



GREENSPRING ASSOCIATES: DIFFERENTIATED CAPITAL TO SUPPORT INNOVATION

The Largest Network of Diverse- Owned
Private Equity Firms and Hedge Funds

Despite his family's background in venture capital, Ashton Newhall had no intention of continuing the tradition when he started his career. The son and grandson of venture capitalists, he had spent his childhood watching his father found and build New Enterprise Associates, one of the largest VC firms in the world. His grandfather, on the other hand, invested capital in private companies in the 1940s, when the industry was in its infancy.

Instead, Newhall wanted to blaze his own path, landing his first job in investment management services at T. Rowe Price. Nevertheless, he soon found himself tasked with the global investment firm's consideration of creating a vehicle in the private investments arena. After working to bring the project to life and building an extensive network of venture managers, T. Rowe ultimately elected not to proceed, so Newhall decided to start a venture investment firm of his own – Greenspring Associates.

At the time, Greenspring was somewhat unique in the sense that there were plenty of fund of funds out there, but fewer groups focused solely on venture capital that did primary, secondary and direct investments. Greenspring's early supporters included several members of the network Newhall had built during his time at T. Rowe. "We had several venture capitalists who ended up being personal investors in that first fund that effectively became stewards and advisors for us as to how to hone our skills as fund investors, direct investors, secondary purchasers," says Newhall. "And because they were so engaged on the front lines of the industry, we found that to be an incredibly powerful network. The Japanese talk about the notion of Keiretsu, or the network to be able to achieve your mission or objective, and we were certainly very fortunate to have not only personal but also professional relationships that enabled us to achieve our mission."

DIFFERENTIATED CAPITAL

With offices in Owings Mills, Palo Alto, London and Beijing, Greenspring Associates is a venture capital investment platform that manages over \$11 billion in committed capital for a diverse group of LPs worldwide. The firm makes fund and direct investments on both a primary and secondary basis across diversified, concentrated and niche strategies through commingled vehicles and separate accounts. "The way that we think of ourselves is a conduit to the innovation economy through those various legs of the firm," Newhall explains.

As both an LP and GP, Greenspring makes fund investments, direct investments in early and growth-stage companies backed by underlying managers, secondary and impact investments. "What we try to do is filter the universe to focus on groups where we can have longstanding, trusted relationships and those managers that we think are going to deliver top quartile or decile results," says Newhall. "So, by definition, if we do that job effectively, then the universe has been filtered in many ways for us." Greenspring also offers bespoke venture solutions for large institutions, customizing portfolios across investment type, geography, stage or industry vertical.

The firm looks at capital as a commodity and was built around how to differentiate its capital relative to any other provider. "What separates venture capitalists from other equity investors is that VCs often deploy either in-house or third-party assets to help improve the efficacy of the investments that they make," says Newhall. "What we tried to do as a platform was to do that on behalf of the managers that we backed." The firm sees itself as a service provider to the companies it backs and adds value by way of strategic introductions, customer leads and other such services.

Diversity is at the core of Greenspring's ethos, and 57% of the firm's partners are gender or ethnically diverse. "When you're dealing with risk assets, the future is never clear, and therefore diversity of thought, diversity of background and perspective can better enable you to select the most optimal investments," says Newhall. "That's been a foundational principle from when we started, and we've tried to be change agents within our industry and community. It's both a good thing to do and the right thing to do, but also the smart thing from an economic and financial point of view."

A PERFECT PIVOT

Several of Greenspring's recent investments have benefited from an accelerated need for technology amid the COVID-19 pandemic. "We're experiencing growth that we would've projected five years from today in the past six months – it's staggering," says Newhall. "Consumer adoption of telehealth in 2019 was 11% and by April 2020, it was 46%. E-commerce, year over year growth in the US and Canada is up 130% this year by mid-April. We are providing the applications, the picks, the shovels, the infrastructure to enable all that to happen."

One such investment is Xometry. An on-demand manufacturing marketplace for sheet metal, 3D printing, injection molding and more, Xometry quickly pivoted at the onset of the COVID-19 pandemic and began utilizing its network in the United States and China to deliver personal protective equipment (PPE) to large hospitals and municipalities. The company also partnered with ClearMask LLC, a manufacturer of a fully transparent, FDA-cleared surgical mask to scale up ClearMask's production capabilities by millions of units. Founded by a hearing-impaired woman, ClearMask's product provides protection while improving communication and human connection by giving patients the ability to see the faces of their caregivers.

Greenspring also participated in a \$500 million Series E financing of existing Greenspring standout portfolio company Bright Health, a Minneapolis-based intelligent technology platform created to build a diversified and digitally integrated health care company. Bright Health currently operates in 43 markets and 13 states across the US, offering a diverse set of health plan products and everyday clinical care delivery services. In partnership with over 30 care partners, Bright Health leverages its integrated technology platform to provide health benefits coverage to over 200,000 members, as well as deliver high-quality virtual and direct clinical care services to over 120,000 patients.

DIGITALIZATION AND INNOVATION

Looking ahead, Newhall believes the trend towards digitalization and the need for new technology is here to stay. "Fundamentally, we were on the path towards the digitization of many industries. What COVID did was just supercharge that trend," he says. "I think that the digitization of so many industries is here to stay. Having said that, I do think we've experienced exponential growth, and I could see us returning to something more normalized once things hopefully return to normal."

Newhall is well aware that a family background in the industry offers no guarantees of success. "There's certainly no birthrights in this industry, I can promise you that," he assures. "And we wake up knowing we may have climbed the mountain in one vehicle or one strategy, but the difficult thing is staying on the mountain and repeating that performance consistently." However, the firm has delivered consistency in investment performance through multiple industry cycles, tech cycles, and wars.

Fundamentally, Greenspring is a conduit to the innovation economy – high growth, high margin, businesses that have the potential to disrupt large incumbents. "We've been through a lot over the last two decades and feel like we've created a better mousetrap to be able to deliver on repeatable outperformance."