



Investing in Infrastructure Services

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Making Sure America Gets Bang for Its Infrastructure Buck

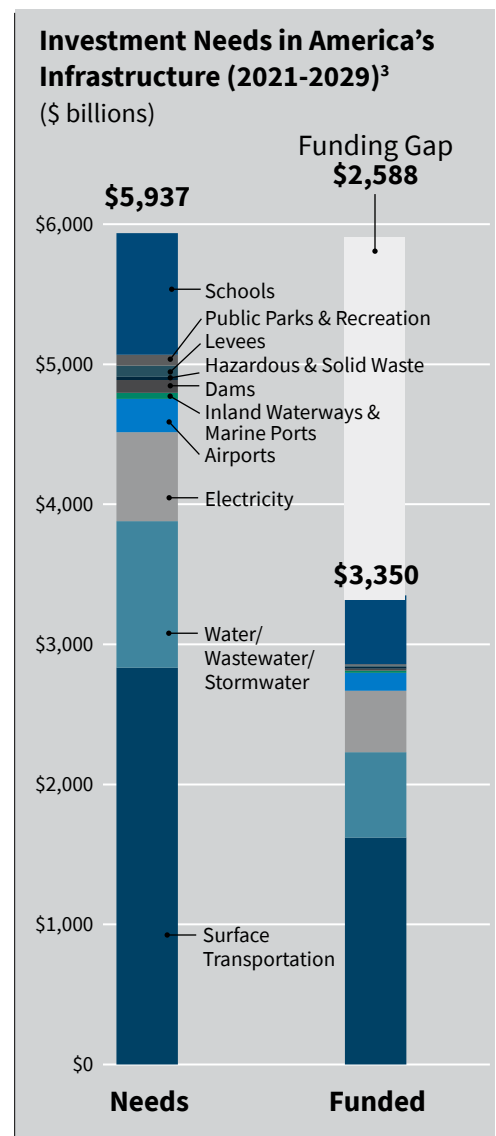
America's infrastructure is in desperate need of updates—and a lack of information on the location, condition, and status of key assets presents challenging decisions for where to begin. Fortunately, infrastructure services companies are responding to the need with technologies to gather and analyze data that can help assess the areas of greatest need, prioritize initiatives, and maximize government funding.

The owners and operators of America's infrastructure assets are overwhelmed with a dizzying set of challenges after an extended period of underinvestment.

The country's electrical, water, telecom, and transit systems are facing years of catch-up repair and maintenance needs. States are embracing green strategies, with many implementing strict clean or renewable energy standards. Weather events and security incidents are necessitating resiliency improvements and emergency repairs, while roadways, already in poor condition, are being asked to handle the demands of an influx of electric and autonomous vehicles. Additionally, the rollout of 5G and rural broadband is accelerating investment in telecom networks including the U.S. government divvying up \$42 billion among all 50 states and territories to make high-speed broadband universal by 2030.¹

Simultaneously, those charged with operating and maintaining vital infrastructure are facing a labor and talent shortage, increased scrutiny on infrastructure reliability and security, and ever-increasing regulatory standards.

A massive infusion of federal dollars for infrastructure projects will certainly help with some of these challenges, but it's probably not enough. Fortunately, there's another reason for optimism. New ways to tap



1. Source: [White House Fact Sheet: Biden-Harris Administration Announces Over \\$40 Billion to Connect Everyone in America to Affordable, Reliable, High-Speed Internet](#), June 26, 2023.

and analyze data are available that can help assess the areas of greatest need, prioritize initiatives, and maximize federal funds.

In this second entry in William Blair's series "Investing in Infrastructure Services," our Supply Chain & Commercial Services team examines the key role companies that leverage accurate information are set to play in the years ahead.

Federal Dollars Will Help, but More Is Needed

The Infrastructure and Investment Jobs Act (IIJA) of 2021 earmarked \$1.2 trillion for repairing and upgrading U.S. infrastructure, and approximately \$400 billion from the Inflation Reduction Act (IRA) of 2022 is infrastructure related. That infusion is in the early innings of improving the country's electrical grids, telecom networks, water utility infrastructure, and more. But it's barely half of what's needed, according to at least one estimate.

An analysis by the American Society of Civil Engineers finds that even after the IIJA and IRA, a gap of nearly \$2.6 trillion in infrastructure funding remains. Surface transportation accounts for nearly half of the shortfall, with needs related to water and electricity combining for nearly a quarter of the rest.²

While some additional funding has come from state and local coffers, the leaders of organizations that own infrastructure assets will have to pick and choose where to allocate the new funding to get the most bang for the buck.

And that's where the accelerating need for Infrastructure Asset Intelligence (IAI) comes in.

How Better Information Leads to Higher ROI

Accurate, accessible information on the location, specifications, status, and condition of existing infrastructure will be critical to prioritizing initiatives and work to maximize ROI on federal funds. In fact, infrastructure asset owners, managers, and service providers simply will be hard pressed to keep pace with the evolving demands on their assets without reliable, current information.

When it comes to critical operational data, most organizations currently

Understanding the Infrastructure Asset Intelligence Landscape

There is a broad set of attractive segments within IAI that will be in high demand—priming them for significant growth.

Notable players in these segments include public companies such as AECOM, Bureau Veritas, NV5, and Tetra Tech, as well as a broad array of privately held businesses.



Geographic Information Systems Modeling

Systems that capture, store, analyze, and present spatial or geographical data through advanced digital models.



Locate

The use of complex tools to identify and map subsurface utility and infrastructure features in advance of excavation.



Smart Grid & Meter

Devices installed in the field that measure and collect usage and operating data from utility assets.



Integrity/Inspection/Testing

Analyzing physical components to ensure functionality, compliance, and safety.



Mapping

Creation of graphical representations of sites to help engineers build, maintain, and manage utility and infrastructure systems.



Surveying

Collection of the physical characteristics of a site to accurately map, plan, and design utilities and infrastructure.

IAI companies provide valuable services given their ability to focus technical labor on the most pressing issues and substitute emergency response work with more cost-effective and responsible preventative maintenance. But the sheer scope of infrastructure projects and continuing needs means actionable intelligence will only become more valuable.

Not surprisingly, there's been strong recent investment activity in these kinds of companies and ample investment opportunities remain.

rely on outdated or incomplete information—if they collect data at all. Collecting and storing accurate data is only the first step, as the real benefits come from effectively analyzing and interpreting information to drive action, not just observations.

Savvy infrastructure asset operators are increasingly relying on third-party IAI service providers that can pave the way for more efficient and effective investment in maintenance, expansion, and system upgrades. IAI providers are typically specialist firms that can leverage technical knowledge, advanced data-collection hardware, and cutting-edge analysis methodologies and software to target these needs for information. These firms have made tremendous advancements in recent years, investing in the latest hardware, pooling robust sets of data, building software to organize and accelerate analysis, and increasingly leveraging machine learning and artificial intelligence technologies.

If you'd like to learn more and access detailed research, please feel free to contact our team or [complete the form on our website](#) to request additional information.

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2. Source: [American Society of Civil Engineers' 2021 Report Card for America's Infrastructure](#).

3. Source: Ibid.