

Business Better (Season 2, Episode 10): Innovation and Technology Investments in Infrastructure

Speakers: John Smolen and John Dionisio

Steve Burkhart:

Welcome to Business Better, a podcast designed to help businesses navigate the new normal. I'm your host, Steve Burkhart. After a long career at global consumer products company BIC, where I served as vice president of administration, general counsel and secretary, I'm now of counsel in the litigation department at Ballard Spahr, a law firm with clients across industries and throughout the country. This episode discusses innovative solutions for fixing and transforming infrastructure. From proposals, to marketing, to efficient trucking, to building in the metaverse, even to efficient excavation spoils markets, today we will share ideas for investment and collaboration opportunities afforded by the new infrastructure law.

Steve Burkhart:

Leading this discussion is John Smolen, a partner in our Baltimore office. John is joined by John Dionisio, a pioneering infrastructure entrepreneur who is the managing director of corporate strategic development at Global Infrastructure Solutions Inc. So now let's turn the episode over to John Smolen.

John Smolen:

Well, welcome my friends in cyberspace to another opportunity to listen to me and another more interesting and much more interesting sounding person talk to you about business, but in our case talking little bit about infrastructure and innovation today. I suspect the best thing to advise you to do is to put your ear plugs in and set your goal for about a three mile run or make sure that your dog is aptly taken care of because we suspect you'll be distracted with all of the interesting things that we have to say. So it is my distinct pleasure to invite as a interlocutor with me today a friend, John Dionisio, whom I met several years ago at this point, I think before I was fully gray, in our unified interest on advancing infrastructure in our country.

John Smolen:

John is a lion in the infrastructure space and he continues to roar, moving into places to really think deeply about our topic today, which generally involves infrastructure and, more importantly, innovation in the infrastructure space. I'd like to introduce our listeners to John Dionisio. John, welcome to cyberspace.

John Dionisio:

Thank you very much, John. It's an absolute honor and pleasure to be here. I did not know that you would be referring to me as a lion. I'm humbled by it and I'm excited to have my five year old listen to that. He'll love it.

John Smolen:

Sneak it onto the Spotify or the Apple whatever, so that you can have them, when they're listening to their music, suddenly hear their dad called a lion. I can throw more in if you want, man.

John Dionisio:

Please, please.

John Smolen:

John, if you could tell us a little bit about what you're doing with yourself now in the infrastructure space and particularly as it relates to the great things you're doing in innovation.

John Dionisio:

Well, thank you, John. I work for a company called Global Infrastructure Solution Inc. We shorten that to GISI for convenience and GISI is a family of 13 operating entities that serve the built in social environments. The company was created, oh, about four years ago by industry legends or real lions who know the ins and outs of the infrastructure services business. What we do is we merge and partner with companies that are seeking growth and support in an ever-changing industry. We try to do it in a way that's differentiated from other capital providers. We ensure that the management teams that we invest in will be in place for a long time. We allow the companies that we invest in to remain the custodians of their own brand, something we feel very passionate by, and we also promote the value of employee ownership every time we merge or partner with a company. Specifically, I lead corporate development for GISI and I'm thrilled that's an all encompassing responsibility that involves a great amount of M&A, but also strategic planning to ensure that we are on the top of trends, including things like innovation.

John Smolen:

So with that, John, I mean, it's no secret that there's ample room in the infrastructure space and a national focus these days on how to avert some of this reactionary recovery strategy that seems to permeate and like, "Let's get infrastructure right." I think getting infrastructure right involves using new tools to solve old problems, and I think also in part involves understanding the new problems that we didn't quite understand before. So my own personal views on innovation is it's not the Latin in the word means new. The new is a multifaceted new. It's, again, new solutions problems, but also new solutions to new problems or newly understood problems, as I said. So I'm curious, John, what is your view on when you're positioning with yourself and with your partners on what an innovation is, what innovation is for, and why we should be paying attention to that and advancing it particularly in our infrastructure space?

John Dionisio:

It's a great question and I'll focus on more of the technological aspects of innovation because the industry has been innovative for a long time. The way we met working on a complicated multifaceted project with a number of governmental stakeholders was innovative, but I'll spend some time talking a little bit more from the perspective of technology. But maybe, again, to take a step back, I do feel pretty fortunate for two reasons. First, my professional experience to date has allowed me to work in the complicated environment that I mentioned. Also, secondly, being fortunate to be the fifth employee of a firm that had over 300 employees, 15 years later, when I left for GISI. It also helps that I worked directly for the founder and visionary who believes the best way to develop talent is to empower them and have them learn from their mistakes.

John Dionisio:

I have made my fair share of mistakes, but just so everyone realizes that does not include becoming friends with John Smolen. That was not at all. But both aspects operating in a complex environment and the passion for entrepreneurship has led me to explore and invest in infrastructure technology. A lot of startups, not only is it a personal passion, but the amount of technological innovation we are witnessing now in the built environment is something that's directly applicable, opportunistic and threatening to our core business at GISI. When we help our businesses, Structuretone Building Group, Layton Construction, LiRo Engineers, when we help them strategically plan, there are a few things that come up regardless of their business and that's the role that technology and innovation are playing in the built environment. But what does it really mean?

John Dionisio:

Think about a construction site. I counted six construction sites today on my half mile walk while dropping my kids off at school. Believe me when I say that the way a construction site operates and all of the involved stakeholders who operate in that construction site has by and large not changed in 30 years. Now think of other industries; healthcare, finance, maybe even law, and the advancements that have been made in likely a much shorter time. Now think of the market size. I recently read that if you add up the ecosystem of the built world, which includes real estate, construction, architecture, and engineering, it's a \$40 trillion market. There is on average one trillion spent on the built environment annually. That's 4% of the GDP of the United States.

John Dionisio:

Therefore, we're speaking of one of the largest, most untapped markets for technology in the world. What is happening as a result is a tremendous amount of new companies being created by entrepreneurs or larger businesses to help transform the environment. In fact, in the first half of 2021 alone, 2.1 billion was invested in construction technologies, technologies that make projects more predictable, that make them safer, more environmentally friendly, longer lasting, that solve labor shortages, et cetera.

John Dionisio:

So now overlay GIS. We're a company with nearly \$10 billion in revenue and soon to have over 6,000 employees, the majority of who are engineers, construction managers, social scientists and program managers who are working every day to solve challenges that affect the millions. These professionals, these men and women, are operating in an environment where they themselves are the best arbiters to determine whether a technology could work or not. They're the practitioners and all I'm trying to do at a very small scale is layer on 15 years of investment discipline and some capital to help these ideas flourish.

John Smolen:

It seems to me, John, with that perspective, you are down in the weeds with us as it were, and then you have now the opportunity to float above and see how, while those colleagues of yours are working, what little change might make a big difference when you're going for a \$1 trillion market. Maybe you have a couple examples of some innovations that you have found have made what might seem like a modest change having a large impact on how business is done in our infrastructure projects.

John Dionisio:

Ah, that's a great question and there are many ideas that come to mind. When you start scratching the surface on built environment innovation, you're immediately impressed by the potential. Advanced robotics, modular technologies, digital twin, AI, smart buildings, blockchain applications, the metaverse. John, the metaverse, you hear all about it.

John Smolen:

How do procurements go in the metaverse, John? They go swiftly?

John Dionisio:

They're transparent. They're very transparent. No, but it's easy to get lost. It's easy to get lost in the world. With the time that I've dedicated to really this hobby to invest in technology, I focused a little bit on simpler yet elegant technologies. The ideas, as you say, that aren't turning the industry upside down, but improving the value chain. I'll give you two examples. One is a group of great folks called Project Mark. That's a business that makes construction marketing easy, professional and affordable. As many know listening to this, infrastructure by and large is a low margin business and many mid-market contractors and consultants who are critical participants in the infrastructure value chain don't have robust marketing teams to deliver flashy and timely proposal. So enter Project Mark. They've created a safe and secure online tool to allow technical firms with limited mean customize their marketing efforts without really breaking the bank.

John Dionisio:

Again, very simple. Another group I'd say is a company here in New York called Soil Connect. Soil Connect. Soil or dirt is not really the most interesting thing to speak through, but it is interestingly inefficient. No matter what you're building a school, a hospital, a factory, any job site needs to excavate. You either need dirt or you need to get rid of it. Today the process is extremely inefficient. Sellers don't know all the buyers that are in the market to transact. Transportation is costly. So what these folks have done is create a platform that enables the users to transact in a more transparent environment to allow for shorter distances between the person who needs the aggregate to the person who has it, which saves time and money and,

most importantly, the environmental impact of less truck traffic. The list goes on. I mean, there's a laundry list of things that I'm thinking about or we're thinking about as a business that will improve the way that we operate.

John Smolen:

Those are fascinating ideas. I mean, we are on a podcast and at this point somebody is probably taking their first 15 second walk on their jog to sit there and contemplate whether or not soil is interesting. I think it's interesting when some of the conventional solutions are to make a big pile and save it for later, and then it gets overgrown and becomes a sledding hill. But now it's an efficient use where you're not doing borrow sites from other places when there's existing soil somewhere in a technological solution that helps you access it. That solves real problems in real time and with real infrastructure results. Most notoriously, if I may, to your point about simple and elegant, freeing up what was a mound of dirt for further development, or maybe another park. Seems to me that the propagating effects of the simple solutions create not only inefficiencies, but more opportunities. Would that be your view, John?

John Dionisio:

Yeah, perfectly said. Perfectly said.

John Smolen:

So my role in this discussion was in part to say that the technological solutions really invites a philosophical discussion about technology. That's a podcast unto itself, probably somewhere on your podcast feed in the philosophy section. But there are any number of technologies that are coming back to bear just in terms of the overall delivery of the infrastructure. A couple of them that came to mind was in the not too distant past, it was floating through the trade press of a solar field that has been placed on top of some of the arroyos and canals in California as a means by which to power some of the electrical water management systems on the West Coast, which as we all know is in the throes of a pretty big drought. The last time I read it was a 1200 year thing.

John Smolen:

So another example, micro turbines that are worked on sites to help alleviate some of the load that could happen for a given building project for the cost of a micro wind turbine, you actually end up dampening out, no pun intended, your electric load. These are technology solutions that go back to when people are using windmills to grind meal, when they were using the sun to dry their tobacco or whatever. So I have ideas, John. How does it work in your space where I have an idea and then I want to come to you and how that idea demonstrates itself? Is this an interaction on relationships? Is this paying attention to trends? Give our listeners a little insight about how it is that you come to understand how to advance these things.

John Dionisio:

Yeah, well, there's two ideas that a listener should not be ashamed to pick up the phone and call about. Number one is really, again, our core business that I mentioned at the top of the call. We merge with businesses that have been around for a while. We look to help existing construction management and engineering businesses, et cetera, grow while maintaining the identity that they have so successfully built. As we start thinking about not only investing in these companies, but also investing in the technology and think about the capital that we have to allocate towards that, the door's wide open. In an environment where the war on talent is being waged every day, the effects that technological innovations have on our workforce, the excitement that it brings for folks to think about ways to improve their day to day is worth discussing anything that someone thinks is transformational. So just pick up the phone or call or ...

John Smolen:

We'll meet you in the metaverse. You're going to be the handsome guy in the metaverse, right? Probably sitting next to an imaginary pool. Well, friends, it has been my pleasure today to speak with John and to sow the seeds of innovation as a means by which the delivery of infrastructure and infrastructure itself makes sense for our country. As we all know, we're in the

throes of the after effects of a bill, now law, that affords jurisdictions an enormous amount of capital to pursue the fixing and then the transforming of our infrastructure, most importantly our water infrastructure, our transportation infrastructure, our port infrastructure to make our economy hum that much more.

John Smolen:

I thank John and I thank his colleagues at Global Infrastructure Solutions for being a conduit for means by which those dollars can be stretched, those dollars can favor creative solutions to existing infrastructure issues, but more importantly, to create new opportunities for infrastructure solutions, for the new infrastructure that we face. Look no farther than the electric cars, the automated vehicles. Look no farther than the robots that my son and I saw in West Lafayette that were delivering pizzas to one another. The sky is the limit and it sounds like, John, that you are a guy in a position and your colleagues are in a position to be paying attention to that so folks like us can benefit from it. I invite your closing thoughts, John.

John Dionisio:

No, thanks, John. We hope so. This isn't a zero sum game. The opportunity will be tremendous if we get the right people around the table to think through some of the challenges. I appreciate the opportunity to at least start the conversation with you and hopefully listeners to think about ways to continue to transform an industry that impacts so many people.

John Smolen:

Absolutely. Well, for John Dionisio, the lion, John Smolen, the kitten, and the Ballard Spahr folks in the finance department, I thank you for your time today. I think you did an excellent job on your run, and I think you have a very cool dog. So with that, we will leave you to our next podcast. Thank you.

Steve Burkhart:

Thanks again to John Smolen and John Dionisio. Make sure to visit our website, www.ballardspahr.com, where you can find the latest news and guidance from our attorneys. Subscribe to the show in Apple Podcasts, Google Play, Spotify, or your favorite podcast platform. If you have any questions or suggestions for the show, please email podcast@ballardspahr.com. Stay tuned for a new episode coming soon. Thank you for listening.