What does it really mean for investors to be problem-driven? A Q&A with 2150

Investors are coming under more pressure to understand and invest in companies providing solutions to the long-term issues facing our environment and society. Maddyness UK speaks to Alexandra Perez, associate at urban sustainability technology VC firm 2150, to discover how they are driving urban growth across cities in a way that is ethical, sustainable and supports the people who live there.

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Can you tell us a little about your own professional background?

I started my career in shopping centre development in Miami, where we were one of the first firms to really start using big data and technology to make decisions on acquisitions. I then moved over to London to work for a boutique consultancy focused on real estate, technology, and risk. There, we did a lot of work for big tech companies, as well as governments in emerging markets and large real estate owners and operators in Europe.

I learned a lot about the resistance to deploy innovations and technology in the industry that is real estate, and about the risks and complications different, less transparent geographies possess. After my MBA and a few startup and VC internships, I joined a venture studio in London that brought together government, corporates and startups to co-create

"urban-tech" businesses that are aimed at improving cities and build out local innovation hubs.

During my journey, I was introduced to 2150 where the team was taking a more systemic approach to this problem of improving cities and where I felt could make more of an impact deploying capital to entrepreneurs that were far more capable at building businesses than I was.

Which industries are you working in?

The golden thread of my career has been the intersection of real estate and technology. At 2150, this is highly relevant, since the lion's share of the companies we look at are either directly related to the built environment or in ancillary industries that interact with it such as energy, water and air quality, for example. We are hunting for the "gigacorns" in these areas that can mitigate one gigaton of CO_2 per year, while being commercially viable.

What do you look for in a founder?

This has been repeated many times by many investors but the most important thing for me is that a founder clearly understands and can articulate the problem they are trying to solve and the customer they are serving (general market size).

As we primarily back Series A investments, a requirement for us is that the business has found product-market-fit, so the founders we come across for the most part do this well. However, this was far less common in my experiences with seed investing in earlier stage businesses, but it is still equally important for founders at that stage to make sure to have that part of their business/pitch clear.

What does your current portfolio look like?

We had our first close as a fund in February of this year so right now we can speak publicly about two investments we have made thus far, and we have a few more that we will share soon. _CarbonCure_ has created a technology that makes concrete/cement (an industry responsible for 7-8% of CO2 globally) more sustainable by injecting CO2 back into the material, sequestering it and at the same time making the cement harder, which means less cement is needed to build the building.

We have also recently backed a company called _Nodes & Links_ that has built a project management software for infrastructure projects that will greatly reduce the time/resources/waste required to build these incredibly resource-intensive mega-projects at a time when infrastructure spending is set to grow exponentially.

What makes 2150 different?

At 2150 we look to be problem-driven to really understand the biggest issues facing our planet and society and find solutions to them, rather than invest based on the "hype cycles" that often plague the venture capital industry. I think the diversity of thought across our team, with backgrounds in big tech, entrepreneurship, real estate, VC and soon environmental science, allows us to take a more holistic approach when we analyse business cases.

We also benefit from a group of future-looking LP's that want to be enterprise customers for the businesses we back, allowing us to add value to our portfolio companies from day one. We are lucky to have an unbelievable advisory board behind us who we often lean on to provide deep industry and academic expertise and an extra set of eyes when we are trying to understand a business or problem more comprehensively.

What's your next step?

One of the things that we are tracking closely is the ESG analytics space. As carbon markets come to fruition and legislation around companies' carbon footprints becomes more stringent, there will need to be better ways to accurately measure, reduce and offset not only businesses but individuals and countries/governments GHG emissions. As the age-old adage goes, you can't manage what you can't measure. We think this will be one of the catalysts to major global changes in the way we approach so many facets of daily life from the built environment to food systems and beyond.

What piece of advice would you give founders?

First to stay bold and stay brave, as investors it takes us about 1000 meetings to make a handful of investments, and that's a lot of nos. Be smart about the investors you approach, and make sure they are appropriate (at least right stage, right industry). Don't let the no's keep you down, ask for and take on feedback from advisors you trust, and iterate until you refine your pitch and if necessary, your business model/product. Secondly, be smart about the money you take. Investors can either be a huge pain and a roadblock/another person to report to, or they can be incredible facilitators, opening doors to new customers and new key hires, helping with regulatory approvals, R&D hurdles and be a true asset to your business.

Article by Abby Wallace