



# The role of Angel investing in financing innovative ventures

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**Luigi Amati – Vice President**

The European Confederation for Angel Investing  
[www.businessangelseurope.com](http://www.businessangelseurope.com)



## The Voice of Angel Investing in Europe

BAE is the confederation of National Associations and Federations of Business Angels, each representing the key angel groupings in their own countries.

BAE National Members represent **90% of the organised angel market in Europe**: France Angels (France); UK Business Angels Association (UK) ; BAND (Germany); IBAN (Italy); AEBAN (Spain); BeBAN (Belgium); BAN Nederland (the Netherlands); LINC Scotland; APBA (Portugal), ABAN (Austria)

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## **Key facts about angel investing**

Business angels invest in innovative companies ready to receive early stage risk capital. While they represent a minority of SMEs, they are fundamental for job creation

Business angels invest money and time when no other investor is ready to invest (banks, VCs, crowdfunding platforms)

Although difficult to measure - due to its informal nature - it is estimated that angel investing in early stage companies is today larger than VC investments, numbers in Europe are in the order of billions of euro

## Ways to invest with others angels

### Business Angels Network



Network with other Business Angels,  
access opportunities.

### Business Angels Club



Join others for due diligence and  
negotiation on a deal, invest together  
in a syndicate.

### Co-Investment Funds



Angels co-invest alongside with a fund

## **Challenges to start up a BAs club/network**

- Motivate angels, spark them up, build trust and confidence
  - Study visits, meeting with other angels (abroad)
  - Share the evaluation/due diligence process
- BAs sometimes do not want to be visible, they do not want to be associated in networks
  - HNWI and Family offices can be engaged via co-investment funds



## Co-Investment Funds

- Pari-passu co-investment at par with Business Angels in 1st and 2nd rounds, free at 3rd round
- First rounds of typically €500k - 1.5M
- Co-investors are syndicates from Business Angel Networks selected by the fund for their experience, the quality of their processes and their proven capacity to support companies
- Reliance on Business Angels for day-to-day management of portfolio companies

## Some ideas how to create a favourable environment

SUPPLY Bringing more investors	DEMAND Quality deal flow	MARKET Impact and sustainability
Promote peer learning and study visits	Human capital development (for entrepreneurs and investors) Investment readiness	Social capital development (facilitating links between entrepreneurs and investors)
Provide co-investment funds	Improve deal flow (support scouting)	promote match making Support Local BA/VC forums
Fiscal incentives (for start-ups also)	Raise awareness on entrepreneurship (Business plan competition)	Data collection
Showcase successful companies		Light regulation for early stage investment market



[luigi.amati@businessangelseurope.com](mailto:luigi.amati@businessangelseurope.com)

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