



Stanford eCorner

Honing in on the High Points of Clean Tech

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A good VC must be thesis-driven, says Erik Straser, a frequent investor in alternative technologies and partner at Mohr Davidow Ventures. Waiting for new ideas and technologies to come knocking on your door is a slow reactive strategy, and it won't produce leaders in the field. Stay meshed in the university research centers where innovation is being extracted, and the investor will attract the right entrepreneurs.



Transcript

How do you keep up with the current state of research? What do you read? What do you look at? Who do you talk to, to stay up to date on what's happening? This is a big challenge. Basically, one of the challenges to being an investor in clean tech is knowing what you want to invest in. If you're an early-stage investor like us, you need to know what you're looking for because you can't sit there and wait till things come in your door. If you do, you're going to be purely reactive and you'll always be behind the curve. So I would argue if you looked at the better venture capitalists, what you'll find is that most of them are thesis-driven. They have some point of view, they're able to articulate it. They're able to attract the right entrepreneurs through their description and marketing of that message. And the challenge is to stay relevant in the places where research can be harnessed and extracted. There's a common perception, and if you read Tom Friedman's work, you'll see one of his favorite metaphors is "the world is flat." Actually in innovation, it is exactly the opposite. The most interesting research in this world happens basically on 10 to 12 campuses, and this is one of them.

It's not uniformly spread over the United States. It's just not true. It may be true for shipping good around the planet, but it's certainly not true for extracting innovation and making innovation happen. So the challenge for a clean tech investors, I think, is mining those areas where that research is happening. Who are the top three professors at Stanford or MIT or CalTech or CAL, Georgia Tech, CMU? They're doing the specific areas that match up with one of your thesis areas we talked about earlier. That's the way you could better hone and find out what's going on with different research veins.