

Promoting innovation-based entrepreneurial opportunities in the UNECE region

Business Angels investing during the crisis

Geneva, September 29th 2009

Brigitte Baumann

President - EBAN – European Trade Association for Business Angels, Seed Funds and Early Stage Market Players

CEO – Go Beyond

Who we are – Our Membership and Reach

Over 100 members

EBAN

from 27 countries

13 Federations – 250 angel networks +
associated members

20.000 angels

40.000
entrepreneurs

80.000 website
viewers

8.000 publication
readers

Membership
X4 in 5 years

Now open to
seed funds

Summary of industry statistics

2007	Trend in recent years	EU	US
Networks	↑	297	245
Estimate n of angels	↑	75.000	250.000
Investment per round	↑	165.000€	210.500€
Total estimate invested annually	↑	3-5 billion€	20 billion€
Total invested by VC annually in seed (EVCA data)	→	4 billion €	20 billion €

EU INVESTMENT ACTIVITY 25% of US LEVELS

Source: Compiled information from EBAN, ACA and Center for Venture Research

Impact of the crisis – End 2008 to Mid 2009

	EU	North America
Networks	↑	↑
N business plans received	↑	↑
N new members in groups	↑	→
Current active angel members	↓	↑
Members leaving	↑	↑
Investment per round	↓	→
Total volume invested	↓	↓
N Co-investments	↑	↑

Counter-cyclical investment behaviour of angels

Great business opportunities- few exit opportunities

Source: EBAN, Angel Capital Association

Some Reasons for the Slow Down

- Funded start-ups faced an unplanned slow down in revenue growth and many needed more financing. Some had to postpone planned expansion
- Business Angels were unsure on their overall loss in wealth due to the financial crisis. Some had to reconsider their life plans and angel investing
- Company valuations decreased slowly in some countries and unevenly
- New entrepreneurs emerged – some as a result of loosing their jobs
- Investment exit opportunities for Business Angels such as sale to a corporation or to VCs became more scarce

Observations since Summer 2009

Confidence and Investment Activity UP

- Business Angels have taken care of their existing portfolios & are working with some of their start-ups to take advantage of weakened competition
- Most Business Angels have decided to continue investing and new ones are joining them. Industry professionalism has helped
- Exit opportunities are expected to come back in the next 12 to 18 months
- Some sectors for example Med Tech still going strong.

Policy makers can help to....

...

1. Attract more angels to the market (fiscal incentives & awareness building)
2. Improve transparency of the market (research effort)
3. Reinforce the role of trade associations and business angel groups for capacity building opportunities (training)
4. Reinforce the collaboration between business angels and venture capital funds (co-investment fund & policies)

Join us at EBAN 8th Winter University

EBANWINTERUNIVERSITY2009

Stockholm
9/10 November 2009

**« How to seize opportunities together »
9/10 November 2009 – Stockholm – Hosted by SVCA**

Official EU Presidency event

Pre-event training: “Preparing shareholder agreements suitable for later stage investors, in particular VCs

Keynote speakers and panel sessions
Serial angels, BAN managers, early stage fund managers

www.eban.org <http://winteruniversity2009.eban.org/>

Contact details

Brussels Secretariat

T: + 32 2 626 20 60

info@eban.org

www.eban.org