Fero Labs Secures $15M to Reduce Manufacturing Emissions with AI

Funding led by Climate Investment will support Fero Labs’ white-box artificial intelligence (AI) and deployments of new features that drive real-time emissions reduction for steel, cement, chemical sectors

New York, NY, 21 June 2023 – Fero Labs, an AI-driven manufacturing process optimization software company, today announced the close of a $15 million growth round led by Climate Investment (‘CI’, formerly OGCI Climate Investments), with additional participation from investors Blackhorn Ventures, Innovation Endeavors, and DI Technology. This round brings Fero Labs’ total funding to date to $30 million.

Today, the manufacturing industry accounts for 25% of global carbon emissions, two-thirds of which come from steel, cement, and chemicals. Fero Labs works with some of the largest global players in these sectors, using AI to help their engineers make more efficient production decisions. To date, Fero Labs’ software has uncovered upwards of $20M in savings for customers including Covestro, Gerdau and CELSA Nordic and reduced more than 100,000 tons of carbon emissions. With this new funding, the company plans to deploy new sustainability features that will accelerate commercialization across key industries, with the internal goal of reducing at least 800,000 tons of emissions by 2025.

“We are pleased to announce our latest funding as we continue to build our white-box AI technology to make factories greener,” said Berk Birand, co-founder and CEO at Fero Labs. “The industrial sector is notoriously hard to decarbonize, and hardware solutions like carbon capture and storage come with a hefty price tag and daunting implementation process. White-box AI software requires no capital expenditure and can be quickly implemented. This means companies can immediately start reducing emissions and more accurately quantify emissions reduction with easy-to-understand dashboards and reports. Tangible proof of impact is a crucial part of the sustainability journey. The participating investors are the perfect long-term partners for us to bring on as we continue to work toward hitting our sustainability goals.”

Fero Labs’ software provides plant operators, with little-to-no data science background, access to powerful insights, enabling them to understand the root cause of any issue and deploy updates to ensure their plants operate sustainably and at peak performance. Fero Labs is unique in the industrial space for using white-box AI, which reveals the reasoning behind its predictions. Unlike the black-box AI popularly seen in tools like ChatGPT, Fero Labs makes it possible for users to know if they can trust the results.
“Fero Labs’ AI software materially reduces industrial emissions in some of the highest emitting sectors,” said Felicity O’Kelly, Investment Principal at CI. “The white-box algorithm approach engenders confidence even at the operator level, which is something that we haven’t seen in the market before. Given CI’s focus on driving accelerated carbon emissions reduction through high impact innovations, such as Fero Labs, we’re excited to partner and support the next phase of the company’s growth.” Felicity has joined Fero Labs’ Board of Directors alongside CI’s Technology Director, Rick Cutright, who has joined as an observer.

“We’re excited to work with the Fero Labs team as they empower process engineering teams across ‘hard-to-abate’ sectors. The team’s expertise building AI and machine learning models that drive cost and emissions reductions throughout the manufacturing lifecycle makes them particularly well-suited to leverage applied deep learning for the energy transition. We believe differentiation in a crowded AI market can be found at the foundational data unit, and Fero Labs has a clear path to scale their advantage over time,” said Melissa Cheong, Managing Partner at Blackhorn Ventures. Melissa has also joined the Fero Labs board as an observer.

In 2022, Fero Labs tripled its revenue and number of customers which span sectors including steel, cement, chemical, energy, food and more. To learn more about Fero Labs, please visit ferolabs.com.

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About Fero Labs
Fero Labs makes process optimization software that is powering the next wave of industrial manufacturing. Headquartered in New York, Fero Labs aligns with leading global manufacturers to increase profitability and sustainability at the same time. Since launching in 2015, Fero software has provided industrial customers an average ROI of 233% and saved 200 million pounds of CO2 emissions. Follow us on LinkedIn.

About Climate Investment
Climate Investment, formerly OGCI Climate Investments, is an independently managed specialist investor focused on accelerating capital-efficient decarbonization of heavy emitting sectors. Operational since 2017, its team of investment and technical experts has built a portfolio of over 30 outstanding technology and business model innovations that have collectively delivered 57 MT CO2e of greenhouse gas reduction in the period 2019-2022.

Climate Investment was founded by member companies of the Oil & Gas Climate Initiative (“OGCI”). They have invested in Climate Investment funds and deployed many of its portfolio innovations, supporting their early commercial development. Visit www.climateinvestment.com
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