Driving Financial Inclusion for Start-ups and SMEs - Unlocking Investment and Access to Smart Capital

The Business Angels Case
Access to finance for new and innovative Firms

- Innovative Ciies represent only 6% of all new companies, 50% of jobs created (Nesta 2009)
- 20% consider access to funding as the major barrier to growth
- Debt or Equity?: traditional bank financing inappropriate
- Equity chain used to be linear with a widening «Equity Gap»: see graph
- Smart vs dumb money: Money is only part of the problem
- Angels definition: HNWI, Ex and/or Current Entrepreneurs, ready to support entrepreneurs as volunteers
- Types of Angel investments: individual, syndicates, groups, networks, BA funds, super-Angels.
- Angel vs VC Investors
- Industry sector/gender breakdown
Development of Angel Investing

• Key Success factors for Angel Investing: training, eco-system, due diligence

• Challenges for the Angel Investment Market: research, size of deals, exits, professionalization of Angels, crossborder investment hurdles, financial sustainability of Angel groups

• Capacity Building of Angel Investing: raising awareness and understanding of angel investing for potential Angels and Policy-makers, Angel Champions motivation

• Policy Making targeted at Angel Investing: Tax Incentives, Co-investment funds, direct support to angels, training programs

• Demand side measures: Entrepreneurial culture development, Network of Incubators and Accelerators, Investment readiness training

The European Confederation for Angel Investing
www.businessangelseurope.com
Innovative startups need more, richer Angels and Public support in all countries, in particular in Emerging countries:

• One out of 20 are invested in Europe: a lot of the remaining 80 are not financed and either die or remain small.

• US vs Europe: 1 to 10: Angel Development takes time and specific action plans.

• Emerging countries need even more badly local Angels to foster demand and support startup development: Lack of cross border angel investing.

• From startup to scaleup: need richer angels and/or transfer to VCs or Public Funding.

• Public intervention is paramount: risk too high for « natural » flight for early stage investing, market failure pervasive.
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