



Stanford eCorner

Clean Tech's Global Opportunity

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As the tech bubble was bursting on American soil, Mohr Davidow Ventures partner Erik Straser realized that a tremendous opportunity was rising overseas. Forty percent of the planet's population is coming into a middle-class standard of living, and infrastructure and energy to support their desire for products and services is to become the driving force behind his career focus. This observation motivated the investor to explore the growing field of clean technologies.



Transcript

Back in 2002 in the lower days of the decline of the tech boom, I started thinking about what was going to be the next area in which technology could really shape a new set of industries. And what I started to look and come and across time and time again was that there was a transition that was about to happen, and the transition was probably going to be the most profound in my lifetime. The transition, very simply is the next 40 percent of people on this planet are going to achieve an American middle-class standard of living in the next 25 or 50 years. If you just did the kind of pencil math on that, if you took the 20th century and you took out the World Wars and called that 75 years, and call the six industrialized countries about 20 % of people on the planet, you're going to basically move them from where the next 40 % of people from where they are today, low on the GDP curve, up to basically call it the 1970s or 1980s American standard of living. But you're going to try to do that in one-third the time. We're going to try to basically do it in the first half of this century. When you think about what that means, the infrastructure that's required, the materials, the energy, all the products and services, the movement of materials around the planet, the movement of capital around the planet, I became to understand that this would be probably the driving force behind the rest of my career. In addition to that, the byproduct of all that activity would probably be what we've come to understand as global warming because all these things need to move around, that we need to move basic materials into products, and products need to move around the world. Maybe the 40 % of people we're talking about industrializing don't have vehicles today. They don't have houses that embody a bunch of energy.

They don't have vehicles today. They don't have the personal mobility that we enjoy here in America. So that became the basis for exploring in 2003 inside our firm. Really, my taking an entrepreneurial role at that time we practiced life sciences and IT, and I said I'd like to be an entrepreneur inside of our firm. And our firm has a long history. Michael mentioned that we've been around 25 years, but I said that I'd like to go start exploring these clean tech areas and understanding where could technology in the classic sense of venture capital intersect these markets. And what were the problems that technologies specifically could solve? What I started to do in 2003 and early 2004 was I started seeing entrepreneurs that were in our IT area before and entrepreneurs that were in the life science area. They started showing up at our doorstep not looking for the next IT opportunity or the next biotech opportunity, but looking to either learn more or showing up with a fledgling small entrepreneurial business saying, "I'm going to start a solar company. I'm going to start a biofuels company. I'm going to address making coal clean." We started to see the avalanche of the Valley's best talent in the 2004 timeframe start to move to these areas.

Well, my job is to catalyze entrepreneurs to provide with them with the capital to help them realize their dreams. And in that context, it became apparent to us in the late 2004 timeframe that we should start investing in this area.