

**A Sustainability Strategies****Software Investment Creeps Back to Life, Looks Toward the Low-Carbon Economy**

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It's been a long, cold summer if you're a start-up seeking investment funding from the VC sector. VC funds have kept their hands snugly tucked in their variably deep pockets. **eEquilibrium** is a classic example of a start-up that scrambled for investment at the wrong time and was ultimately acquired by demand-side management company **EnerNOC**.

But it does seem that change is on hand. Whether this is further evidence of economic "green shoots" or recognition of the new green economy, we're not yet sure. It could be a mix of both.

VC inquiries about clean technology and its software enablement are on the rise, even at a time when clean-tech investment generally and solar investment in particular are still languishing from a recessionary hangover. These areas are still waiting for a regular pulse of funding to flow from the various recovery and stimulus packages.

Investment activity started a few months back with [SAP's acquisition of Clear Standards](#). The acquisition's speed surprised some because it was done prior to a widespread demonstration of application performance in the emerging carbon management market.

**Winds of change**

VC investment has taken a significant turn in the past weeks. Not only are VCs actively looking for start-up investment opportunities, but some significant activity is actually taking place. **Lucid Design Group** has recently enjoyed a significant injection of venture cash to help drive its market base into new segments beyond its traditional secondary and tertiary educational base.

The big news is that best-of-breed juggernaut **Hara** has announced substantial Series B funding of \$14M, lifting its total investment to \$20M. Since its launch in June, the company has driven market awareness and apparently achieved market share like a team on steroids. In speaking with CEO Amit Chatterjee and CMO Chris Farinacci, AMR Research got the impression this funding round was designed to accelerate both product innovation and its global go-to-market rollout.

One thing that stands out in the Series B pool is that at least some of the money comes along with associated "smarts." Hara already had support from arguably the smartest of the smarts via **Kleiner Perkins Caufield & Byers (KPCB)** Series A investment, which, it seems, wishes to get more of a good thing and is expanding its investment. Pure-play energy investment VCs **Nth Power** have also invested, further validating our long-standing view that next-generation emission management is equally or perhaps even predominantly an exercise in energy management, rather than post-facto emission reporting. With a strong Asian operational base, additional new venture partner **JAFCO Ventures** will accelerate access to both Asian and international markets—an area where we've seen only limited carbon or energy management sales activity.

Look out for our Sustainable Solutions Ecosystem Report due out next month to get our inside scope on this emergent corporate priority, the nature of the application opportunities, and the emerging key players.

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