Cleantech VC and blogger Rob Day talks to **June Bell** about why great ideas come out of Idaho and the delicate tension between saving the world and making a buck.

All in a Day's work

Cleantech investor Rob Day wasn't aiming to be the go-to source for cleantech investing news when he launched his blog three years ago. He was just trying to explain his career to his wife's dad.

"I kept getting these questions from my father-in-law: 'What's this cleantech stuff?'" recalls Day.

While he was a principal at Expansion Capital Partners, Day launched his blog in March 2005, now found at www.cleantechvc.com. The personal project, which was unaffiliated with Expansion, began as a humble effort to educate family and friends about the synergy between cleantech and venture capital. He says that it was never intended to be a big deal.

"Then a reporter found it. I saw readership spike, and I realized I was on the hook," jokes Day, who last year moved to the East Coast to become a principal for Wilmington, Mass.-based @Ventures, a venture capital unit of CMGI that focuses on early stage cleantech companies.

Blogging

When Day joined @Ventures, he kept up the sometimes hectic pace of cleantech blogging. And CNet has since named Day's blog to its top 100 list, but noted it was a little short on personality. The 34-year-old Day, who's congenial and humorous in conversation, affably accepts that criticism: "I thought, that's spot-on.... I live and breathe the sector, but I don't live and breathe writing.'"

The disclaimer hasn't deterred his readership base of hundreds of cleantech investors, consultants and bankers who need to stay abreast of deals done, funding received and companies on the rise.

Lauren Bigelow, managing director of the Cleantech Network, says that Day's blog keeps her current on investment trends in the sector.

"I read it as sort of a weekly newspaper of what's happening," she says. "He provides cogent and abbreviated insights into deals. He doesn't try to be edgy and he doesn't try to be provocative."

Before he looked at cleantech deals, Day had worked for Bain & Co. in San Francisco as a late stage buyout consultant, Day says that he realized venture investing provided a way to blend of his zeal for entrepreneurial thinking with his business training. And cleantech was the right fit for a guy who started his career at the World Resources Institute and commutes in a Honda Civic hybrid.

While Day no longer has a monopoly on covering cleantech venture news, his blog remains one of the more places to find no-nonsense coverage, Bigelow says.

The blog is mostly business, but Day takes an occasional detour. In one March entry, he detailed his efforts to improve energy efficiency in the Connecticut home he shares with his wife and young daughter. His account of the frustrations of switching from oil heat to natural gas prompted musings on the challenges of introducing new technology into the market.

New technology

Day usually has new technology on his mind. Similar to other cleantech investors, he's looking to fund early stage companies that use cutting-edge technologies to respond to and anticipate looming shortages of energy, water and commodities.

While Day wouldn't mind making the earth a cleaner, greener place through careful investments, he can't and doesn't ignore the bottom line. "We're not trying to save the world, per se," he says. "We're trying to make better returns for business.... I'm a dedicated environmentalist, but we're all operating in the constraints of business."

Cleantech has proven an increasingly attractive sector for investors. Investors funneled nearly US$5.2bn into cleantech companies in North America and Europe in 2007, up from US$3.6bn in 2006, according to the Cleantech Group.

In North America, cleantech investing jumped by 38%, from US$2.87bn in 2006 to US$3.95bn last year. The number of deals also rose, as did the average deal size, which jumped 20%, from US$12.3m in 2006 to US$14.7m in 2007.

Day says he doesn't expect the pace to slow down any since @Ventures is "overwhelmed with deal flow" as a growing number of entrepreneurs are interested in clean technology, including green building technology and renewable energy.

Day's firm, @Ventures, launched a US$50m fifth fund in 2004. The eight companies in its portfolio are all in the cleantech sector, an unusual move four years, but one that has proven prescient.

Day and his colleagues prowl for companies that have found innovative ways to save natural resources while turning a profit. As example, he points to @Ventures' portfolio company Powerit Solutions. The Seattle-based company develops hardware and software that can trim as much as 15% from factories' utility bills with no effect on productivity.

"It's one of those things that doesn't sound like rocket science. It's execution," says Day, an observer on Powerit's board of directors.

Powerit's products can be used in a variety of settings, from metal foundries to frozen-foods processors, and they interact smoothly with a wide range of equipment. Day's former firm, Expansion Capital, and @Ventures invested US$7.1m in Powerit through a Series A round in June 2007, with @Ventures putting in US$3m.

Another @Ventures investment that Day touts is M2E Power Inc., a Boise, Idaho-based company. Technology from M2E (The "M" stands for motion and "E" is for energy) boosts the efficiency of any form of energy production, from wind turbines to shaker flashlights.

"All of those efforts are about moving a magnet past a coiled wire, which is how energy is made," says Day, an observer on the board.

M2E's expertise will soon enable cell phones to contain a flashlight powered by the repetitive sway of the user's hip or handbag. That idea came out of the Idaho National Laboratory in Idaho Falls, a research group funded by the U.S. Department of Energy.

While software innovations are most likely to be hatched in Silicon Valley, cleantech ideas pop up across the United States. At the end of the day, cleantech is often industrial technology, Day points out.

"All over the Rust Belt are research institutions and national energy labs," he says. "There's solar technology in Florida and biofuels in Oklahoma." ■