



Session II April, 13
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 Firms 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

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



www.businessangelseurope.com

The European Confederation for Angel Investing
www.businessangelseurope.com