

URL: <https://ecorner.stanford.edu/clips/what-is-world-positive-investing/>

Obvious Ventures co-founder and managing director James Joaquin discusses his firm's commitment to "world positive" investing. He explains that the firm's approach rests on three pillars — sustainable systems, healthy living, and people power — and aims to invest in companies that can generate significant returns by solving humanity's biggest problems.



Transcript

- We started Obvious back in 2014.. 00:00:08,860 I co-founded the firm with Evan Williams, who's very well-known in Silicon Valley for creating Blogger and Twitter.. And Ev's now on his third act as the co-founder and CEO of Medium.. And my other co-founder, Vishal Visishth was the Chief Strategy Officer of Patagonia.. So he doesn't come from the tech world.. He comes from the sustainable apparel and purpose-driven business world where Patagonia, I think, is a clear thought leader.. The three of us came together with this shared belief that the biggest companies of our time will be disruptive startups that are building solutions to humanity's biggest problems.. These are problems like climate change, chronic disease, income inequality.. And that idea seven years ago was not a consensus idea.. People thought we were crazy..

We wanted to invest in plant-based meat and lab-grown diamonds and electric buses.. And I think they think we're less crazy now because these companies, if you solve these problems, you're solving problems in trillion-dollar sized industries, food, energy, healthcare, pharma, education.. These are actually massive chunks of the global GDP.. Our idea was that these new kinds of purpose-built startups, purpose-driven startups could actually outperform, that they would deliver huge financial returns and every dollar of revenue that these companies would make would inherently have some environmental or social benefit tied to that revenue.. That's the idea that we started with, and we coined this term World Positive to describe really this kinda new wave of capitalism, starting with these new disruptive startups.. And we defined three pillars as the kind of North Stars of where we invest.. Our first pillar is sustainable systems, and that's simply about decarbonizing the global supply chain.. This is a huge and daunting task, and for us, we put our focus in three areas, industrials, mobility, and climate.. These are all three big pieces of the climate solution.. I'll give you one example of a company that we invested in within sustainable systems..

It was one of our earliest investments and it's one of my favorite examples to describe World Positive investing, and that's Diamond Foundry.. This is a company that was started with a radical idea to build plasma reactors that could grow large carat flawless diamond.. Think of them as aboveground diamonds instead of diamonds mined from the Earth.. The diamond mining industry is well-documented in terms of the negative externalities.. Diamonds mined on the African continent have a lot of social issues.. Even diamonds coming from Canada have huge environmental negative externalities.. These are football field sized excavation mines to mine diamonds.. Diamond Foundry said, "Well, we can actually use a technology from the

semiconductor industry called chemical vapor deposition.. We can lay down single atom layers of carbon and build a perfect carbon lattice and grow flawless diamond." When we invested, the technology wasn't even working yet.. Now the company has two Diamond Foundries in the United States and they're building two additional ones internationally to scale the business..

And they're up to large sizes where they can actually grow diamond wafer to enable diamond semiconductors.. Diamond's a miracle material in terms of 22 times the heat transfer of copper.. It can actually solve a lot of the carbon footprint issues of data centers, where we use a lot of fossil fuel energy to run cooling to move the heat off of these chips.. And if we can move to diamond semiconductors, we can actually dramatically reduce the greenhouse gases that come from all of the cloud computing that we all know and love.. That's one example of the work that we do in sustainable systems.. I'll move to the second of our three pillars.. We call it healthy living.. This is simply about making healthier humans.. And we do that across investing in food, in healthcare, and bio/pharma as well.. These are all huge trillion-dollar industries..

I'll give one consumer example.. It's something that I think we're now known for.. We were very early investors in a company called Beyond Meat.. I'm hoping a lot of your students and your viewers have tried the Beyond burger or the Beyond sausage.. This was a very contrarian idea when Ethan Brown, the founder, started the company.. He wanted to make delicious nutritious alternatives to eating animals.. It turns out that eating animals, specifically cows, is a huge contributor to human-created greenhouse gases.. And if we wanna solve climate change, decarbonizing food and agriculture is a big part of the solution.. So this is a big part of our investment thesis.. Beyond Meat is now a publicly traded company..

It has a market cap in the billions of dollars.. It's doing, I believe, over 400 million in annual revenue.. So it now looks like a success story.. It was a spectacular financial success, but just as importantly, it was a really important proof point for us around this idea of World Positive venture capital.. For the third pillar that we invest in, we call it people power, and it's really about helping humans and small businesses find and do their best work.. And we do this across big categories, like marketplaces and fintech and software as a service for businesses.. I'll give one example here, which is a company that we invested in at the seed stage called Incredible Health.. Incredible Health is on a mission to help nurses and hospital professionals do their best work.. What they've created is a labor marketplace.. And many of us are familiar with websites like LinkedIn or Indeed..

We think of those as horizontal marketplaces.. It's where a business can try to recruit for employees, but they do that across a broad range of industries.. Incredible Health is a radical idea to say, "Hey, we can actually build a vertical labor marketplace." And they're starting with healthcare, and in healthcare, when a hospital wants to hire a nurse or an anesthesiologist, there's a lot of specialty details that they need to know about that candidate.. Their credentials, they need to check malpractice databases, work history, specialty training.. Incredible Health built all of that and they flipped the script so that the nurses don't actually have to apply for a job at the hospital.. The hospitals actually apply to the nurses.. And we think that's an amazing World Positive example of people power, where now, we can help nurses find and do their best work.. And by doing that, we help hospitals make those hires so much faster that they can fill those positions, which means they can treat more patients.. That nursing shortage in the United States is three times larger than the software engineering shortage.. It causes hospitals to actually close beds and turn away patients..

So again, back to World Positive, this is an incredibly fast-growing profitable business, but it also has this positive externality of actually helping the healthcare system work better in the United States.. Those are my quick overview slides, just to set the table and give you a taste of the cool companies that I get the pleasure of working with every day at Obvious..