Angel Investing By the Numbers:
ACA’s Angel Funders Report

ACA Webinar Series
December 5, 2018
HOW TO GET VALUE FROM THIS WEBINAR

• Use chat to submit questions
• Yes, you’ll get the slides
• We’re recording, so come back and listen again
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*World’s largest association of active accredited angel investors* - www.angelcapitalassociation.org

- 13,000+ investors
- Individual angels
- Angel groups
- Accredited platforms
- Family offices
- 250+ organizations
- Every U.S. state & 5 Canadian provinces

Mission: fuel the success of the accredited angel investor community through advocacy, education and connection building
ACA PRODUCES RESULTS – AND SMARTER ANGELS

Supports angel data and research

Provides gold standard education

Represents American angels in Washington, DC

Provides relevant content and connections for deal flow and exits
ACA MEMBERS ARE TOP ANGELS, GROUPS & PLATFORMS
PARTNERS BRING VALUE TO ANGELS

ACA Data Partner

ACA Education Partner

Gold Partners

Foley Hoag LLP

propel(x)

Silver Partners

America's Seed Fund SBIR/STTR

Seraph

Bronze Partners

Blueline Insurance and Transition for Startups

Canada Trust

Mainstar Trust

Mason Emerging Risks Covered

P2Binvestor

Taft

VentureWell

https://www.angelcapitalassociation.org/partners-sponsors/
OUR SPEAKERS

Steve Flaim  
Tech Coast Angels

Raymond Luk  
Hockeystick

Rick Timmins  
Central Texas Angel Network
Angel Investing by the Numbers: ACA’s Angel Funders Report

The initial ACA report on angel group investment, the startups they support and the ACA Data Analytics Platform

Wednesday, December 5, 12:00 to 1:00 PM Eastern
Agenda

• Introducing the Angel Funders Report
• Looking into the future
• The Central Texas Angel Network (CTAN) – Data Learnings
• The *Hockeystick* platform
• CTAN’s experience with data entry
• Questions
Introducing the Angel Funders Report

What are the factors that influence successful angel investing and the startups that angels support? This is a question that ACA begins to answer in the pilot Angel Funders Report.

What is the Angel Funders Report?

• The first phase of our data analytics initiative (the pilot phase) included collecting data from 26 leading angel groups across the United States.

• The report covers investments for 2017. All individual investment and group data has been kept confidential.

• Data includes overall metrics of the pilot groups’ angel investments and the companies in which they invested.

• In the future, when ACA has more data, including exits and out of business analysis of the data which will help us understand the factors that impact the outcomes of the investments.
More About the Angel Funders Report

• Goals and Methodology
  The goal of the Angel Funders Report is to provide unparalleled depth in metrics which leads to understanding of factors that influence angel investing outcomes. Data collected by survey, then reviewed and combined when multiple groups invested in same round, removing duplicate data.

• About the Dataset
  The initial report is based upon 25 data fields collected from 26 angel groups selected for participation.

• Key Findings
  The findings of the initial report tell us that many variables influence angel groups and their investments.
# About the Data Provided

<table>
<thead>
<tr>
<th># of Rounds</th>
<th># of Companies</th>
<th>Total Invested by Groups</th>
<th>Total Raised by Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>432</td>
<td>393</td>
<td>$102M</td>
<td>$534M</td>
</tr>
</tbody>
</table>

*Angel Capital Association*
Investments by the Numbers – Round Size and Median Overall Valuation

Total Amount Raised Per Round

- >$1M: 41%
- $1M or less: 59%

Pre-Money Valuation or Cap on Note

- Up to $2.5M: 10%
- $2.5M-$4.5M: 24%
- $4.5M-$8M: 31%
- $8M or greater: 35%

Median Round Size = $1M
Median Valuation = $5M
Valuations Change by Round Stage

**Pre-Money Valuation - Angel Round**
- $8M or greater: 7%
- $4.5M-$8M: 26%
- $2.5M-$4.5M: 46%
- Up to $2.5M: 20%

Median Valuation = $4M

**Pre-Money Valuation – Series A Round**
- $10M-$20M: 28%
- $5M-$10M: 26%
- Up to $5M: 33%
- $20M or greater: 13%

Median Valuation = $8.5M
Investments Generally Early, But Follow-Ons Rule

**Round Classification**

- Convertible Note: 16%
- Seed/Angel: 44%
- Series A: 23%
- Series B: 9%
- Series C or Later: 4%
- Other: 4%

**More Than Half of Rounds Are Follow-Ons**

- Follow-On: 58%
- Seed: 42%
Deals by Investment Structure and Industry

Deal Structure

- Preferred Stock: 60%
- Convertible Note: 35%
- SAFE: 1%
- Restricted Stock: <1%
- Common Stock: 3%
- Other: <1%

Deals by Industry Sector

- Tech (IT, Software, Mobile, IoT, Web): 36%
- Healthcare/Life Sciences: 30%
- Industrial, Energy, Cleantech: 7%
- Retail & Distribution: 6%
- Consumer Goods & Services: 4%
- Media & Entertainment: 3%
- Ed Tech: 3%
- Financial Services: 3%
- Other: 9%
Syndication – Working Together Is Important

73% of deals were syndicated

Deal Syndication

- Syndicated with only other angel groups: 44%
- Not syndicated at all: 27%
- Syndicated with angel groups and VCs: 21%
- Syndicated with only VCs: 8%
About the Portfolio Companies

Revenue at Time of Funding

Number of Employees at Time of Funding

Tax Structure
CEO Profile

By Gender

21% of CEOs were female

Previous Experience in Leading Startups

By Race

- Caucasian: 87%
- African-American: 4%
- Asian: 6%
- Other: 2%
- Hispanic/Latino: 1%

ANGEL CAPITAL ASSOCIATION
Angel Group Activity Varies

Total Dollars Invested Per Group in 2017

- $<1M: 20%
- $1M-$2.5M: 24%
- $2.5M-$5M: 24%
- $5M-$10M: 20%
- >$10M: 12%

Total Number of Deals Per Group in 2017

- 1-5: 19%
- 6-10: 23%
- 11-19: 19%
- 20-30: 23%
- >30: 15%

Investment Amount Per Group Per Round

- >$500k: 4%
- $250k-$500k: 32%
- $100k-$250k: 48%
- $50k-$99k: 16%

Median Amount = $2.85M
Median Deals = 16
Median Amount = $202K
More About Angel Group Activity

Number of Network Members in Each Deal

- 1 to 5: 43%
- 6 to 10: 27%
- 11 to 20: 19%
- >20: 10%

Median Number of Angels = 10

Angel Groups Based in 17 States, While Portfolio Companies in 36+

Map Key
- ACA reporting group location = 
- Location that ACA group invested in =

[Map showing the distribution of angel groups across states]
Angel Groups on Industry Sectors and Board Service

### Percentage of Angel Groups Investing in Sectors

- **IT - Enterprise Software/HW/Svc**: 64%
- **Consumer Products/Services/Other**: 52%
- **Life Sciences - Medical Devices**: 41%
- **Internet, IoT & Web Services**: 38%
- **IT - Mobile Software/Other**: 28%
- **Industrial & Energy**: 25%
- **Life Sciences - Healthcare IT/Other**: 25%
- **Healthcare Services**: 18%
- **eCommerce**: 15%
- **Life Sciences - Therapeutics**: 15%
- **Ed Tech**: 15%
- **Life Sciences - Medical Diagnostics**: 15%
- **Hardware/Software Technologies**: 14%
- **Clean Tech**: 11%
- **Financial Services**: 11%
- **Other**: 18%

### Is Group Member Serving on Company Board?

- **Yes**: 23%
- **No**: 77%
Participating Angel Groups – Thanks!
The Future of the Angel Funders Report - What’s to Come

The Angel Funders Report is an evolving part of ACA’s Data Analytics Initiative. This pilot report provides important knowledge about angel groups, investment decisions, and future reports will also focus on the outcomes of these investments.

Here are some examples of insights currently being gained by large individual groups that we plan to learn more about in future Angel Funders Reports:

• **CEO Experience Counts** – Those who led startup before more than 2X likely to have positive exit

• **Successful Exit Secrets** – 2% of exits created 74% of return, waiting past early exits increased returns 2X

• **Follow-ons Can Bring Higher Returns** – IRR for later rounds often higher, with reduced risks
The Central Texas Angel Network (CTAN) – Data Learnings

Rick Timmins
Director, CTAN
Director, Angel Capital Association
CTAN Financial Metrics Tracking

- CTAN has been doing metrics tracking for the last 7 years
- This is 161 investments totaling $94M with 25 exits and 45 OOB
- Our portfolio is 12 years old with 67% invested in last 5 years
- We track 83 metrics and are expanding with new ones
- We share results with all members each year. The important thing:

WE ARE LEARNING
From Just A Few Metrics, We Are Learning:

• The value of an experienced CEO versus a first-time CEO
• The importance of follow-on investing in your strategy
• How important is it to create a diversified portfolio
• Bonus---data on male-led versus female-led companies
Experienced CEO Vs. First-Time CEO: CTAN Portfolio Companies - 2017

### Experienced CEO 2006-2017

- **$28.7M**
- **$150.0M (5.21x)**
- **40%**
- **32%**

### First-Time CEO 2006-2017

- **$64.6M**
- **$117.5M (1.81x)**
- **30%**
- **21%**

### Table: Experienced CEO vs. First-Time CEO

<table>
<thead>
<tr>
<th></th>
<th>Out of Business</th>
<th>&lt; 1.0 x</th>
<th>1.0x or Too Early</th>
<th>&gt; 1.0x</th>
<th>Exit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experienced CEO</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>7</td>
<td>8</td>
<td>25</td>
</tr>
<tr>
<td>First-Time CEO</td>
<td>41</td>
<td>7</td>
<td>42</td>
<td>32</td>
<td>17</td>
<td>136</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45</strong></td>
<td><strong>8</strong></td>
<td><strong>44</strong></td>
<td><strong>39</strong></td>
<td><strong>25</strong></td>
<td><strong>161</strong></td>
</tr>
</tbody>
</table>
CTAN Key Valuation Multiple Metrics (2006-2017)

**Not in Portfolio**
- Exits Only (25): 4.9x
- Exits and Out of Business (70): 2.7x

**Still in Portfolio**
- Single Investment (42): 1.76x
- One Follow-on Investment (22): 2.48x
- Multiple Follow-on Investments (27): 3.40x
- Total Remaining Portfolio (91): 2.94x

**Total Portfolio (161)**
- Total Portfolio: 2.87x

<table>
<thead>
<tr>
<th>Category</th>
<th>Multiples</th>
<th>Valuations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exits Only (25)</td>
<td>4.9x</td>
<td>$15.6M / $76M</td>
</tr>
<tr>
<td>Exits and Out of Business (70)</td>
<td>2.7x</td>
<td>$28.1M / $76M</td>
</tr>
<tr>
<td>Single Investment (42)</td>
<td>1.76x</td>
<td>$10.2M / $18M</td>
</tr>
<tr>
<td>One Follow-on Investment (22)</td>
<td>2.48x</td>
<td>$13M / $32M</td>
</tr>
<tr>
<td>Multiple Follow-on Investments (27)</td>
<td>3.40x</td>
<td>$42M / $142M</td>
</tr>
<tr>
<td>Total Remaining Portfolio (91)</td>
<td>2.94x</td>
<td>$65.2M / $192M</td>
</tr>
<tr>
<td>Total Portfolio (161)</td>
<td>2.87x</td>
<td>$93.3M / $268M</td>
</tr>
</tbody>
</table>
### 2017 CTAN-Estimated Valuation Multiple by SIGs

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount Invested</th>
<th>Estimated Valuation</th>
<th>Valuation Multiple</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business To Business (B2B)</td>
<td>$21.1M</td>
<td>$99.3M</td>
<td>4.71x</td>
</tr>
<tr>
<td>Business To Consumer (B2C)</td>
<td>$10.0M</td>
<td>$11.6M</td>
<td>1.16x</td>
</tr>
<tr>
<td>Hardware</td>
<td>$12.9M</td>
<td>$23.9M</td>
<td>1.85x</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>$29.8M</td>
<td>$31.6M</td>
<td>3.39x</td>
</tr>
<tr>
<td>CPG/Other</td>
<td>$19.6M</td>
<td>$101.1M</td>
<td>5.20x</td>
</tr>
</tbody>
</table>

**Total Invested**: $93.3M  
**Total Est. Valuation**: $268M  
**Valuation Multiple**: 2.87x
### CTAN Portfolio - 2006 - 2017

**Female Led or Co-Led Companies**

<table>
<thead>
<tr>
<th></th>
<th>#Co</th>
<th>% of Portfolio</th>
<th>#Exits</th>
<th>#OOB</th>
<th>%Exits</th>
<th>%OOB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female-Led</td>
<td>28</td>
<td>20%</td>
<td>3</td>
<td>8</td>
<td>11%</td>
<td>29%</td>
</tr>
<tr>
<td>Male-Led</td>
<td>133</td>
<td>80%</td>
<td>22</td>
<td>37</td>
<td>17%</td>
<td>28%</td>
</tr>
</tbody>
</table>

![Graph showing investment amounts and valuations for Female-Led and Male-Led companies](chart.png)

- **Female-Led Companies**
  - Amount Invested: $9,782
  - Valuation: $15,785
  - Valuation Multiple: 1.61
  - Valuation: $83,569
  - Valuation Multiple: 3.01

- **Male-Led Companies**
  - Amount Invested: $251,735
  - Valuation Multiple: 3
The Hockeystick Platform

Raymond Luk
Founder & CEO
Hockeystick, Inc.
Overview – ACA Data Analytics on Hockeystick

1. Submit Data
2. Access Proprietary ACA Database on Hockeystick
3. Utilize Powerful Tools to Perform Research
Private Data Submission Tool

Key Points:

- Secure link for each group
- Easy to collaborate internally
- Easy to keep up-to-date
Access Your Private on ACA Data Platform

Key Points:

• View all submitted data (private to each member group)

• Share data with your group members

• View enriched dataset by ACA and Hockeystick data research team
Access Shared Datasets on ACA Data Platform

Key Points:

- Members-only portal to track startups, investors and deals
- High-level aggregate data
Leverage ACA Aggregate Data

Key Points:

- International, national & regional investment trends and statistics
- Incorporating aggregate data from ACA Angel Funder’s Report
- Coming soon: ability to create & customize dashboards
Leverage ACA Aggregate Data

Key Points:

- Data on leading investment sectors, deal terms, syndication etc.
- Constantly updated by ACA and member groups
- Ability to generate and export reports
Value to Angel Groups

**High-level investment trends**
- Investments by industries, verticals, stage and round
- Investments by geographical region

**Aggregate Angel group statistics**
- Average # and amount invested per group
- Syndication statistics

**Investment deal statistics**
- Pre-money valuation by round, industry/vertical
- Type of security: eg notes, preferred shares
- Number of companies receiving VC funding

**Company data**
- Total employees and sales of companies
- Exit data (positive, negative, group IRR)
- Influence of CEO experience on exit multiples

*Analyze your angel group’s private data. Access aggregate statistics across ACA.*
Key Points and Next Steps

• Members and ACA own the data

• Hockeystick is a provider of data platforms and does not sell or share private datasets

• Get started: contact ACA to receive a link to your private account
Comments From a Person Loading Data Into *Hockeystick*

- I have loaded data for all 12 years of CTAN investments.
- This is 189 individual investments.
- Based on my experience doing this, it is taking between 5-7 minutes per investment to load all of the data into Hockeystick.
- In many cases I did not have all of the data (31) for the 189 investments.
- The 31 data elements are broken out as basic items (12), financial data (7), people/CEO information (6) and exits/out of business data (6).
Angel Investing by the Numbers: ACA’s Angel Funders Report

The initial ACA report on angel group investment, the startups they support and the ACA Data Analytics Platform

Wednesday, December 5, 12:00 to 1:00 PM Eastern
QUESTIONS
UPCOMING WEBINARS

December 12, 2018
Investment and Company Structures:
Making Sense of the Alphabet Soup

Speakers:
Heather Miles, Foley Hoag
Ron Weissman, Band of Angels

https://www.angelcapitalassociation.org/webinars/
ADDITIONAL RESOURCES

Marianne Hudson  
Executive Director  
Angel Capital Association  

http://www.angelcapitalassociation.org/news-forbes/  

Christopher Mirabile  
Managing Director, Launchpad;  
Past Chair, Angel Capital Association  

http://www.angelcapitalassociation.org/news-inc/
EDUCATIONAL SEMINARS

Fundamentals of Angel Investing
- In one-hour, two-hour and half-day formats
- One-hour on-demand webinar

Term Sheets
- One-hour on-demand Basics webinar
- 3.5 hour Fundamentals in-person session
  - Available for license by ACA members thereafter

https://www.angelcapitalassociation.org/seminars/
ACA HAS GOLD STANDARD EVENTS & EDUCATION

- April 24-26, 2019, ACA Summit, Chicago, IL
- http://www.angelcapitalassociation.org/events/ ...