



Mary Kathleen Flynn, April 4, 2008

## Chrysalix: Money to be made in early stage Cleantech Deals

"There's much talk lately about a lot of new money entering the cleantech space, but most of it is concentrated in later-stage pre-IPO deals in solar and wind," says Wal F.J. Van Lierop, co-founder of Chrysalix Energy Management Inc., a Vancouver, Canada, venture capital firm that focuses on cleantech startups.

"Early-stage financing in cleantech is under-financed, but if you play it well it can deliver very significant returns," Van Lierop (pictured) tells Tech Confidential. "When you play early-stage in this day and age, we benefit tremendously from the fact that so much money comes in at the later stages."

Chrysalix may not be as well known as, say, Khosla Ventures, but the firm, which has 18 companies in its portfolio, is one of the most active cleantech investors in the world, according to financial analyst New Energy Finance Ltd.

Van Lierop says his firm's approach is to discover technology in its infancy, build a company around it and act as something of a co-founder. After the company matures, Chrysalix helps attract big money from other VCs in follow-on rounds. Although he declines to discuss the details of his investments, seed rounds range from \$100,000 to \$1 million, and Chrysalix is typically the sole investor.

"With many investments, we'll see a 100% uptick from within a year of us investing," Van Lierop says. That was the case with PurFresh Inc. (previously called Novazone Inc.), which develops technology to disinfect and store water and food. Last month, PurFresh closed a \$25 million Series C round led by Chilton Investment Co. and including Perella Weinberg Partners, Foundation Capital and Grauer Capital. The company, which to date has raised a total of \$47 million, said in December that its post-money valuation stood at \$105 million.

Another example of the kind of company Chrysalix favors is Vancouver fuel cell maker Angstrom Power Inc., which was founded in 2001 and recently garnered headlines for its demonstration of hydrogen fuel cells for mobile devices at the Consumer Electronics Show in January.

"It's time for you to leave the university," Van Lierop recalls telling Angstrom founder and chief technology officer Gerard McLean, who at the time was a mechanical engineering professor at the University of Victoria.

Chrysalix provided undisclosed seed funding for Angstrom, then in 2002 co-led with Ventures West a \$2.85 million Series A round that included GrowthWorks Capital, OPG Ventures and Micro-Generation Technology Fund. In 2006, Angstrom closed an \$18 million Series B led by VantagePoint Venture Partners.

In December, Chrysalix also teamed up with Robeco, a division of Rabobank, to invest in Europe's cleantech and climate mitigation technologies. The partnership, called Sustainable Energy Technology Venture Partners, manages a €50 million fund in startup capital.

As for exits, Van Lierop says Chrysalix hasn't had any significant acquisitions yet, but portfolio company Day4 Energy Inc. [DFE], a Vancouver solar energy company formed in 2001, had an initial public offering on the Toronto Stock Exchange in December. For future investments, the venture investor has his eye on solar turbines, smart grid, water and technologies that make traditional energy sources cleaner. --