



Obvious Ventures Pushes Silicon Valley to Invest With Purpose

By

[Ambreen Ali](#)

June 3, 2019

The partners at Obvious Ventures aren't big fans of the term impact investing. Instead, they have coined another phrase for what they do: world-positive venture capital.

What's the difference? James Joaquin, who founded Obvious with Medium's Ev Williams and Vishal Vasishth in 2014, tells Karma that it is "a traditional venture capital investor with a unique thesis: that purpose-driven startups solving big problems will disrupt trillion-dollar categories and outperform their peers."

That has led to a broad range of investments out of the firm's first two funds — including [zero-emission electric buses](#), [cultured diamonds](#), [electric air taxis](#), [Earth imaging satellites](#), [smart baby bassinets](#) and [vegan cheese](#).

What they are not involved in are what Joaquin has billed "concessionary deals," or companies that expect to be held to different profit or financial standards because they achieve a sustainability or social impact goal.

"We are a returns-focused fund and are only investing in teams that have the potential to build a large profitable business," he told Karma. "For the right kinds of companies, every dollar of profit also represents some inherent social or environmental benefit. We believe companies that achieve this kind of profitable growth are the definition of truly sustainable impact."

Silicon Valley Influence

Having a purpose-driven focus has set Obvious apart from other Silicon Valley VCs. It's a relatively moderate-sized firm with a total of about \$200 million invested in 65 portfolio companies, but they have become known for identifying emerging trends in categories such as health and wellness.

The [team](#) evangelizes the cause: They regularly tweet and write blog posts about the Obvious vision with grand statements such as, "We're entering a new phase of the global economy where every industry is becoming a tech industry," and, "Table stakes for

urban structures in near future: every building generates more energy than it consumes, water is captured/filtered/reused like never before; rooftops/curbsides are built for electric transport of all kinds.”

When they decided to codify their purpose-driven approach by asking portfolio companies to sign on to a World Positive Term Sheet, they wrote about it and published a [sample](#).

Joaquin says some seed funds have started using the phrase “world positive,” something he embraces — even though Obvious now faces more competition for deals than it did at the onset.

In a sense, it gives Obvious a multiplying force in its impact: By drawing attention to emerging purpose-based ideas for disruption through investments, the team is able to direct capital beyond its own capacity toward world-changing startups.

“We’ve been fortunate to have storied firms like Benchmark and Venrock lead follow-on investments in our portfolio companies,” he said. “We see a megatrend shift embracing this new approach to investing. Across the spectrum, we’re thrilled to see capitalism reimaged as a force for improving humanity.”

Market Validation

Obvious scored some key validation for its approach earlier this month when Los Angeles-based Beyond Meat, which produces plant-based meat substitutes, went public in what became the strongest market debut of the year. Shares surged 163% on May 2 in the hours after the company’s opening Nasdaq trade as BYND, pushing its market value to \$3.77 billion.

The faux-meat company was an early investment for Obvious, which is Beyond’s second-largest shareholder with 10.4% of stock. In 2014, the VC contributed to Beyond’s first fund, which raised \$123 million total. Williams had invested in the company even earlier than that, in 2012, out of Obvious Group — an umbrella company he ran with Biz Stone and Jason Goldman.

“For early believers, Beyond Meat is a welcome proof point that purpose-driven businesses can reimagine huge sectors of the economy,” Joaquin told Karma. “For the skeptics, it’s a great case study that a more sustainable approach to business does not require a compromise of profits.”

Key Investments

The company puts its investments in three buckets: [sustainable systems, people power and healthy living](#). Sustainable systems includes Obvious’s investment in Proterra, which is building zero-emission electric buses, and Lillium, which is developing the first electric air taxi to create an Uber-like option for getting around that would eliminate the need for infrastructure like runways. Obvious was part of the group that contributed to the \$90 million Series B funding round for the German aviation startup in 2017.

Since then, the team has been busy building a workable jet. On May 16, Obvious [tweeted](#) that “the prototype is working, folks.”

The People Power category includes Magic Leap, an augmented reality company, and Gusto, a business-to-business company modernizing payroll software. In a recent interview with [The Wall Street Journal](#), the co-founders said they regretted not investing more in Gusto’s Series A funding. The company’s latest funding round in July gave it a valuation of \$2 billion.

The final category, healthy living, may be where Obvious has made the biggest name for itself. Aside from Beyond Meat, portfolio companies include Happiest Baby, makers of a \$1,295 bassinet that detects when a baby needs soothing and soothes it automatically with sensations that resemble the womb. It completed a \$23 million Series B funding round in December. Other companies include Good Eggs, a premium grocery delivery service, and vegan cheesemaker Miyoko’s.

Looking ahead, Joe Blair, vice president at Obvious, said recently on a [podcast](#) that it is particularly interested in co-living and coworking concepts that are redefining “the future of remote work” and that it is on the hunt for a groundbreaking media company: “There’s no industry more ripe for disruption than the cable news industry.”

The firm also has a B2B focus, with interest in tech startups that are revolutionizing established industrial players.

“A stabilized and expanded internet is combining with innovations in mobile and wired infrastructure to bring digital services to traditionally ‘non-digital’ sectors,” Managing Director Nan Li wrote recently on the [company blog](#). “A new breed of tech companies are following a different, more empathy-driven playbook to break into these areas. We believe that this new wave of expansive technology will be a defining feature of the next chapter of Silicon Valley.”

Walk the Talk

Aside from setting value-based expectations for its portfolio companies — its term sheet includes sections on diversity and inclusion, sustainability, and giving — Obvious has also set a high bar for itself. In 2017, it became a certified B Corp, a private certification that verifies the commitment of for-profit companies to social sustainability, environmental performance, accountability and transparency.

Moreover, in the male-driven Valley, where men own [an estimated 91% of employee and founder equity](#), 20% of the founders in Obvious’s portfolio are women. Still, Joaquin says the team can do better: “Ultimately, our CEOs and boards should mirror the diverse set of customers that we serve.”

With its well-networked founders and its focus on world-changing ideas, Obvious seems to be setting a course for Silicon Valley’s brightest minds to rethink how they define value.

“Ultimately that’s good news,” Joaquin said, “[if we] attract more young founders away from disappearing photo apps and vape pens and into huge markets in need of disruptive solutions to big problems.



[Ambreen Ali](#)

Ambreen Ali is a freelance writer and editor based in the New York City area who specializes in business and technology. She has 15 years of reporting experience, including covering Capitol Hill and reporting from South Asia.