

## UK giant funds purification firm

Clean water

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HaloSource Inc., a Redmond company that is developing water purification and other germ-killing technologies, has attracted a big-name investor: consumer products giant Unilever NV.

Unilever, maker of such familiar brands as Dove soap and Lipton tea, led a \$6 million investment in HaloSource. The company will use the new money to ramp up its water purification business in the developing world.

Last year, HaloSource opened a small office in Bangalore, India, and is working with an Indian company to incorporate its antimicrobial technology into a home water filter product.

"The market for drinking water solutions is an \$18 billion market," said James Thompson, HaloSource vice president and chief financial officer. "We're excited about the success of our commercial efforts in India and hope to replicate that model in other developing world markets" such as China, Brazil and Indonesia, he said.

Access to clean water is an acute problem in many parts of the developing world, where millions of people die each year from diseases associated with dirty water and poor sanitary conditions.

The water crisis is expected to loom larger in the future as population pressures increase. The United Nations Development Programme estimates that by 2025, more than 3 billion people could be living in water-stressed countries, and that 14 countries will slip from conditions of water stress to water scarcity.

With countries like India and China searching for new water supplies to support their rapidly growing economies, companies such as HaloSource that offer simple ways to purify water are poised to garner increasing attention and investor interest.

HaloSource, which was founded in 2001, works with two antimicrobial technologies. One, derived from crushed crab and shrimp shells, removes tiny particles from water. The other harnesses the germ-killing power of chemicals such as chlorine and bromine.

The company started out selling a line of pool and spa-water cleaners and also produces a line of antimicrobial sheets and scrubs for hospitals. But it's the potential for treating drinking water that captured the attention of Unilever.

The London-based consumer products giant has taken a growing interest in water cleaning technology in recent years. In 2004, the company invested in Pionetics, another water purification firm based in San Carlos, Calif.

"I see a lot of business potential in India and in China," said Min Berbon, a principal at Unilever Technology Ventures, Unilever's venture capital arm. "People are very much concerned about the purity and safety of drinking water. With the booming economy and the booming middle class in these countries, we see high growth for this type of product."

Unilever invested \$2.5 million in HaloSource as part of the latest \$6 million financing. Previous company investors Alexander Hutton Ventures, WRF Capital and Buerk Dale Victor also took part in the round, along with unidentified angel investors, Thompson said.

The new money brings HaloSource's total venture capital to date to roughly \$24 million. The company in the past has also obtained investment from Mars Inc., maker of M&Ms candies and Pedigree dog food.

HaloSource, led by CEO John Kaestle, has 70 employees, the majority based in Redmond. The company also has an office in Raymond, Wash., as well as the small operation in India.

In India, HaloSource is working with an Indian company called Eureka Forbes Ltd. The company, which is based in the city of Mumbai, sells water and air-purification devices, vacuum cleaners and home security systems.

Eureka Forbes has incorporated HaloSource technology into a canisterlike water filter designed for home use. The canisters contain bromine that kills bacteria and viruses in water. The bromine is used up over time, but can be chemically "recharged" by dropping in tiny beads developed by HaloSource.

Thompson said a thousand of the canisters have been sold across India so far, and more are being produced, though he declined to give details.

With a market capitalization of more than \$75 billion, Unilever is one of the world's biggest consumer products companies. Unilever's family of products includes not only Dove and Lipton but Knorr soups, Hellmann's mayonnaise and Ben & Jerry's ice cream.

This is Unilever's second recent investment in a local company. The company has also backed Impinj Inc., a Seattle company working on radio frequency identification (RFID) technology, a kind of next-generation bar code that has been embraced by big retailers such as Wal-Mart Stores Inc.

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