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VC Bargains Ahead March 26, 2009 at 8:26 PM

What drives green innovation in a time of financial crisis? Ira Ehrenpreis thinks now is a better time than ever for companies wanting to invest.

The Wright brothers managed to fund their project and by doing so defined a century of flying. The military was their first buyer. Now, we're in the beginning of the century of cleantech, and the industry is turning to the government stimulus package to get things rolling.

There are similarities between airplane construction in 1909 and cleantech development in 2009. At least according to Ira Ehrenpreis, General Partner of [Technology Partners](#). Today he spoke to the visitors of [Think Green](#), the [ThinkEquity](#) conference on cleantech and alternative energy, taking place in San Francisco.

Ehrenpreis was not the only one pointing out the potential of investing during times of crisis. Kevin Surace, CEO of [Serious Materials](#), agreed.

“VCs are still writing checks, but at a lower valuation. If you have money and you can write checks I think it will never be cheaper than this. VCs are investing at a quarter of the value compared to just two years ago,” he commented during one of today’s panel discussions.

Kevin Surace accused the big U.S. building and construction companies for being too slow to innovate, hanging on to old technology and materials that’s been in the market for decades.

“The old guys aren’t going to do anything. The size of our own research and development team is larger than any of the U.S.-based construction companies. They look at R&D as overhead. We would never cut R&D,” he said.

Keith Gillard from [BASF](#) was eager to defend himself, however, he admitted that most of the research and development is taking place in Europe.

“BASF is one of the old guys, but we spend billions of euros every year on R&D, including construction materials. Even though the new guys have the ability to innovate, you should not count the old guys out.” he said.

“Much of the materials we’re competing with was introduced to the market in 1890 to 1950,” sighed Don Young, CEO of [Aspen Aerogels](#).

With the stimulus package from the Obama administration focusing on renewable energy, we’re living in a time when governmental influence on the market increases. But government money isn’t just handed out to anyone with a cleantech project in their back yard. You need to know where the decision makers are and how to reach them. Also, the people investing aren’t your average VC. Suddenly state officials, schools and city representatives are on the other end of the table. And they’re aiming for energy efficiency.

“When you choose a window, it needs to be the best return on investment. We find ourselves writing programs for the cities, and then bid on them. Lot’s of work, but without question there’s a chance to get a lot of money from the stimulus package,” said Kevin Surace.

“There have been some landscape changes out there. Some buckets of money we’ve been chasing have moved,” said Keith Gillard.