

How CVCs Are Helping Pave the Nano Path to Market

2024-03-23

Nanotechnology's enormous potential across various sectors has long attracted the eye of investors, keen to capitalise on its commercial potency.

Yet the initial propulsion provided by traditional venture capital avenues was reined back when the reality of long development timelines, regulatory hurdles, and difficulty in translating scientific advances into commercially viable products became apparent.

While the initial flurry of activity declined in the early part of the 21st century, a new kid on the investing block has proved an enticing option beyond traditional funding methods.

Corporate venture capital has, over the last 10 years emerged as a key plank in turning ideas into commercial reality.

Simply put, corporate venture capital (CVC) has seen large corporations, recognising the strategic value of nanotechnology, establish their own VC arms to invest in promising start-ups.

The likes of Samsung, Johnson & Johnson and BASF have all sought to get an edge on their competition by sinking money into start-ups in nano and other technologies, which could deliver benefits to them in the long term.

By fostering nano innovation and combining it with their financial resources, strategic expertise, and, crucially, market access the appeal is obvious.

According to BCC Research, the nanotechnology market is projected to grow to USD 183.7 billion in 2028 at a compound annual growth rate (CAGR) of 22%.

The report added: “The key factors driving the growth of the nanotechnology market include rising investments by public and private organisations.”

This surge is driven by factors like growing interest in sustainability, potential cost savings, and access to cutting-edge technology.

Unlike traditional VC firms, CVCs invest with a strategic lens, aligning their investments with their core business goals. For instance, BASF's venture capital arm, BASF Venture Capital, focuses on nanomaterials with applications in coatings, chemicals, and construction.

It has an evergreen EUR 250 million fund available and will consider everything from seed to Series B investment opportunities.

The company explains: “We actively shape the growth of our portfolio companies. In addition to providing advice on strategic management decisions, our access to internal and external resources of the BASF Group plays an important role.

“In this way, we increase their visibility in the market and accelerate market access. As soon as another financing round is due, we support our portfolio companies by arranging contacts and initiating partnerships – both with leading industrial companies and with our venture capital network.

“As a strategic investor, our interest goes beyond short-term financial success. Our long-term goal is the joint development of technical solutions, products, and services.

“The term of our investments is unlimited, which allows us to act flexibly and with a long-term perspective.”

Samsung Ventures takes a similar approach, explaining: “Our major investment areas are in semiconductors, telecommunication, software, internet, bioengineering and the medical industry from start-ups to established companies that are about to be listed on the stock market.

“We provide a comprehensive total solution, which includes not only investment funds but also management support, technical support, and market registration.”

It regularly invests many millions of dollars into ventures it believes will eventually pay dividends.

Roche Venture Funds – the CVC arm of the Swiss multinational healthcare company – has an evergreen USD 850 million funding pot.

With more than 30 companies in its portfolio, the ability of nano to dramatically enhance healthcare has seen it become a major player.

Recognising the complexities of nanotechnology development, CVCs are increasingly collaborating with universities, research institutes, and other start-ups. This fosters knowledge sharing, reduces risks, and accelerates innovation.

While historically concentrated in North America and Europe, CVC activity in nanotechnology is expanding to Asia, with [China](#) being a major player.

[China](#) has, perhaps not surprisingly, seen considerable growth over the last decade in nano and few will bet against it being the primary driver of innovation over the next 10 years.

As ever, the long development cycles of emerging nano breakthroughs can frequently deter some CVCs with shorter investment horizons.

In addition, there remains the regulatory frameworks for nanotech products which can deter some.

Yet the potential to tap into such funds, and with it a more targeted approach to the end market, is an enticing one and will continue to help propel nanotechnology forward.

Read the [original article](#) on Nano Magazine.