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Bay Bridge Looks To Close Gap Between Social Benefit, Tech

Newly launched ESG and sustainability-focused venture capital firm Bay Bridge Ventures is hoping to bridge the gap between social benefit and technology.

The diverse-owned and managed firm, which is based in downtown Berkeley, Calif., invests in scalable, profitable and impactful early- to mid-stage technology companies with a focus on three key themes of climate tech, health innovation and inclusive capitalism.

Andrew Karsh, former portfolio manager for the California Public Employees' Retirement System, launched the firm this year alongside General Partners Joe Blair and Kim Kolt.

"The purpose of launching Bay Bridge Ventures was really, for myself as well as Joe and Kim, to figure out a way to leverage our cumulative institutional investment experience, deep knowledge of various technology sectors, as well as mission-driven alignment on both an investment and philanthropic perspective to create a permanent, scalable and institutionally credible firm. This is intended to move the needle for institutional investors so they can really focus on the ability to invest in funds like ours that are both generating top quartile profits, as well as moving the needle in different areas around ESG, sustainability and diversity that they are all focused on based on their board mandates," Karsh said.

The founding trio's prior experience is comprehensive, with Karsh spending the last 10 years in CalPERS' investment office, while Blair was most recently an

early-stage venture investor with Cota Capital and Kolt was the founder and president of For Good Ventures.

"About two and a half years ago, I met Andrew and Kim. We had a lot in common since we had all independently spent time as investors, advisors or thought leaders in all of our three key themes, and we came together around the shared vision for a purpose-built institutional ESG and sustainability-focused venture firm," Blair said.

Bay Bridge focuses on two key goals - generating top quartile venture capital returns through an ESG-oriented lens and being focused on early- to mid-stage technology companies that align with the firm's three key themes, according to Karsh.

"It's really about this hybrid of technology meeting impactful innovation in a way that's scalable, and also on the back end, providing a fully transparent impact assessment along the lines of what many organizations around the world are looking for today," Karsh said. "It's bridging the gap between what's historically been for institutional investors [of] 'do we look at ESG at the fund level or the firm level?' Because normally it was one or the other, meaning it was either a new firm that was impactful or ESG specific, but didn't have the institutional capabilities, or it was a large institutional firm that suddenly tacked on a climate fund, for example, even though on the other side of their organization, they are investing in oil wells. And so for us, it's really about creating this fully holistic ESG platform and that in-



Andrew Karsh



Joe Blair



Kim Kolt

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cludes the team as well.”

While there are generalist investors that are just now starting to pay attention to the firm’s key themes, especially climate tech, “our team has been investing and building in these themes for the better part of the last decade,” Blair said.

“We really have credibility in these sectors and track records in these sectors as well. From an ESG point of view, there are a number of VCs that are sensing this wave of ESG opportunities coming and therefore [are] trying to tack on some sort of ESG checklist or forum on top of their existing processes. And we fundamentally disagree with that as an approach,” Blair continued. “From our point of view, ESG methodology needs to be baked into the firm’s philosophy from the very beginning. That’s why we talk about being purpose-built and built from the ground up.”

Further, the firm was founded “on the belief that solutions to the world’s hardest problems, both environmental and social, is the financial investment opportunity of a lifetime,” Blair said.

The firm finds that solutions are being accelerated by advancements in technologies developed in other industries such as “AI and big data, advanced computing, high bandwidth connectivity and 5G, sensors, and IoT [internet of things], robotics and automation, as well as synthetic biology, along with electrification and energy storage,” Blair said, noting that “combinations of these technologies are unlocking and are going to continue to unlock new applications that drive value in our core three themes.”

Diversity is also a major focus for the firm, which has committed to having its own investment team “be fully inclusive with 30% female and 30% underrepresented community members in perpetuity,” according to Blair.

“We’re doing this because what we know and what the statistics have proven is that diverse teams provide the widest set of per-

spectives and therefore produce the best investment outcomes,” he said. “So, it’s not only the right thing to do, it’s just the best way to drive top tier returns.”

Along with the Bay Bridge team’s depth of experience comes their networks as the firm looks to navigate the “large institutional investor ecosystem that is my network,” Karsh said, adding that Kolt had amassed “a very broad network of family offices and ultra-high-net-worth” contacts.”

“I think those are really the key areas that we’ve already seen a high degree of interest and positive response from because there is a significant demand. We’ve all probably read the same research stating that 85% of ultra-high-net-worth families are looking for impactful and profitable opportunities and 75% of institutional investors are looking for sustainable and profitable opportunities,” Karsh said. “That’s a niche we’re specifically able to fill with the added benefit of having a world class team, diverse investors and a firm starting from day one with institutional scalability and credibility.”

This year specifically, the firm hopes to change the mindset “around how institutions think about ESG and sustainability with respect to venture as an asset class,” according to Karsh.

“For us, it’s really about the messaging and engaging with the type of investors that are aligned with our interests and then clearly focusing on a broader successful fundraising process,” he said. “Three years from now, the real goal is to be the largest dedicated ESG and sustainability-focused venture capital firm that really is solving the challenges that sophisticated investors, both institutional and ultra-high-net-worth, are looking for in complete alignment with their fiduciary responsibilities.”

When it comes to the firm’s name, there is one obvious meaning that tracks back to its geographical location, “where we see Berkeley as a community of leadership in terms of climate change,

innovation, social innovation and being thoughtful for decades around how to improve society,” Karsh said.

But the name Bay Bridge Ventures goes even further than that.

“The Bay Bridge connects Berkeley to San Francisco, which is always known as a technology center, and so we’re bridging the gap between social benefit and technology, which is exactly what we are focused on doing as a firm,” Karsh said.

“What we’re focused on is investing in profitable, defensible companies across climate tech, health innovation and inclusive capitalism,” Blair added. “We’re a very unique, diverse world-class team with extensive investing experience, deep industry expertise in our themes and highly complementary backgrounds. We’re just really excited to be out there in the world.”