Could you explain how uebermorgan has got to where it is now?

So we are a team of four founding partners and each of us found their personal journey towards working and climate change mitigation through different channels. Me personally I have a degree in energy economics so I’ve worked on on energy efficiency, renewables. And then I started my career in consulting did a lot of stuff in the energy space as well. A lot of country electrification work in for example Africa, but also industry work in Europe. That was back in the days of McKinsey. Then I left and I had my own consulting firm focusing only on climate tech because I felt this was really the challenge that I want to work on. It's a well, it's I think, like the topic or the biggest challenge of our generation which is wonderfully complex on an intellectual level. So I'm excited about working on this. And the and I just felt drawn to, to this to this space. And then I just work on climate tech, including topics surrounding hydrogen, packaging materials etc. Then, since I’m based in Zurich, there’s a lot going on in the investment world here, there’s a lot of investment activity. So I met my co-founders, Adrian, and Mike through a common friend who's also active in the space. And they have been tech entrepreneurs, had successful liquidity events, and have been very active as angel investors. And they said, well, look, climate change kind of sucks. Let's do something about it. What can we do? We're good at investing in startups. So we need let's just to this, and then they onboarded Elena who was a startup lawyer, she had her own law firm before, she was also very keen to work on this topic. And then, and then I joined the team a bit later. And we and I brought in, you know, the tech and industry expertise in the field. So that's a team of four. Then we basically said, well, let's build a venture firm that embraces climate change, or climate change mitigation as a business opportunity. And because we think it's like the biggest trend,for our generation. So if you want to, you know, live in this world and a couple of decades still, then we need innovation, we need tech. Let's invest in this. And they've created the firm around that guiding principle.

What have been the main challenges you’ve experienced as part of the founding team of Uebermorgan?

For one, it's an immensely complex problem because everything we do in our economy is connected to greenhouse gas emissions. And so basically, we are, we are climate tech fund, but actuaally, we are a generalist fund, right. So we invest in a lot of different areas, we an Ag and food and energy and transportation, and advanced manufacturing and carbon capture, they're completely different. And if you really want to have meaningful impact in the space, you kind of have to dig into the science. And you need to have the right network of people, you have to have the right expertise. You can't know it all yourself. Right. So it's extremely complex. So it takes a lot of energy and persistence to keep on digging and keep on understanding and finding the right levers to pull to not only make a profit on those investments, but also to have a meaningful impact.

And that brings me to the second challenge. impact or impact in the investing world kind of like the buzzword at the moment. Everybody wants to have impact, but nobody really knows. You know how to define it. Everybody has their own definition. Some measures exist, some don’t and don't there's no standard. Theres nothing in the venture capital space that really measures or gives a guideline on how to measure and the impact of an investor. We try to do this, we have a methodology to do it but it's like our own thing. It's not it's not wouldn't stand the test of science, for sure now, but it gives an indication- a rough estimate at least. So that's a little bit the problem so that you see in the come when you look in the space of climate tech or impact VCs, climate is the easiest because you can put a number on it right tonnes of carbon dioxide equivalents mitigated or taken out of the air. But even within the climate space intentionality is oftentimes the measure of impact but intentionality doesn't get us there. So it's a that's a big, big challenge, a big conversation right now in this space- how to measure impact.

And maybe another challenge - a lot of money has been thrown into the industry right now climate tech, everybody wants to invest. I think this year, there was more investment in climate tech VC than in the last five years combined. So a lot of money flows into it. But most of that money goes into series A and later stages And there's not a lot of money going to the early stages, right. So we invest in the early stages but you can see that there's a little bit of an imbalance, I guess, chasm from you know, you have, at least in Europe, you have all these great entrepreneurs with great ideas, they come from the universities, they benefit from Grant programmes, and then they have to kind of get the product market fit going And then they experience that there's like this gap of what there's not a lot of money. Once you have that product market fit, then I mean, there's a lot of cash to make it to scale it. But like in between, I have a feeling that there isn't enough programmes yet. Or enough companies yet that engage in those early stages.

How involved are you guys with the companies you fund?

So we are, we are Founders Fund, right so all of our team members founded at least one company and all of our investors are entrepreneurs also. Right. So we, we try to be understanding and entrepreneur together with our portfolio firms, but we don't get operational, right we, try to be hands on on a strategic level, we try to get into the board as often as we can, depending obviously, on our ticket size, we get involved on request oftentimes on stuff like fundraising for the companies for later rounds, structuring deals, HR topics like we need a new co founder, or we need a head of marketing, stuff like that. Sales, leveraging our network, for sales, but also for whatever type of partnerships. That's how we get involved. Often it helps the within the team, there's a lot of expertise in growing a company from, three, five employees to like 50 to 60,70. Beyond that, then it's probably better people that can help right? So we feel like in the early stages, I think we can we can we can give good advice. But we try not to be too hands on because most founders know best with what they're trying to do.

Are there Any key lessons you’ve taken from your investments so far about challenges facing the start-ups?

. It's tough to say given that we invest in so many different areas, right. So there's, there's always kind of two types of startups. There's either the visionaries that have like this great vision and you want to get there, right, and then for them, it obviously matters a lot to monitor the regulatory environment, especially in climate tech. Does your business model fly only when there's carbon prices in place like do you have the IP rights secured? Do you understand the market dynamics correctly? Does like the visionaries, right? And then there's the kind of execution type of startups where you're not innovating on a technology, but rather on the business model. And then you really have to have your unit economics under control and know exactly what the dynamics are of your revenue versus costs? How do you do the financing, we have a lot of startups that rely on smart financing schemes so knowing how to get access to capital to what kind of capital? I guess that's the difference of those two types? I think, in general, planning ahead of time is important, right? Obviously, you want to focus on your day to day, but liquidity planning is something that a lot of start-ups don't take, all too serious. And then you always end up in a kind of a crunch to try to save it and keep the business going. That's something that I am, I always found a bit interesting that that's not on the top of the agenda all the time. And yeah, I think that's, that's a couple of the lesson learned for the startups. Yeah, it really depends on the very specific type. Yeah.

WHats next for you guys at Uebermorgan?

It's an interesting time, because we are startup ourselves, we want to write and we started, I think we have the three years ago that it took us a year and a half to fundraise our first fund. We use this first fund now to put some horse powers on the road, invest, create a portfolio, we've now invested in 11 companies. We will enter a new fundraising round for our own fund next year.So until end of the year, we aim to invest another four to five startups. And then with that portfolio at hand, approach new investors to bigger, extend our portfolio, and also follow on on on with our existing companies. I guess that's the next biggest, the next next milestone for us. Yeah, but otherwise, I think, continue to build a brand in this space across Europe. I think we've done a good job in the last two years. So far, I think we've been one of the first purely climate tech focused funds in Europe. And I think we in this space, specifically, in the climate tech space, that's very collaborative, right. So it's not in Europe, you still have more investment opportunities than investors. So you don't take away ideas from others, you work together with others on making deals and finding the right projects to support. So for me, personally, for us as a company, like building and strengthening those relationships with existing funds, and existing investors is also key for us that's for sure.

What advice might you give to your younger self or someone starting on this journey of sustainabil/ity focussed climate business and funds?

I think a lot of I'm pretty happy where I stand right now professionally and personally. And I think a lot of this came by chance, right? So it's not like I planned to do what I want to do right now. It wasn't always my great vision. But I knew that I always wanted to be part of the solution for this kind of problem, or like to work in this area. I think having this you know, Northstar, and always follow it and create a network around it and talk to people and tell them that this is what I'm passionate about. That is the key enabler so that opportunities come to you because as, as you put yourself out there and as you offer your support and help on topics you're really, really passionate about that will always radiate back and into opportunities for, for yourself. So, if you want to be active in a certain field, and it's hard for you to make a transition into it at the moment, there's always ways to engage in a way or to create a network in a way. And to slowly,slowly move into the area where you're really passionate about, and I think that worked pretty well for me.

Any books you might recommend?

Yeah, I think there's a couple books related to the area. I really liked the last book of Bill Gates or to call again, how do you avoid a climate disaster? I really like his high level point of view on the problem and also this focus on the economics of the problems. That's, that's really interesting, because he looks at it from a capitalistic point of view. We live in a capitalistic world, we have to find a capitalistic solution for the problems that I liked very much.

I think one of the books I'm most gifted was how to change your mind by Michael Pollan on the new frontiers of psychedelic medicine which is a really interesting book of everybody was interested in the use of psychedelics and treating depression or anxiety diseases, and that's just a really well written, really good, good way to explain things that are hard to put on words. And I'm currently reading a fictional book for entertainment : The three body problem by teaching Leo was a Chinese science fiction author, really projecting our society very far into the future. So that's, that's a good read. It's very entertaining. Yeah, those

Unknown Speaker 22:42

Yeah, sure.

Unknown Speaker 22:57

I am working on the investor side or startup side. Well, there's I really like the guys from pale blue. Have you heard of them? amplus jakobson. He's very easy, very interesting guy. I would highly recommend you to talk to him really like him. Then there is if you want to talk to somebody who is neither an investor nor a startup but more of an expert in the field of climate tagged and Patricia eckler as opposed to name we work together in

Unknown Speaker 23:42

Ethiopia for a while. He founded a think tank on moving towards zero together ETH Zurich. Excellent sentiment chat. Happy to make an intro if you're interested.

Unknown Speaker 23:58

She has a very deep understanding of the industry in general on the politics prime especially in Europe, pushes forward some very interesting projects and I really like her also as a good friend. Then, how many you want do you want me to keep on shooting? One more. Do you know Oliver? I don't know his last name from ocean rain forest. He's the founder of ocean rain forests. I heard he's like the ivory tower of of the industry with a list in here. Everybody knows him. He's really well is very well connected. He does. He does a lot of different things. I worked with him all of a years his name I have no ocean rain forest. I'm happy to make an intro Oliver. Great. As I will talk to him here he seems to really know a lot about this industry and also the as Have you heard of the cutter production guys cut up or ocean these guys if you're really interested in you know the ocean space just send you the link and team I just have when I see the face and I usually you know I hear Ross Brooks he's a he's a really good guy to talk to he's very inspirational Russ Brooks and catapult

Alex is an entrepeneur and investor who co-founded Übermorgen, an early-stage venture capital investment company. Übermorgen backs entrepreneurs developing innovative solutions and business models to mitigate climate change. The team has backed various ventures including Carbo Culture, Delicious Data and Carbonfuture.

Übermorgen has over 30 years of combined experience in entrepreneurship, sustainability and investing. With their investments they seek double-impact in the form of significant financial returns and greenhouse gas reductions.

In this edited conversation with Peter Green, Alex spoke about his background in sustainability and business-building before providing his unique perspective on the climate industry as a whole.

centered image

Alexander Langguth

Could you explain how Übermorgen has got to where it is now?

We are a team of four founding partners, each with a different personal journey leading us into the climate space. I personally studied energy economics before starting my career in consulting at McKinsey where I worked for significant stretches in the energy space. This involved contributing towards the electrification of countries in Africa and also industry work in Europe.

I later left to create my own consulting firm which focussed only on climate-tech. Then, since I’m based in Zurich where there's a lot of investment activity, I found myself drawn to venture capital. I met my co-founders, Adrian and Mike through a common friend who's also active in the space. Adrian and Mike are tech entrepreneurs who had successful liquidity events in the past which led to them becoming succesful angel investors.

After reflecting somewhat on the climate issue they decided to focus their investing talent on the climate space. They decided to onboard Elena, a law-firm founder and startup lawyer. I joined the team a bit later and brought tech and industry expertise.

At that point we decided to build a venture firm that embraces climate change mitigation as a business opportunity. If we want to live in this world in a couple of decades then we need innovation and tech. So we've created the firm around that guiding principle.

centered image

(credit Übermorgen)

What have been some main challenges you’ve experienced as part of the founding team at Übermorgen?

For one, climate change is an immensely complex problem because everything we do in our economy is connected to greenhouse gas emissions. So, despite being a climate-tech fund, we are also a generalist fund because we invest in a lot of different areas. This includes funding sectors such as agriculture, food, energy, transportation, advanced manufacturing, carbon capture and more, completely different areas. As a result, if you really want to have meaningful impact in the space, you have to dig into the science, have the right network of people, and have the right expertise. It takes a lot of energy and persistence to keep digging in order to understand the right levers to pull to not only make a profit on the investments, but also to have a meaningful impact.

Secondly, impact in the investing world is a hot topic. Everybody wants to have impact, but nobody really knows how to define it. There's nothing in the venture capital space that really measures or gives a guideline on how to measure the impact of an investor. At Übermorgen we try to account for this. We have a methodology which we feel gives an indication, a rough estimate at the least. Even within the climate space, where you can put a number on the tonnes of carbon dioxide mitigated, the topic of how to measure impact is an important challenge in the space.

Another challenge comes in the form of the flow of money. A lot of money has been thrown into the industry right now. This year there was more investment in climate tech VC than in the last five years combined. However, most of that money goes into series A and later stages and there's not a lot of money going to the early stages. Übermorgen invests in the early stages but in Europe there are many entrepreneurs with great ideas who struggle for capital early on.

Cleanhub, one of the teams funded by Übermorgen (credit Übermorgen)

How hands-on are you guys with the companies you fund?

All of our team members founded at least one company and all of our investors are also entrepreneurs. As a result, we can understand the entrepreneurial challenges of our portfolio firms but we don't get too operational. We try to be hands-on from a strategic level, and get involved on request for topics such as fundraising, structuring deals, sales or HR. However, we try not to be operational because most founders know best about their business.

Are there any common challenges that the companies in your portfolio have to face?

It's tough to say given that we invest in so many different areas. However, there are typically two types of startups. Firstly, the one led by visionaries where it matters a lot to monitor challenges in the regulatory environment. Founders also need to consider whether they have the IP rights secured, and whether they understand the market dynamics correctly.

Then there's the execution type of startup where you're innovating more on the business model. In that case you have to get your unit economics under control and know exactly what the dynamics are between your revenue and costs. Knowing how to access different kinds of capital is an important point to consider too.

In general, planning ahead of time is critical. For example, liquidity planning is something that a lot of start-ups don't take too seriously but which can become a pain point later.

The Übermorgen founders (credit GreaterZurichArea.com)

What's next for Übermorgen?

This year we aim to invest in another four or five startups. Then, with that portfolio in hand, we will approach new investors in order to extend our portfolio and support our existing companies. Otherwise, we aim to continue to build a brand in this space across Europe. We've done a good job in the last two years as one of the first purely climate-tech funds on this continent. The beauty in Europe at the moment is the collaboration across VC in this space. Currently we work together on making deals and finding the right projects. So for us as a company, building and strengthening those relationships with existing funds and investors is also key.

What advice might you give to someone else starting on this journey of sustainability-focussed climate businesses and funds?

It's really important to find and follow your North Star and create a network around that North Star. Communicating your passion to your network is a key enabler so that opportunities come to you. As you put yourself out there and offer your support and help on topics you're really, really passionate about things will radiate back. So, if you want to be active in a certain field, and it's hard for you to make a transition into it at the moment, there's always ways to engage or to create a network. On the one hand through social media like Twitter, LinkedIn, and Instagram. On the other hand we're building partnerships and collaborating with some really interesting organisations in the sustainability space.

What books might you recommend to someone who's trying to build ventures in this space?

I really liked "How to Avoid a Climate Disaster" by Bill Gates. That's really interesting because he looks at the problem from a capitalistic point of view. We live in a capitalistic world, so it stands to reason that we have to find a capitalistic solution for the problems. Otherwise, one of the books I've gifted most is "How to Change Your Mind" by Michael Pollan relating to the new frontiers of psychedelic medicine.

In addition, for purely entertainment purposes I'm reading a fictional book called "The Three Body Problem" by Liu Cixin, a Chinese science-fiction author and that's an entertaining read.