

**Contact:**

Julie Thaler

Lux Research, Inc.

646-723-3300

[julie.thaler@luxresearchinc.com](mailto:julie.thaler@luxresearchinc.com)

## “CLEAN TECHNOLOGY” TAKES OFF WITH \$48 BILLION IN 2006 FUNDING, BUT ENERGY TECH BUBBLE LOOMS

Lux Research releases The Cleantech Report, the new authoritative study revealing cleantech's business opportunities and risks

New York, NY – April 30, 2007 – “Clean technology” has captured the attention of government, corporate, and financial leaders, with spending on R&D rising to \$48 billion in 2006, up 9% from 2005. However, the warning signs of a bubble are flashing in the energy technology segment, where initial public offering (IPO) values and venture capital deployments more than doubled last year – setting the stage for a boom and bust. These are some of the key findings from The Cleantech Report, the first comprehensive reference study on energy and environmental technologies, released earlier today by leading emerging technology research and advisory firm Lux Research.

“Cleantech encompasses innovative technologies specifically designed to optimize the use of natural resources and reduce environmental impact, with five top-level segments: energy, air, water, waste, and sustainability,” said Lux Research President Matthew M. Nordan. “Driven by solar and biofuel deals, the energy segment looks overheated – there’s no way that more than a fraction of the 930 energy start-ups operating worldwide can possibly succeed. But the attention to energy masks neglected opportunity in other segments: For example, the waste segment accounted for 32% of merger and acquisition value last year but only 1% of IPO value and 4% of venture capital.”

In two volumes and more than 600 pages, The Cleantech Report delivers:

- **Comprehensive analyses** of key clean technologies, spanning energy, air, water, waste, and sustainability
- **Rich data** on market sizes, government funding, corporate R&D, venture capital, IPOs, M&A activity, start-up creation, patents, scientific publications, media coverage, and more
- **Detailed profiles** of more than 200 start-up, mid-sized and large companies

“Corporate leaders have quietly sought Lux Research to advise on clean technologies for years, drawing on our rigorous research methodologies and global innovator network,” said Nordan. “Now we’ve taken the insights from these years of customized research and synthesized them into The Cleantech Report for a broad audience.” Highlights of the study’s content include:

- Cleantech takes high priority: George Bush’s 2007 State of the Union address emphasized alternative energy and action against climate change; CEOs at firms from GE to BP to Toyota tout their new revenue streams from cleantech; and bellwether venture capitalist John Doerr calls cleantech “the largest economic opportunity of the 21st century.”
- The warning signs of a bubble are appearing in the energy segment, where IPO value rose from \$1.6 billion in 2005 to \$4.1 billion in 2006 and venture capital raised went from \$623 million to \$1.5 billion, primarily on solar and biofuel deals. At the same time, the air, water, and waste segments present hidden opportunities that are relatively starved for investment.
- Cleantech commercialization is not a U.S.-centric phenomenon. The Asia/Pacific region is the R&D leader, leading in 2006 government funding (38%), corporate R&D spending (34%), and scientific publications (38%). Europe is the IPO leader, with a majority (55%) of IPO value in 2005 and 2006 from European companies. The U.S. leads only in 2006 venture capital deployed (72%) and patents issued (46%).

- Total cleantech R&D funding hit \$48 billion in 2006, with energy claiming the lion's share. Of this, government funding totaled \$24 billion in 2006 with energy taking 57%; corporate R&D spending hit \$22 billion in 2006 with energy accounting for 55%; and cleantech venture capital (VC) totaled \$2.04 billion in 2006 to reach a cumulative total of \$6.06 billion since 1995. VC money has been highly concentrated: Since 1995, the top 10% of venture-funded start-ups have received 39% of cumulative capital deployed.
- Innovation in cleantech has exploded in the last decade: Approximately 1,500 cleantech start-ups operate worldwide – 930 in energy, 45 in air, 90 in water, 120 in waste, and 315 in sustainability. 29,874 scientific journal articles were published on cleantech topics in 2006, while 4,093 U.S. patents focused on cleantech were issued. U.S. cleantech patents issued have grown at an average of 5% per year since 1995, double the rate for patents overall.
- Press coverage of the cleantech theme has risen sharply in the last two years, with 3,485 articles in major print media in 2006, and growth in the number of such stories of more than 70% in both 2005 and 2006.

“Targeting the 21<sup>st</sup> century's most important issues in energy, water, and sustainability, cleantech has emerged as one of the most important areas of growth, innovation, and investment,” said Ira Ehrenpreis, General Partner at venture capital firm Technology Partners and investor in start-ups such as Imperium Renewables. “Lux Research's The Cleantech Report is a seminal piece of research that successfully provides financial, corporate, and government decision-makers with the data and case studies they need to make informed, strategic decisions.”

The Cleantech Report is available for purchase immediately from Lux Research. Educational discounts and site licenses are available. To order or for more information, contact Stephen McDermott at +1 (646) 723-0158 or [stephen.mcdermott@luxresearchinc.com](mailto:stephen.mcdermott@luxresearchinc.com). Sample company and technology profiles are available for download at [www.luxresearchinc.com/cleantech](http://www.luxresearchinc.com/cleantech).

Lux Research will also be hosting an interactive teleconference in May with a panel of energy and environmental experts to discuss the report findings and the latest issues in the cleantech field. Visit [www.luxresearchinc.com/cleantech](http://www.luxresearchinc.com/cleantech) or contact Stephen McDermott for more information on how to participate.

#### **About Lux Research:**

Lux Research provides strategic advice and ongoing intelligence for emerging technologies. We help leaders in business, finance, and government make informed decisions about science-driven innovation. Through our proprietary methodologies and global network of innovators, Lux Research clients uncover opportunities and gain competitive advantage. Visit [www.luxresearchinc.com](http://www.luxresearchinc.com) for more information. To learn more about The Cleantech Report, please visit [www.luxresearchinc.com/cleantech](http://www.luxresearchinc.com/cleantech).

###