

# Meet Climate X, defensible and consumable climate risk data analytics

As part of our quick founder questions series – or QFQs – we spoke to Lukky Ahmed, CEO and cofounder of Climate X about quantifying risk, empowering global economic stability and creating the most defensible and consumable climate financial risk data in the world.

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I worked in risk management, regulatory change and leading stress tests for various leading banks, for over a decade, before co-founding Climate X. During my time as a consultant I spent a lot of time in New York, where I met a group of entrepreneurs for the first time. They were building their own businesses, and had never taken a paycheck from an employer. They loved what they did and their passion was contagious. That flipped a switch in my mind and I thought: ‘This is what I want for myself’.

Shortly after New York, I decided to start my own consulting company with my now co-founder Kamil Kluza. That’s when the idea for Climate X surfaced. If you’re looking at the price of a property and if I say to you that in ten years’ time, I’ve got a high degree of confidence that wildfire will roll through this area and that will keep happening each year, and each year it’s going to get worse – would you pay the same amount of money for that property today?

In most cases, the answer would be no, and the owner would need to adjust the price. When you scale that logic across every single property or asset, or apply that same logic to a business's ability to operate and generate revenue, you realise that the whole system is missing crucial quantification of an increasingly prominent risk factor.

After we had this realisation, we initially thought we could build implementation services around data that helped to answer those questions. When we started to review the limited data that was available on the market, we saw it really wasn't good enough. I couldn't understand the data, trust it, or use it. That's when we started building our own solution.

We founded Climate X in late 2019, with a vision to empower global economic stability against the impacts of a changing climate and increasingly severe and frequent weather events.

## Tell me about the business – what it is, what it aims to achieve, who you work with, how you reach customers and so on?

Climate X is a global climate risk analytics provider helping financial institutions and real estate become more resilient to the impacts of climate change. We've created a digital "twin" of the Earth, called Spectra, that projects the probability of extreme weather events, and how they can affect properties, infrastructure and assets.

Spectra is specifically targeted at the financial services and real estate sectors. Within that, we cover a number of asset classes – we have a strong focus on banking, which spreads into residential retail mortgages, commercial real estate, corporate lending, equity, bonds and operational risks.

When building Spectra, we've always been very mindful not to rush things. We wanted to wait to get the product to the right level of quality before we released it into the market. That approach is paying off now. We're closing deals with large companies, the decisions that we've taken to remain focussed have meant we are delivering faster than anyone on the market and to a higher degree of quality.

Today, Global banks and asset managers trust Climate X as we have the most defensible and consumable climate financial risk data in the world.

# How has the business evolved since its launch?

When we launched in 2020, we'd already been assessing building stock for our banking customers and so the real estate market came to us organically. They saw the quality of what we had – we've built our product to the gold standard of banking – and it made sense for us to start marketing our product to them.

The insurance market is a natural next target for us. They need to understand the value and risk profiles of the assets they insure, and so they're starting to approach us. Corporates, construction and infrastructure companies are closely following.

However, as a business, we have a lot more to do for our existing customers in banking and real estate, so we'll continue to remain focussed on them in the near term, and assess opportunities to help other industries as the company continues to scale. We want to avoid trying to 'boil the ocean' and failing to deliver exceptional products and solutions for any of our customers as a result.

This mentality means that we're continually fine-tuning what we do to make it better for our existing customers, and geographically we're expanding to where they need us to be – where their exposures are. Climate X now assesses climate risk across the UK, Europe, North America and Asia Pacific. The US market is now moving quickly on climate change – we're taking the opportunity to benefit from the learnings we've had in the UK and export that to the US. The APAC region will be soon to follow. There is a lot of demand for climate risk analytics coming from Japan, Hong Kong, Singapore and Australia."

## Tell us about the working culture at Climate X

Our whole team is incredibly focused and disciplined. We know that there is a commercial need that needs to be met and so we do whatever it takes to execute that. We've got an incredibly talented team that knows how to execute at speed. When everyone is moving at the same high speed, as a business you can move faster and faster.

Our team finds that being in the same room is the best way to achieve the pace of delivery we need, so we opt for an office-first approach, ensuring everyone is equipped with the tools they need to succeed.

These are some of the most intelligent and hard-working people I've had the opportunity to work with in my career, and we're all unified behind a mission

that's bigger than any of us. It's incredibly inspiring to be part of.

## How are you funded?

Climate X launched in late 2020, and has raised investment from a combination of venture capital, family offices, CVCs and angel investors including the likes of Pale Blue Dot, Blue Wire Capital, CommerzVentures, A/O PropTech, Deloitte, PropTech 1, David Rowan, Charlie Delingpole and more.

## What has been your biggest challenge so far and how have you overcome this?

When Kamil and I embarked on the journey of founding Climate X, one of our most significant challenges was navigating the fundraising landscape. At the outset, we found ourselves in uncharted territory, both of us lacking experience in this crucial aspect of building a business.

To tackle this, I delved into educational resources. From podcasts to following venture capitalists on social media, I began absorbing insights that underscored the inherent challenges of fundraising and the importance of minimising its potential distraction.

Undeterred by our lack of a tangible product, customer base, or any substantial assets, we crafted a spending plan and approached investors. Unsurprisingly, the initial response was a tough sell. However, a breakthrough came when a couple of micro venture capitalists in the U.S. took a chance on us, albeit with small investments. Their support not only provided some financial backing but also prompted us to reassess and refine our storytelling approach.

Despite approaching investors with a skeletal foundation – lacking a product or customer base – we persevered. Early support from micro VCs in the U.S., though modest in scale, not only injected some funds but also prompted a strategic recalibration of our narrative.

Enter Pale Blue Dot – a pivotal moment in our fundraising journey. Despite receiving multiple 'no' responses, the team at Pale Blue Dot consistently offered valuable feedback, and I saw each rejection as an opportunity to address concerns and improve our pitch. Heidi Lindvall, Co-Founder and General Partner at Pale Blue Dot, took the time to listen and engage with our evolving narrative. With each subsequent interaction, her growing confidence in our vision was evident.

To convince Pale Blue Dot and other potential investors, we presented

compelling evidence for the developing market and anticipated surge in demand. It was undoubtedly a challenging process, but securing their commitment not only brought a key investor on board but also instilled confidence in their extensive network.

In a matter of weeks, we found ourselves in the enviable position of being oversubscribed, a testament to overcoming the initial hurdles and building a compelling case that resonated with investors.

## How does Climate X answer an unmet need?

This is a new market where we're trying to price future events where there's a range of uncertainty about the potential future, and how that future can be priced into financial risks today.

We help translate climate change scenarios into balance sheets and P&L impacts that our customers can understand. We don't just solve problems around climate risk modelling, but across the workflow too - helping to remove operational pain points.

This helps customers save money, and generate more sustainable revenue through better quality deals; and they can do this faster than they've ever done before. Given the complexity and nascence of climate risk as a thematic - but important - topic, customers also want to trust the data they use.

We make sure our customers have confidence in our data and the methodology that led to the results they consume by operating on a 'glass box' methodology, rather than the black boxes they're used to.

## What's in store for the future?

The path for climate resilience will be long and not linear. Climate adaptation has long been avoided because it's historically been seen as sending the wrong message, and having the potential to undermine net zero efforts.

Over the last few COPs there's been a huge focus on decarbonisation. Now as extreme weather events are starting to appear in people's backyards, more attention is now turning to the catastrophes that are already here and how to finance the adaptations that can address them. It's becoming an increasing focus.

Climate physical risk is now surfacing as a top business priority so we're fully

committed to solving these challenges in the best way we can for our customers. They are multinational and they have different exposures in different parts of the world, therefore they need a consistent global view of climate risks.

We have some incredible innovations that will help drive more value for our customers coming up on our roadmap, and we're excited to share those with our customers in the near future!

## What one piece of advice would you give other founders or future founders?

There's three key pieces of advice that I'd give fellow founders.

Firstly, build a team that can execute with velocity. Speed is so important when working in a startup, and once you have a resilient team that can work at the pace required, empower them and support their growth. You can't lose good talent.

The second – make sure your business has a clear focus. Doing everything will mean you won't do anything well, and everyone will suffer as a result.

Finally, you have to be obsessed with building customer value. In business, nothing else matters. If customers love what you build, and they're willing to buy it now – you'll win.

## And finally, a more personal question! What's your daily routine and the rules you're living by at the moment?

Everyone works differently and has different reasons for why they do what they do. For me, my day kicks off around 6am, as the world starts to stir. While I'm still at home, I tackle quick emails and Slack messages, leveraging the quiet moments before the day gets buzzing with distractions.

By 8:30am I'm in the office, ready to dive into a series of back-to-back meetings. Prioritising sessions with both customers and my team is a must – being there for them when they need me is non-negotiable.

Lunch (if time permits) serves as a brief respite before I start to prepare for upcoming meetings in the afternoon. By around 7:30-8pm I'm headed home, but the day's not done. I take calls with clients and investors based in the US,

ensuring I'm aligned and prepared for the next day's challenges.

Once I'm home, it's a mix of prepping for the following day's meetings, enjoying dinner, and indulging in a bit of piano playing. It's my personal touch to the day, but I'm not sure what my neighbours think about my playing!

Later in the evening, I catch up on social matters and then hit the hay, gearing up for another day on the grind. Weekends aren't a complete escape – they often involve lighter work or focusing on long-term projects. I also dedicate some time to support fellow founders with strategic advice and feedback.

Throughout the day, I try to adhere to a few guiding principles. I try to identify as many unknown unknowns as possible by surrounding myself with the most exceptional individuals globally. Building a network of experts helps bridge knowledge gaps and propels us forward.

I also keep a transformational mindset over incrementalism. As we strive to create a multi-billion-dollar business with the potential for positive global economic impacts, I constantly challenge myself to envision the next act in the Climate X story. What comes after the initial success, and how can we amplify our positive influence?

I constantly remind myself to stay grounded by never losing sight of my roots. It's crucial to acknowledge and appreciate the opportunities others have provided me. I make it a point to pay it forward, ensuring that the support and opportunities I receive aren't just personal blessings but contribute to a cycle of empowerment for others.

Lukky Ahmed is the CEO and cofounder of *Climate X*.