

Why aren't there more clean air startups?

At Growth Studio, we help startups focused on improving planet health, succeed, grow and attract investment. Indeed, it's fundamental to our own success that our startup community secure motivated investors.

Our most recent *Breathable Cities* programme for clean air startups is no exception.

And yet while some stats point to a rosy picture of investment, (UK tech firms raised \$29.9B in 2022, making us the third largest country for tech investment after the US and China according to DealRoom), on the ground - it's been tougher than ever.

Climate and environmentally led startups seeking early-stage investment have been struggling. We've seen founders secure fewer meetings, experienced many more rounds of pitches than usual, seen much longer and arduous due diligence and higher rates of rejections.

2022 has been a tough year (thank you Brexit, inflation rates, war, Covid, Big Tech layoffs...) . Investors have become more risk averse, some focusing on existing portfolio investments rather than new deals and de-risking what and who they invest into.

In fact, according to a survey from London Tech Week, almost half (47%) of climate tech leaders said they could not raise enough funding last year

But perhaps a change in this gloomy trend is underway. Recent research shows investment in climate related technology has overtaken fintech investment. In fact it has doubled. Could this be the beginning in a new surge of interest? PitchBook estimates the climate tech market will be near \$1.4T in five years, representing a compound annual growth rate of 8.8%.

So why aren't there more clean air startups?

The UK government attributes between 28,000 and 35,000 premature deaths each and every year from air pollution, with (conservative) estimates putting the number of deaths globally at over seven million. Long-term exposure can also lead to “reduced life expectancy [from] cardiovascular diseases, respiratory diseases, and lung cancer”. *As Chris Whitty, England's Chief Medical Officer says, air pollution is “everybody's problem and a problem at all times”.*

In truth, air pollution is a problem in every city, in every country, every day. Air pollution is global and growing. It's urgent. Why aren't we inundated with new solutions from the startup world?

To answer that, we have to consider the challenges that both investors and startups have faced.

1. The B2G issue. Many startups sell to governments, local councils and large organisations, all notorious for long, slow, laborious tender processes, iffy about new companies, and lacking on the innovation front. The long sales cycles and culture of the buyers puts investors off.
2. The intangibility of the problem. Yes, it's a global problem. Yes, it kills. Yes, it's an issue, but... Can you touch it? See it? We've heard that the lack of a problem you can see, feel, and taste makes it harder for investors to get on board.
3. The burst of the monitoring bubble. Many investors saw the rise and fall of air monitoring startups and solutions, few of whom have turned into the go-to solution that had been predicted.
4. Impact. Frankly, it's really hard to meaningfully assess the impact of an

early-stage solution in a manner that excites investors.

5. The carbon capture dilution. As one founder put it “everyone conflates carbon capture (sexy) with air pollution (less so). It means that investors think they may be investing in air quality when they aren’t.”

And as for startups? The environment has been tough.

1. Air Quality startups are capital-intensive endeavours at their early stage; they need software, hardware and smart expensive people engineers, data scientists, and environmental experts.
2. Measuring and solving air quality often means depending on city-wide infrastructure; other people’s buildings, streets, monitors, and data. This introduces complexity.
3. Many founders are engineers. They’re ‘product-people’ and not necessarily entrepreneurs or serial founders meaning they also have to learn how to run a business and fundraise.
4. Validation is tough. Data to help validate and model is available – but not always obvious to find. Similarly, experts are out there and want to help founders, but often not in the places a lot of founders have access to.
5. The ecosystem is vocal but fragmented. There are lots of passionate people wanting to help, but few – if any – places to centralise knowledge, learnings, skills, and hang out. It means access to people for help, introductions, expertise, and support is hard to find.
6. Air quality-specific investors are hard to find. Those who invest in hardware, tech, Smart-cities or sustainability are often open to hearing pitches, but only a handful would certify themselves as ‘air quality investors’.

This is why we launched *Breathable Cities in partnership with Impact on Urban Health*. We have taken all of the challenges that have prevented the most innovative, exciting, scalable startups from seeing their deserved light of day, and designed a specialist investor-readiness programme dedicated to startups tackling air pollution in cities. We want to build on the brilliant work that is already happening in the UK, and supercharge it.

And given the changing planetary and investor climate, we think it’s the right time to support the startups tackling air pollution. Find out more [here](#).

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