



A New Capital Model for Planetary Challenges

Climate Tech ventures require patient, aligned capital partners willing to navigate longer commercialization timelines and stringent customer adoption criteria. This is fundamentally incompatible with traditional venture capital fund structures.

By Mike Casey, Bill Steen, and Ashley Elliot



The Problem with Climate Tech

At Portico, we've seen firsthand that fundamental limitations to the traditional venture capital (VC) model are throttling the ability of breakthrough climate technologies to attain scale. We come at this problem having worn hats as permanent-capital investors, as company advisors, and as entrepreneurs.

In our view, the Silicon Valley playbook for scaling startups is ill-suited to the technology and commercialization challenges besetting companies in Climate Tech.¹ This is more than a function of the technology and financing risks that affect all hardware startups—these companies face radically different dynamics: a Climate Tech solution isn't adopted when it works; it's adopted when it works, integrates seamlessly, meets regulatory standards, and delivers financial returns that dwarf the costs and risks of implementation. Achieving this requires a more sophisticated approach to capital deployment.

Technology solutions targeting key challenges across energy, agriculture, and nature markets require support from investors who are prepared to accept not only higher capital intensity and longer timelines to revenue, but also greater risks of technology readiness, and validation by customers in regulated markets that are slow to adopt new solutions. The upside to tackling these hurdles is sticky revenues from blue-chip customers and strong, defensible competitive moats.

An evolution of the traditional VC model is required. Its structure incentivizes fund managers to measure performance using metrics such as annual recurring revenue (ARR) and rigid 10-year time horizons—both are misaligned with the journey Climate Tech startups must take to succeed. Moreover, in our experience, VCs frequently inflate valuations too high, too soon to demonstrate markups to their limited partners and support future fundraising campaigns. In effect, the asset-gathering tail wags the company-formation dog.

From a systems perspective, the outcomes are not benefiting most participants:

- Startups aren't getting the patient capital and support they need to reach product-market fit and scale
- Customers aren't getting the solutions they need or want for their most acute pain points
- Asset owners aren't seeing adequate returns, threatening to choke off capital to the sector
- Planetary impacts aren't being addressed at the pace we and future generations need

These problems are solvable, but only by rethinking how capital flows into climate innovation. We examine each point of failure below, then outline a path forward: high conviction, concentrated direct investments by asset owners over 15-20-year

¹ See, for example, Michael Casey, "[A difficult pivot looms for venture capital](#)," *Financial Times*, 29 March 2023.

horizons, alongside strategic partners who understand industrial markets and customer needs.

Climate Tech is different

What we mean by Climate Tech

We are specifically referring to technologies that directly address the main sources of global emissions (Energy, Industry, Agriculture, Transport, and Buildings) and their impact on populations and the natural environment. The climate crisis is a physical problem and typically the solutions required involve changes to physical infrastructure; therefore, most Climate Tech startups involve at least some aspect of hardware development.

We think of Climate Tech across three domains:

Clean energy

technologies focused on renewable generation, grid flexibility, energy storage, electric mobility, and materials innovations

Food systems

innovations targeting agricultural inputs, regenerative farming, supply chains, and sustainable proteins

Planetary health

solutions addressing challenges in oceans, carbon, biodiversity, and risk transfer

Regardless of the specific nature of the product, all Climate Tech startups face fundamentally different challenges than traditional software companies:

- **Capital intensity and long development cycles:** Technology development requires significant upfront investment in physical infrastructure, supply chain management, and manufacturing capabilities. Products can take years to develop and prove out, not weeks or months.
- **Complex, slow-moving sales cycles:** Customer concentration is high—success often depends on a handful of industrial customers making board-level commitments for large contracts. Even when customers recognize critical pain points, they are typically risk-averse and hesitant to adopt new technologies until they have been proven extensively in the field. ‘Innovation’ departments may champion pilots quickly, but full organizational adoption and integration into operations can take years.
- **Regulatory and market barriers:** Highly regulated markets create substantial barriers to entry with lengthy approval processes. Nascent and undeveloped markets may take years to materialize, regardless of technology readiness.

The reason most Climate Tech companies die is they run out of money and can't raise any more. Their investors lose interest.

— Investor, Major Utility

The customer reality

In order to respond to the global push to curb emissions and mitigate increased volatility from a changing planet, companies are actively seeking solutions that deliver operational flexibility and cost reductions, and relief from critical pain points.

The demand is real. But demand alone doesn't translate to adoption.

The adoption hurdle is structural, not technical

Customers in asset-heavy, regulated markets are risk-averse by design, not choice. Their operational frameworks, compliance requirements, and capital allocation processes create barriers to new technology adoption that product functionality and reliability alone cannot overcome.

For Climate Tech solutions to cross the adoption threshold, they must clear a punishing cost-benefit calculation. Consider a typical scenario: a \$5-10m upfront capital investment, 18-24 months of integration work, operational disruption during deployment, and regulatory validation timelines that can extend another 12-18 months. For customers to justify this commitment, solutions must demonstrate a clear payback period of 3-5 years—or for utilities, a path to recover costs through rate cases. This stands in stark contrast to the 6-8-month payback that might warrant a typical software implementation.

This isn't about customers being unreasonable. It's about institutional reality. Risk, compliance, and safety protocols are paramount. The time, effort, and cost of achieving full regulatory compliance—including site-specific certifications, safety validations, and ongoing monitoring requirements—routinely exceed initial technology costs.

I used to think banks were conservative, but the energy business is even more so. The cycles are very long, irrespective of what your story is.

— Corporate VC Investor

The problem must be acute

Incremental improvements to existing systems are not enough. Customers with a hard ceiling on CapEx may struggle to justify replacing existing equipment or systems with equipment faster than the natural rate of end-of-life replacement (which could be decades), even when new technologies offer far better functionality. Climate Tech solutions must address pain points severe enough to warrant operational transformation. Without this level of urgency, new products risk remaining in ‘pilot purgatory’ indefinitely.

We’re wrestling with the fact that the product isn’t a cheap system, and we can’t point to what problem it’s solving, rather than just what opportunities it unlocks.

— Tier 1 Renewable Energy Developer

Organizational complexity creates a systemic mismatch

Climate Tech companies face a structural problem: ‘innovation’ or ‘sustainability’ departments within customers champion solutions, but procurement, operations, and finance teams control budgets and integration resources. This dichotomy between ‘champions’ and ‘buyers’ creates a thorny dynamic:

- Innovation teams frequently lack authority to commit capital or operational resources
- Operations teams oftentimes aren’t consulted during solution development and can resist changes to existing workflows
- Finance teams evaluate ROI against established benchmarks

Ventures are often dealing with customer procurement teams who default to incumbent vendors with established relationships and proven track records to minimize risk. Different departments are often siloed; it is up to the startup to identify and engage the right contacts, and this may differ within each client organization. Without this broader stakeholder buy-in from day one, Climate Tech ventures risk landing pilot projects through innovation budget lines that will never turn into follow-on contracts. While these pilots may validate the technology as a proof-of-concept, they reveal little about commercial viability.

Founders must become organizational cartographers

As a result, technical founders must map their customer’s culture and internal operational landscape in forensic detail to ensure that the products they are developing will create minimal friction for customers to integrate.

Who holds the *actual* budget? Willingness to pay may vary widely based on the specific application or department using the product. All too often, we see startups touting enormous top-down total addressable market figures. But these are meaningless without bottom-up granularity on the *specific* budget holder who can authorize a \$5m purchase and *their* willingness to pay.

Technical elegance vs. commercial reality

Startups, particularly those emerging from research or grant-funded backgrounds, often develop technically elegant solutions with multiple potential applications. To be clear, deep technical expertise is essential to overcome the hurdles we're faced with today. However, we've noticed a recurring theme of climate tech startups developing technically impressive products while missing the most fundamental question: **is it solving the right problem?**

The complexity of commercial adoption of these technologies is frequently ignored by the traditional VC funding model.

The Climate Tech sector requires patient, flexible capital which the existing deep tech investment community doesn't really understand.

— Leading Research & Innovation Center Director

The VC model mismatch

The Fund Model Problem

VC fund managers operate relatively rigid 10-year structures, with pressures to demonstrate progress and generate returns within these time bounds—creating imperatives that can override company-specific development needs.

This compressed timeline works for SaaS businesses that can achieve product-market fit within 18-24 months and scale with minimal marginal costs. It fails catastrophically, however, for climate hardware companies that require 3-5+ years for technology validation, face 18–36-month procurement cycles, and need patient, flexible capital through commercialization.

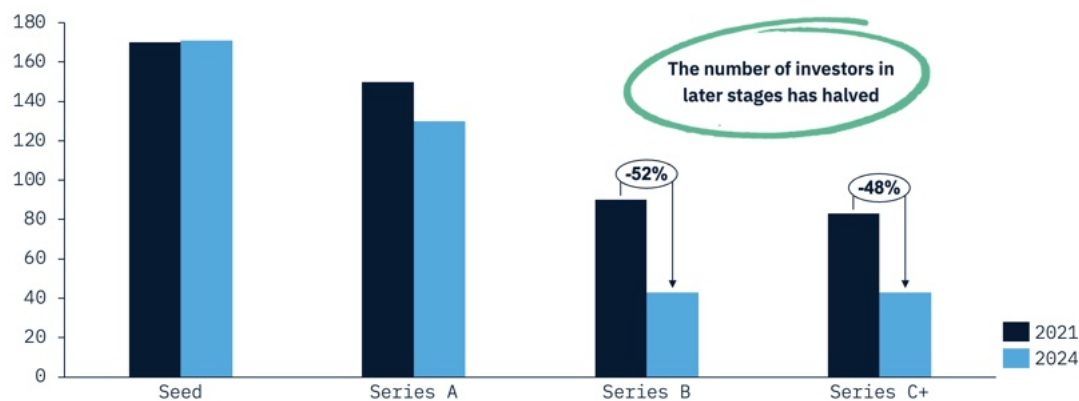
The structural mismatch creates a brutal financing cliff. To illustrate, Climate Tech seed activity has remained vibrant—down just 14% year-over-year in 2024—while company formation continues to outpace that of the all-sector benchmark.²

² SVB, *The Future of Climate Tech*, April 2025.

But the number of investors participating in later rounds has collapsed. Series B rounds saw the number of active investors decline roughly 50% between 2021 and 2024, with a similar contraction in Series C+ (see **Exhibit 1**). The pipeline stays full at the entry, but the exit narrows dramatically, creating systematic attrition precisely when maturing companies need patient follow-on capital the most.

Exhibit 1: The capital cliff for Climate Tech companies

Number of VC firms that made at least two Climate Tech investments in a given series during the year



Source: SVB Future of Climate Tech 2025.

Metrics Mismatch

Fund managers, trapped in this structural squeeze, frequently default to metrics from their successful software investments. ARR becomes a dominant valuation driver despite fundamental market structure differences that make the metric meaningless.

To illustrate this, many asset managers view grid technology as an extension of the SaaS playbook. This is profoundly wrong. SaaS companies often serve thousands of B2B or B2C customers in unregulated markets, with recurring subscription revenues.

In contrast, grid technology companies serve regulated utilities and large industrials—a concentrated, monopsonistic buyer base. A ‘customer’ is a utility making a multi-year capital allocation decision that requires rate case approval, technical validation, and system integration.

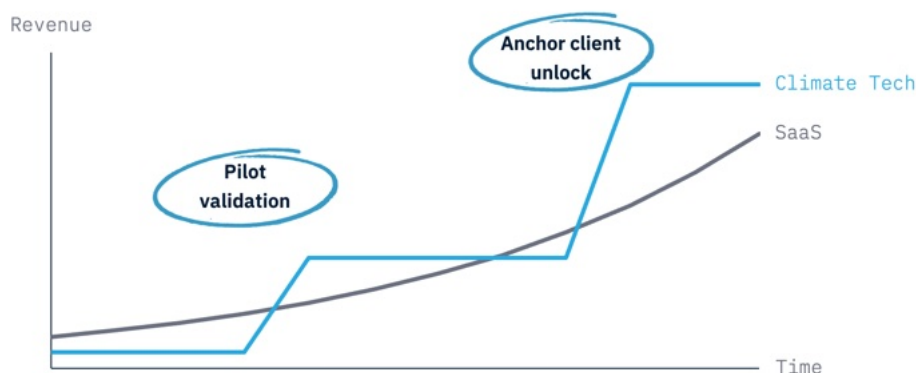
Yet, investors apply identical ARR multiples and growth expectations, pressuring companies to deliver 200%+ growth rates despite 24-month sales cycles and fixed utility capital budgets.

These mismatched metrics ignore how Climate Tech value creation happens through discontinuous growth (see **Exhibit 2**). Landing anchor clients that unlock market segments requires years of relationship building and demonstration effects.

The metrics look better. The underlying business becomes weaker.

Exhibit 2: A stylistic view of the ‘Metrics Mismatch’

Applying ARR metrics to discontinuous growth profiles obscures true value creation



Source: Portico Advisers Ltd.

My investors keep asking about our path to recurring revenues, but they don't understand that our revenues aren't a hockey stick. It's flat then huge steps up.

— Startup Founder

The startup squeeze

Caught between these misaligned forces—customers demanding patience and investors demanding growth—Climate Tech startups face an impossible predicament.

While capital-intensive R&D burns through runway, founders are forced to chase quarterly VC-driven KPIs. They prioritize quick, small contracts to demonstrate growth, sacrificing the deep, long-term relationship-building required for the large-scale framework agreements that *actually* build their business.

Without extensive customer feedback, product-market fit is never fully achieved. The core hurdles of adoption are never addressed, and early, small-deal revenue becomes impossible to scale. This creates a desperate choice: pivot to a new market to justify a new funding round, or risk going under.

An example of this is 'The Defense Pivot'.

We see a growing trend of industrial climate startups rebranding as 'dual-use' technologies, chasing the allure of large military contracts and the tantalizing prospect of an acquisition by a large defense contractor. While geopolitics provides

the *excuse*, the *cause* stems from a structural failure: a lack of patient capital partners willing to navigate the long, hard path to industrial adoption.

We view this not as a strategic expansion into an adjacent market, but rather as a dangerous case of ‘dual-use delusion’.

What founders miss is that optimizing a climate technology for defense applications introduces distinct ‘mil-spec’ requirements—hardening, domestic sourcing mandates, and ITAR/export controls—that fundamentally compromise the product’s competitiveness for civilian commercial use.

Worse, this can trigger an irreversible mission creep. We have encountered multiple founders who begin with strict ‘non-kinetic’ mandates, only to find defense buyers aggressively steering their roadmaps toward payload integration and weaponization. This pressure forces a specialized architecture that cannot easily pivot back to commercial applications.

The result is no one wins: technical solutions built for commercial challenges often fail to meet defense requirements, and society misses out on critical climate technologies.

The capital destruction

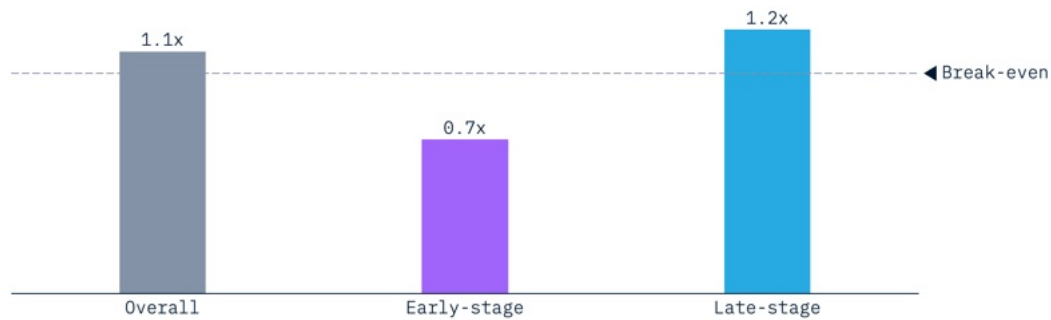
A financing structure that fails startups and customers ultimately fails the asset owners that deploy their capital through it.

The performance data are illustrative. Cambridge Associates’ tracking of private markets Clean Tech investments since 2000 shows distributed capital multiples—the actual cash returned to investors—of just 1.1x overall (see **Exhibit 3**). Early-stage deals have returned only 70 cents on the dollar. Late-stage deals have performed marginally better in aggregate, delivering 1.2x. Nevertheless, these returns don’t offer an illiquidity premium that justifies venture-style risk, nor are they likely to motivate asset owner allocations to the sector.

The collapse in later-stage investors discussed earlier (see **Exhibit 1**) contributes to these poor returns. Early-stage funds deploy capital with the expectation that portfolio companies will access follow-on rounds to fund commercialization and eventually generate exits. But with Series B and C+ investors declining by half since 2021, promising early-stage companies hit financing cliffs before reaching commercial viability.

Exhibit 3: Climate deals have not delivered an illiquidity premium

Distributed to paid-in capital multiple of Clean Tech companies receiving initial investments between 2000-2003



¹ Includes seed, start-up, and early-stage investments.

² Includes expansion, growth, and private equity investments.

Source: Cambridge Associates LLC, Clean Tech Company Performance Statistics, as of 31 March 2025, Portico Advisers Ltd.

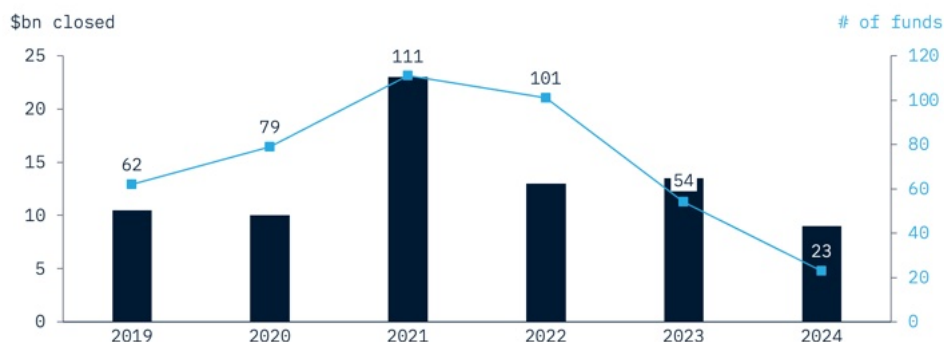
The recent vintage performance suggests an accelerating problem. The 2015-2019 cohort is showing a respectable 17.4% pooled gross IRR on \$20.8bn deployed. However, the 2020-2023 cohort is showing severe underperformance, with a 5.7% gross IRR and distributions of 0.2x, just as the portfolio companies are approaching the commercialization stage where they need follow-on capital that is vanishing in supply.

What's driving this collapse in returns? While one must be wary of drawing definitive conclusions from recent vintages, the fund formation data reveal a flood of new capital and entrants (see **Exhibit 4**). Climate-focused venture funds surged from 62 closings in 2018 to a peak of 111 in 2021—a 79% increase accompanied by an influx of new entrants, including generalist VCs launching climate practices and first-time funds riding sector hype. The \$23bn these 111 funds raised represented not just more capital, but more capital from investors who were new to Climate Tech's fundamentally different dynamics.

Exhibit 4: The rise and fall of Climate Tech funds

US VC fundraising for funds with a focus on Climate Tech

■ Capital closed — Funds closed



Source: SVB Future of Climate Tech 2025, Portico Advisers Ltd.

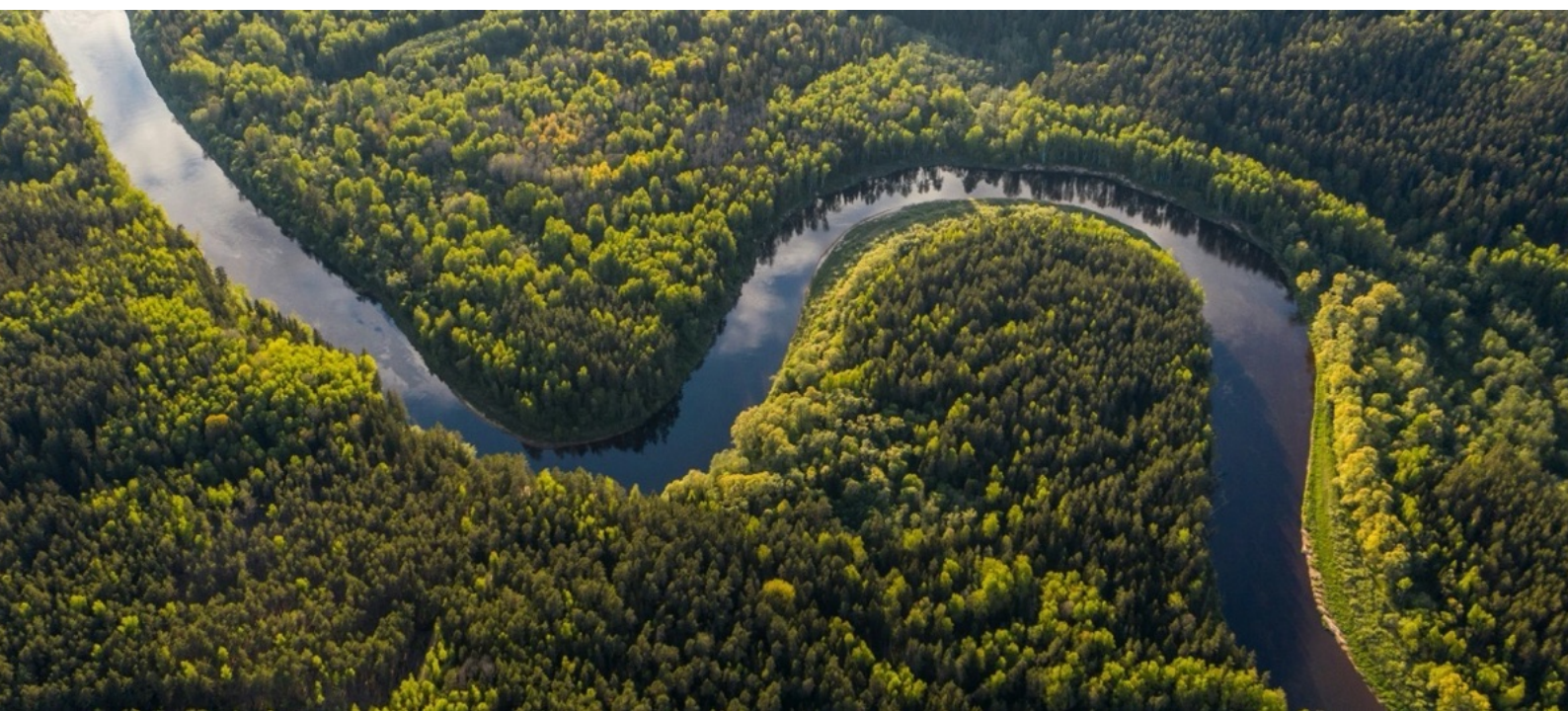
This pattern mirrors one of Portico’s Managing Partners’ experiences with emerging markets private equity. Capital—frequently inexperienced—flooded into ‘hot’ markets, chased scarce deals, and bid up valuations beyond fundamental value.³ The inevitable outcome? Poor returns, stranded assets, zombie funds, and an investor boycott of the strategy.⁴

Climate Tech companies that raised at unsustainable valuations between 2020-2022 face the prospect of down rounds or shutdowns as they approach commercialization without the metrics to justify their entry valuations. The fund managers who backed them at peak prices—oftentimes architecting higher valuations through structure and liquidity preference—are stuck with portfolio marks disconnected from commercial reality, and likely will scramble to generate distributions.

When distributions are scarce, asset owners redirect capital elsewhere. Fund closings collapsed from 111 in 2021 to just 23 in 2024—a 15-year low. And in that year, five funds accounted for 95% of the \$9bn of capital raised.⁵ These are not signs of a healthy venture ecosystem.

The capital base is contracting precisely when surviving companies most need patient follow-on funding.

Breakthrough technologies that could address climate challenges at scale risk the valley of death, and the planetary clock continues ticking.



³ See, for example, Michael Casey, “[Does the Emerging Markets Private Equity Asset Class Scale?](#)” December 2017.

⁴ Michael Casey, “[Is Emerging Markets Private Equity Dying?](#)” November 2016.

⁵ SVB, *Future of Climate Tech 2025*.

The Road Ahead

The problems are structural, not incidental. Marginal improvements—slightly longer fund durations, modestly larger check sizes, better founder education—won't bridge the chasm between venture timelines and commercialization realities.

What's required is admitting that breakthrough Climate Tech and traditional VC are fundamentally incompatible, then building something different.

The good news is that the capital exists, the technical capabilities exist, and the customer demand exists. What's missing is the financing infrastructure that connects them on realistic timelines with aligned incentives. The challenge isn't discovering what needs to change, it's how stakeholders can coordinate to build it.

Principle 1: Focus on acute customer needs

Product-market fit is everything. The best investors act as a bridge to the customer, building and maintaining deep networks in end markets. They ensure technical founders are solving acute, customer-driven problems from day one and provide hands-on support to secure transformational sales.

Principle 2: Redefine the metrics for success

The VC playbook frequently measures progress through software-derived metrics: ARR growth, time to Series B, and weighted probability pipeline. In Climate Tech, prioritizing these metrics drives the wrong outcomes.

We propose a dual-track metric system that speaks the language of infrastructure adoption:

Pipeline quality matters

The meaningful milestone isn't signing pilot customer number 20; it's achieving full operational integration with customers 1-3. We prioritize 'contracted backlog'—signed, legally binding commitments tied to future deployment milestones—over 'probability-weighted pipeline'.

Why it matters: The VC playbook would apply generous multiples to \$2m of ARR while discounting a \$50m backlog as 'lumpy project revenue'. This is a fundamental error. In industrial markets, that backlog represents contractual certainty—a multi-year operational lock-in that early-stage ARR with high churn risk simply cannot match.

What to look for:

- Purchase orders funded from operational budgets, not innovation grants
- Multi-year deployments generating operational savings for customers that justify adoption costs
- Repeat contracts across different sites/geographies, validating demand across the organization
- Customer-customer/word-of-mouth sales

Unit economics at scale over revenue velocity

VCs often scrutinize early gross margins against software benchmarks. We prioritize unit economics at scale. Progress means systematically retiring technology and manufacturing risks through regulatory approvals, safety certifications, supply chain partnerships for scaled production, and field validation under real-world operating conditions.

The metric: Can the company demonstrate—through engineering and procurement validation—that the 100th unit will be profitable, even if the first unit costs 10x to build?

The goal: We do not expect software-like margins. Instead, we look for a clear ‘path to parity’ with industrial standards, proving that once supply chains are locked in, the product yields healthy, sustainable cash flows that justify the upfront capital expenditure.

Cash generation over growth-at-all-costs

The goal isn’t reaching \$50m ARR in 5 years; it’s reaching profitability, or—failing that—self-sustaining cash flow.

The strategy: we value long-term service contracts that generate predictable revenues and strategic partnerships that can fund development without equity dilution through joint ventures, co-development agreements, or strategic offtake commitments.

Principle 3: Ensure alignment among owners

The traditional VC syndicate is a primary source of failure for Climate Tech companies. A typical Series B or C board with 5-7 investors, each owning 5-15% of the company, creates governance chaos. Different fund vintages, return requirements, and career incentives lead to misaligned strategies and force founders into the ‘startup squeeze’.

The solution is not to fix this model, but to replace it.

Climate Tech requires **concentrated ownership by aligned capital partners**. This means sidestepping VC syndicates in favor of a cap table dominated by asset owners, corporates, and permanent capital vehicles that can invest flexibly across the capital stack.

The ideal structure looks fundamentally different:

- **Concentrated ownership:** Instead of a crowded board, the company is anchored by 2-3 capital partners. This helps to ensure that the company’s outcome is a material priority for its backers
- **Strategic partners as core investors:** Corporates and/or asset owners are not token participants; they are core partners. They provide direct commercial interest, customer access, technical validation, and market

credibility

- **Long-term alignment:** These partners think in 15-20-year timeframes that match infrastructure and asset lifecycles, not 10-year fund cycles

For founders, the greatest risk is not a lack of investor diversification—it's syndicate misalignment that prevents the company from pursuing the best long-term strategy.

The governance guardrail: avoiding the vendor trap

We acknowledge the obvious risk: doesn't a significant stake by an industrial player or utility scare away their competitors? Doesn't it shrink the market for the technology?

In the traditional model, this is a legitimate fear. However, in the aligned capital model, this is solved through structural governance agreements rather than cap table dilution. Three principals can help ensure the startup remains a neutral, market-wide platform:

1. **Commercial firewalling:** Decouple the strategic partner's role as a buyer from their role as an owner. This ensures that early volume commitments do not translate into monopolistic control over pricing or supply.
2. **Sanitized information rights:** While strategic partners require deep insight, they do not need competitive intelligence. Consider protocols that blind strategic investors to sensitive pipeline data regarding their direct competitors.
3. **Commercial independence:** Most importantly, the startup must retain the freedom to operate. Strategic partners must be able to protect their equity value, but not to block commercial contracts with their competitors.

These principals signal to the market that the strategic owner is underwriting technology risk, not ringfencing intellectual property.

Principle 4: Make concentrated, strategic investments

An aligned capital structure *enables* a more powerful and effective investment strategy.

The traditional VC model works in unregulated, consumer-facing industries because it allows for 'scattered bets' with unknown, asymmetric outcomes.

This logic is inverted in regulated, industrial markets. Because the adoption hurdles are so clear and the customer base so concentrated, you can often know *ex-ante* if a solution's path is commercially viable.

This calls for a strategy of high-conviction, **concentrated investments**, made by the aligned, strategic partners identified in Principle 3. This model is already proven by some of the sector's biggest successes:

- **Kraken Technologies**, which automates supply chain and customer service and manages distributed energy resources for utilities, became a software unicorn by focusing on just a handful of utility customers. It was able to scale by leveraging the strong balance sheet of its parent, Octopus Energy, to access the low-cost debt needed for growth—a perfect example of strategic alignment
- **Cognite**, which contextualizes complex industrial operations data, demonstrated a different path to a software unicorn, born *from* an industrial giant (Aker BP) to solve its own data problems first; this provided built-in customer input and validation, credibility, and deep domain expertise that a standalone startup would spend a decade trying to acquire



Opportunities

Founders & Entrepreneurs

Your role extends beyond technology. You must also be a capital strategist from day one.

Recognize that not all capital is equal. Prioritize partners with a deep understanding of your market.

Traditional VC funding is not ‘bad’, but it is a specific tool with a specific purpose. It comes with a rigid 10-year clock and SaaS-based metrics that are often misaligned with your 3–5-year customer payback periods and long validation timelines. Taking this money first can start a countdown that forces you into the ‘startup squeeze’ and makes it harder to land the patient, strategic partners you truly need.

We get it: turning down capital when you’re facing a financing cliff is an impossible luxury. The practical advice is this: aggressively prioritize the hunt for patient, strategic partners and start engagement as early as possible.

Use your initial funding—wherever it comes from—to achieve the technical and regulatory milestones that attract these strategic partners, not just to chase the venture KPIs that get you the next (equally misaligned) round.

Corporates & Industrials

You are the single most important key to unlocking adoption.

However, by running endless pilots you can also be the primary barrier.

The best-in-class corporates will cease being passive customers and become active partners. For technologies addressing truly critical pain points, be the foundational ‘first customer’, lend your balance sheet, de-risk the technology for the entire market, and, in doing so, create generational value for your own shareholders.

Sovereign Wealth Funds

You are uniquely positioned to lead this new model. Unlike traditional asset managers, you possess a trinity of ideal attributes:

- **Generational timelines:** You are the definition of patient capital, with 15-20+ year horizons that map to infrastructure lifecycles
- **Strategic mandates:** You often have a dual mandate for financial and strategic/national returns
- **Industrial links:** You are directly connected to your nation’s industrial champions and asset owners

You are the aligned, concentrated capital this sector needs, capable of executing the patient, strategic investments that will transform the market.

Family Capital

We have a distinct appreciation for the unique nature of family capital. Our experience includes designing a permanent-capital vehicle for a multi-generational family office; and, as an owner-managed firm whose Managing Partners have bootstrapped businesses, we understand the owner-operator mindset firsthand.

For those with the conviction to act as builders rather than allocators, Climate Tech represents an area of genuine competitive advantage. You can move beyond the industrials and corporates that dominate energy and agriculture to back breakthrough innovations in oceans, biodiversity, and natural systems—areas where customer concentration is lower, timelines are longer, and the need for patient, values-aligned capital is most acute.

Your structural advantage is real. You have the flexibility to move quickly, hold concentrated positions, think in decades rather than fund cycles, and prioritize planetary outcomes alongside financial returns. Don't dilute it by defaulting to intermediaries designed for pension or endowment committees.

The biggest opportunity is to deploy capital directly. Whether alongside strategic industrials in high-conviction partnerships, or as the anchor investor in frontier areas where the market hasn't yet formed, you can grow intergenerational wealth and deliver measurable impact—especially if you're willing to act as a builder, not just a check-writer.

Traditional Asset Owners (Pensions & Endowments)

The data are clear: backing traditional VC funds to solve industrial climate challenges is a failing strategy. The 1.1x returns since 2000 do not justify the risk or illiquidity.

The path to returns when investing in innovation is not through funds placing a flood of misaligned, seed-stage 'scattered bets', but through co-investment with the aligned, strategic players (i.e., corporates, SWFs) that are executing the concentrated, patient strategies this paper outlines.

Development Finance Institutions

The model of the prior decades—backing VC fund managers with checks—is broken.

Leverage your unique position by being more than a fund limited partner; use your 'AAA' balance sheet to catalyze capital and accelerate growth by providing non-dilutive, low-cost debt that enables scale.

Partner with major industrials to define problems, build integrated platforms with the right strategic partners, and co-fund solutions.

Let's Talk

We did not write this paper as passive observers. We wrote it because—as permanent-capital investors, advisors, and entrepreneurs—we’ve seen firsthand how the current model fails the innovations our planet needs.

We have watched technical founders with validated solutions hit financing cliffs not because their technology didn’t work, but because the investors in their cap table couldn’t accommodate industrial timelines. We’ve seen asset owners pour cash into misaligned funds while breakthrough companies were stranded for lack of patient follow-on capital. We’ve worked with corporates running pilots for promising technologies, unable to translate innovation budgets into operational deployments.

The pattern is consistent. The failures are structural, not incidental.

That is why we are building Portico.

We work with corporates and asset owners to design and execute the aligned, integrated platforms this sector demands. This isn’t about channelling your capital through another intermediary. It’s about building the strategic partnerships, deal structures, and go-to-market strategies that allow patient capital to take the breakthrough technologies needed to solve global problems from concept to scale.

If you’re navigating these challenges, let’s talk.

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