and municipal water treatment plants.

Shovic is the company president and CEO. His associates are Barbara Ueckert, vice president of operations, and Remy Newcombe, the chief technol-

Blue Water: Sees big future for new technology

Continued from A12

ogy officer.

"Business is business," Shovic said about why he chose a company that has little to do with computers or networked systems.

Practicality played a huge role in his decision as well, he said. "The market is very, very large, in the multibillions."

The brain behind the product is Greg Moller, a UI scientist who devised a method that uses chemicals that produce tiny iron particles that react with arsenic and eventually remove it from drinking water.

Arsenic is a cancer-causing toxin. The federal government has set tougher standards for water systems nationwide that will require municipalities to reduce the presence of arsenic.

A few tweaks in the Blue Water system does similar things to remove phosphorus from wastewater discharge. Phosphorus is a byproduct of many agriculture and grazing practices. The federal government also is pushing new regulations to reduce its presence in discharged water.

Those new regulations are the basis for Blue Water's belief that its timing is ideal. The company sees a phosphorus-removal market of \$530 million by 2008. By 2006, it anticipates a U.S. arsenic-removal market of \$1.8 billion, according to Shovic.

Plus, the technology has been proven effective and would cost operators less than existing commercial options, Shovic told a group of potential investors at a Wednesday lunch meeting in Spokane.

A test at the water treatment plant in Moscow, Idaho, showed Blue Water's system reduced phosphorus from 400 parts per billion to 30 parts per billion, well below the federal target.

The larger version of the system could be equipped to treat more than 1 million gallons of water a day.

Discussions are under way with four potential customers to sell commercial water purification systems, Shovic said.

The company won't do actual manufacturing. It has discussed using area producers to manufacture the tanks and scrubbers that would be sold to customers.

The company has raised an early founder's round of financing. Shovic declined to say how much he invested himself and what the total has been.

The firm wants another seed round of about \$150,000. That would help develop the products, establish a marketing and sales effort, and build a mobile unit to be used for testing and demonstration.

The company has applied for a patent to protect the process behind the technology. It's also signed a licensing agreement with the UI. Under the terms, the UI gets 4 percent of company revenue for the first four years and then 2 percent of total revenue.