

2010 should be a good year for clean tech

January 8 2010, By Scott Duke Harris

When a Redwood City company called Codexis disclosed Monday that it had filed documents in preparation of a Wall Street offering, some people said, "Co-who?"

Codexis is one of those [Silicon Valley](#) companies that might be considered stealthy by accident -- deeply scientific and hard to categorize, it develops biocatalysts to make pharmaceuticals, chemicals and biofuels. It's the clean-tech angle that might make Codexis sizzle with investors, even if its enzymes will never be as sexy as Tesla's roadsters.

Just in time for end-of-the-year crystal-ball gazing, this amateur futurist will echo clean-tech [venture capitalists](#) like Erik Straser of Mohr Davidow Ventures and Ira Ehrenpreis of Technology [Green Energy](#) Partners in forecasting a rousing 2010 for clean-tech IPOs, mergers and acquisitions and venture investments.

The latest sign that clean, green mojo is back is a report from Greentech Media that found that venture investments in "green" technologies totaled \$4.85 billion in 356 deals in 2009. That was down from \$7.6 billion in 350 deals in 2008, but still a strong recovery in the aftermath of the financial crisis. The 2009 sum was nearly \$1.5 billion more than the amount invested in 2007, before the worst economic collapse since the 1930s struck.

Greentech Media is one of several outfits -- including Cleantech Group, Deloitte and PricewaterhouseCoopers _ that have tabulated clean-tech

investments in recent years. The numbers don't match in part because different outfits use different definitions of what constitutes a "clean" or "green" technology, said Greentech's Eric Wesoff. But the various reports, he added, have always agreed on the broad trends.

[Solar power](#), as it has for the last four years, was the leading investment segment in Greentech's report, attracting \$1.4 billion in 84 deals. The runner up was biofuels, which attracted \$976 million in 44 deals.

The IPO filing by Codexis, a biofuel play from the clean-tech perspective, comes on the heels of a recent filing by Solyndra, a Fremont, Calif., solar startup with a decidedly higher profile. In addition to hefty venture funding, Solyndra, founded in 2005, received a \$535 million federal loan guarantee earlier this year. In September, it began building a second solar panel manufacturing plant designed to produce 500 megawatts per year and fulfill its \$2 billion backlog of contracts, the company said.

Codexis took a different path to [Wall Street](#). In 2002, it was spun out of Maxygen, a biotech firm that developed a process it calls MolecularBreeding to develop pharmaceuticals. The news release that unveiled Codexis emphasized its aim to be "a leading provider of high-value chemical products and services to the worldwide life science and fine chemical industry," but there were no overt reference to biofuels, carbon reduction or other clean, green themes.

In 2003, Codexis announced a collaboration with Cargill for a biofuel research project funded by an award from the Department of Energy. Today, its Web site emphasizes not only biofuels, but also its role in the emerging clean-tech markets of carbon capture and safe water.

Codexis reported \$50.5 million in revenue in 2008, and \$58.7 million in the first nine months of 2009; it had a net loss of \$15.1 million from

January to September this year. The company is aiming to raise up to \$100 million in an IPO, a relatively modest sum.

In pursuing a Wall Street debut, Codexis and Solyndra would be following the recent successful IPO of A123 Systems, a Massachusetts-based maker of lithium-ion battery technology. The three companies share a common investor: CMEA Ventures. Thomas Baruch, who founded CMEA in 1989, is the chairman of Codexis.

With one successful clean-tech IPO and two more in the pipeline, "CMEA is on a little bit of a roll right now," Wesoff said.

SHADES OF GREEN INVESTMENTS

In 2009, Greentech Media tabulated \$4.85 billion worth of clean-tech venture capital investments into 356 deals, covering 18 categories. The top six by dollar amount:

Solar: \$1.41 billion into 84 deals

Biofuels: \$985 million into 44 deals

Automotive, Transportation: \$553 million into 29 deals

Batteries, Storage: \$455 million into 36 deals

Green buildings: \$143 million into 10 deals

Wind: \$142 million into 17 deals

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