

Disrupting the \$3 trillion fashion industry with sustainability and authenticity

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September 5, 2024

Sustainable Fashion | September 5, 2024

To disrupt the \$3 trillion fashion industry, VCs back tech for sustainability and authenticity



Winnie Harlow, founder of Cay Skin, a True Beauty Ventures portfolio company | Photo credit: Cay Skin / Instagram

Innovation loves inefficiency.

Mismanagement of resources, workers and customers in the \$3 trillion fashion industry has opened multiple lanes for creative founders with new technologies and nimble business models to create new supply chains, and disrupt old ones, for clothing, footwear, jewelry, accessories and home decor.

The value-proposition: Science, technology and an authentic approach to product development can deliver greater quality, choice and values-aligned fashion. Meeting changing customer demands for authenticity and sustainability represent the future of fashion, such creators suggest. In the US alone, 15 million tons of textile waste each year leaves a massive carbon and water footprint.

For some venture investors, the opportunity to build billion-dollar companies lies in the technology and tools to enable that disruption by helping the fashion industry better serve large, diverse populations, cut waste and build resilience in their supply chains.

Rather than betting on brands, these VCs are investing in the materials, operations and software they think may define the future of *all* brands.

“We invest in tools to help designers and merchandisers and people at brands to make better decisions on what they should be producing, how it’s produced and how it’s sold,” says **Karla Mora** of **Alante Capital**, based in Santa Barbara, Calif. The early stage sustainable fashion venture firm was co-founded by Eileen Fisher, whose Eileen Fisher Inc. is a public benefit corporation as well as a fashion powerhouse.

Sustainability alpha

Fisher is a partner and anchored Alante’s first, “proof of concept” fund of just over \$10 million. Alante held a first close of its second fund earlier this year. Mora said Fisher felt the need to go beyond a commitment to sustainability to build tools to move multinational brands like **Gap**, **H&M** and **Nike**.

The question became, “How can we make this just the way products are made?” Mora told *ImpactAlpha*. “How can we invest in systemic change so that there are viable alternatives to how things are done? That can work within the confines of a huge corporate brand?”

Alante has backed more than 15 companies to create materials, cut waste and improve the customer experience. Denver-based **Matereal** produces a biodegradable alternative to polyurethane, a toxic, petroleum-based product used widely in the industry for adhesives and coatings. Another, London-based **Fibe**, has created a cotton alternative with potato stem waste, requiring no new land and 100% less water. **FitMatch** in Fort Lauderdale uses three dimensional imaging to help customers identify clothes that will fit, reducing returns and associated costs, waste and emissions.

The outcome may be greater sustainability, but the driver is competition, says Mora. “Does this drive value to the brand?” she asks “Is it going to create cost savings? Is it truly sustainable?”

Overlooked customers

Alante is one of dozens of venture funds now investing in ethical or sustainable fashion. A growing number of emerging managers are finding opportunities with culturally appropriate products that meet the needs of customers the industry has largely overlooked.

New York-based **SoGal Ventures** has invested in consumer goods companies like **Myya**, which helps cancer survivors shop for bras and prosthetics after surgery.

True Beauty Ventures, is backing **Cay Skin**, a skincare line founded by supermodel and beauty activist Winnie Harlow for “every skin tone, freckle, body type and beauty mark.”

Willow Growth Partners in Los Angeles backed **Tom Boy X**, a queer and women-founded company that sells sustainably made underwear for all sizes and gender expressions.

And Baltimore-based **RareBreed Ventures** was an early investor in **unspun** to develop its 3D textile-weaving technology when the startup was “just selling jeans to show these big apparel brands what the device could do,” RareBreed’s **Mac Conwell** told *ImpactAlpha* in an earlier interview. “My immediate reaction was that every Black woman on the planet needs to hear about this, because they finally have a company that can actually make jeans that fit.”

The creative economy nonprofit **Upstart Co-Lab** [identified](#) 29 fashion-related funds as part of a mapping of investors in the broader creative economy. **Heva** provides equity and working capital to midsize creative companies in East Africa. **Closed Loop Ventures** backs sustainable consumer goods companies. And **TAU Opportunities Fund** invests in early stage and sustainable apparel manufacturing startups.

SAFSF’s Fibers Fund and **Skoden Ventures** are among fashion-focused managers on *ImpactAlpha*’s [Liist of actively raising funds](#).

Upstart’s own “inclusive creative economy” investment vehicle [held a first close](#) of \$15 million this year, and has begun making investments into funds and companies.

Upstart’s first three fund investments are in SoGal, True Beauty, and Willow Growth. All are second funds led by women and VCs of color. Delivering differentiated value for an overlooked customer base expands the market, says Upstart’s **Laura Callanan**.

“The inspiration, the design, the ingredients, the formulation, the approach of the products come from culture and heritage, or they’re for a community that isn’t doesn’t feel seen otherwise,” she told *ImpactAlpha*. “You have a very passionate consumer base, which

makes for good business.”

Fall fashion

The new shape of fashion can be glimpsed on and off the runways as back-to-back-to-back “fashion weeks” kick off in New York on Friday, followed by London, Milan and Paris.

“Sustainability is definitely on people’s minds more,” says Alante’s **Leslie Harwell**. Harwell hints that an Alante portfolio company will be featured in a collection, but she’s keeping the details a secret for now. It’s hard for smaller companies to make a splash, she says.

The real discussion of sustainable fashion will happen at a growing roster of side events. In New York, **Decolonizing Wealth Project’s** party will celebrate Indigenous designers, industry leaders, superstars, and disruptors. **Remake’s** “Walk your Values” runway show will put a focus on garment workers and model the conscious fashion movement (*contact us for invitation details*). Online, **United Nations Fashion** and **Lifestyle Network** will host “Fashion with integrity: The imperative of fair labor practices,” Monday, Sept. 9.

In London, **Creating Fashion for Tomorrow** will highlight the pivotal role of female craftsmanship in Brazil’s fashion value chain.