

Big Sums for Solar Companies May Be a Thing of the Past

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In the past couple years, solar module companies expanded rapidly as they ushered technology out of the lab into the market. They needed big chunks of venture money to build their first factories and set up pilot production lines.

Clean tech investors may be more willing to invest in early stage solar companies, says DCM's Tom Blaisdell

Solyndra, Miasole, and Abound Solar all roped in big rounds since 2008 – and pushed up the solar investment totals for the industry as a whole.



This year will be different. Some manufacturers will need more money for new factories or to add production lines. But the checks will likely be far larger than more cautious venture firms are prepared to write.

That will lead companies to the public markets for capital, perhaps by launching IPOs, or to strategic investors, such as utilities interested in securing production capacity for farms they plan, says Tom Blaisdell, general partner at the investment firm DCM. Venture funds will remain on the sidelines.

VCs on the other hand will likely make more early stage solar bets in 2010, Blaisdell says. Last year, the economic downturn made risking capital on a new company unappetizing. Blaisdell said he wouldn't be surprised if venture investors were willing to be more aggressive in 2010 and spend on seed companies promising big technology gains or cost improvements. But the money doled out to young companies is far less than the sums needed by expansion-stage companies. So overall capital going to solar could drop as a percentage of the whole.

“I am very bullish on solar,” adds Blaisdell, whose firm backs Abound Solar. This year should be one of real progress on profits across the industry, he said, and at Abound.

The company is “positioned to have a real breakout year,” he said.