



## SME CASE STUDY VIGNETTE

NO. 1

**Oxwash**

<https://www.oxwash.com/our-story>

### **01 | Introduction**

The company was founded in Oxford in 2018 by a PhD student and ex-NASA scientist who was studying synthetic biology. Forming a Co-founding partnership with an Oxford engineer they set up the UK's first on-demand clothes-washing service, initially for students. The model was a simple all-in-one in-house online order, wash and delivery service. The company boasts "...a disruptive space age approach to laundry services." Increasingly they are operating as a B2B service, notably through gaining NHS accreditation during COVID-19.

The company's innovations are in its logistics approaches to laundry servicing. Initially, this involved low-carbon electric bike collection and delivery services to address net-zero. This has extended to EV fleet, the use of hi-tech dry-cleaning equipment and AI (to extend garment life cycle, reduce water use, waste and energy use, increase renewable energy proportion, reduce chemicals and eliminate microplastics). Additionally, the company has a strong social ethos in staff recruitment and retention.

Both the business founder (2020) and the sustainability manager (2023) were interviewed, offering insights into the company's founding principles and early investment requirements. The team also reviewed the company's sustainability roadmap, which includes measures to support **people and planet**.

### **02 | Environmental reporting**

Carbon emissions form the basis of the company's main environmental savings. Demonstrating these savings was fundamental to obtaining early equity investment. Compared with traditional laundry collection services, each of their e-bikes saves 6,700kg of CO<sub>2</sub> per annum, and they do not cause traffic congestion or contribute to particulate matter (PM rubber) and NO<sub>x</sub> pollution. Additionally, washing clothes at low temperatures with their bacterial cleaning system reduces carbon emissions by 45%. Ultimately, the business could sell itself to investors on the software logistics and wash efficiency flow of their work which can be IP copyright protected and scaled.

Water use and efficiency is also a key metric. An Innovate UK grant was accessed to develop their microplastic filtration system and enable them to recycle 60% of wastewater. They are developing water quality data in terms of using biodegradable detergents and microplastics. They are also developing new more energy-efficient drying processes.

Whilst biodiversity has not been an implicit driver measurement of the company, Oxwash has been influenced by the need to reduce pollution pressures which cause biodiversity loss. The main objective of the business is to achieve carbon-neutral status through its logistics and washing

operations, but there are other ESG measures such as reduced waste, green supply chain reporting, paying the Living Wage and equality and diversity measures. The company’s sustainability roadmap also includes indicators such as:

- achieving science-based net-zero targets by 2025 and 100% renewable energy use by 2031
- offsetting Scope 1, Scope 2, and 100% of Scope 3 greenhouse gas emissions from 2021
- working towards implementing an environmental management system (EMS) covering waste generation, energy usage, water usage, and carbon emissions by 2025
- achieving third-party auditing and certification of EMS by 2028.
- enhancing the representation of ethnic minorities in the company to match regional ethnic diversity levels by 2025
- increase the representation of ethnic minorities in the senior leadership team to at least 20% by 2025.
- reduce the gender pay gap to zero and ensure equal pay for work of equal value by 2030
- indicators related to improving diversity in the supply chain

These indicators are also aligned to the SDGs, notably (5, 6, 8, 10, 12 and 13).

### 03 | External Financing

Initially, the main metric which drove the business's green mission and over £1m of investment was CO<sub>2</sub> savings to address net zero. Their key metric was *tCO<sub>2</sub>e* reduction per wash when compared to the industry standard. They were also influenced by Sir David Attenborough’s Blue Planet and the need to reduce waste and plastic fibres. They knew they had to be distinctively different to obtain external finance to develop their environmental services and expand.

“Developing a hyper-local, carbon neutral and tech-enabled approach – that reversed the sector’s adverse impact on the planet . . . . was fundamental.”

They introduced new technology to reduce water use by almost half through their water filtration and cleansing techniques. Low-temperature washes powered by solar panels lower their energy use and increase the renewable energy share. They are also able to filter out over 95% of microfibre water contamination and offer almost 100% bacterial elimination through their unique ozone, chemical and thermal decontamination processes.

After initial support from Oxford Said Business School accelerator’s philanthropic support, it took five months to secure £300k of seed VC funding to develop the Oxford pilot business and their service software. In 2020, they received a further £1.2m from a mix of corporate accelerator, Green Angel Syndicate (GAS) and VCs to enable the business to expand services to 3-4 key cities in the South of England and develop their tech stack. Further funding of circa £3m was then secured which included US VC and Corporate VC to further develop proprietary tech for logistics and washing and expand into other urban locations in Europe.

### 04 | Good practice

The company is B Corp accredited and has recruited a Sustainability Officer with extensive fashion industry experience to build a company sustainability roadmap. This led to sustainable washing practices and improved clothing longevity. The company is an industry leader within a typically laggard sector in environmental terms. A lot of their good practice is driven by AI tech analytical

efficiencies. For example, they now have very accurate sensor equipment to measure the KW/h washing machine equipment.

They have done well in terms of their Scope 1 and 2 environmental impacts but are struggling with their Scope 3 supply chain measures relating to the environment. In this respect, there may be a need for government regulation to assist them in obtaining environmental measurements from their suppliers – in the same way that they are reporting to their large business clients.

The company is interested in exploring how to track chemicals and finding a direct way of seeing the impact on aquatic life of their practices, versus the industry standard. They have invested in developing 'Big Blue' water recycling plant in Swindon.

## 05 | Benefits of environmental reporting

B Corp status was undertaken primarily to address founder goals but it has also assisted client development and investment.



Investors are split in their requirements for good verifiable environmental metrics between those that are sustainable and impact-oriented, which get more stringent as the process of investment progresses to later rounds, and those that are market-driven and need to see market traction and scalability - which of course all do – but for some the green qualification of the company is just nice to have.

During the COVID-19 crisis, this led to an important pivot for the business when it shifted towards a B2B service model and had to obtain NHS certification. This opened up a very large market for them.

Reporting to their investors is no longer a driver, as the company is delivering market-leading environmental reporting.

## 06 | Future plans

The company is currently expanding and is looking for a sizeable Series B round in 2025 of £10m plus from equity investors. Funding may come from outside of the UK for such a large round. The prior Series A round which was being planned for 2021 was successfully closed, but it was a struggle through the COVID-19 pandemic and energy crisis aftermath. However, they received reasonable funding over the past couple of years to maintain their tech and urban location expansion.

A recommendation to the UK government would be to help with Scope 3 regulatory requirements to provide better information on equipment and practices. Many suppliers have not started on this greening of supply chain processes. The company is also lobbying for the abolition of chemical detergents that are not biodegradable.

### ABOUT

Funded by the Natural Environment Research Council, our case study series sheds light on early-stage SMEs journeys in obtaining external financing, SMEs navigating challenges in accessing finance for nature-positive innovation, aligning with environmentally conscious investors through shared metrics, and the evolution of SME investors in becoming 'nature-positive'. For further details, please see [www.cusp.ac.uk/sme-finbio](http://www.cusp.ac.uk/sme-finbio).