



Angel Investors Critical for Early-Stage Innovation

- Financial capital – May provide 90% of outside equity
- Intellectual capital – Often successful entrepreneurs
- Other capital sources moving away early stage ventures
- Relatively distributed across country
- BUT.....



The Angel Community Has Issues

- Wide variation in investor sophistication
- Perception by later investors is mixed
- Privacy makes angels hard to locate
- Lack of investor education reduces participation
- Very limited data on market and track record
- Few industry standards and tools

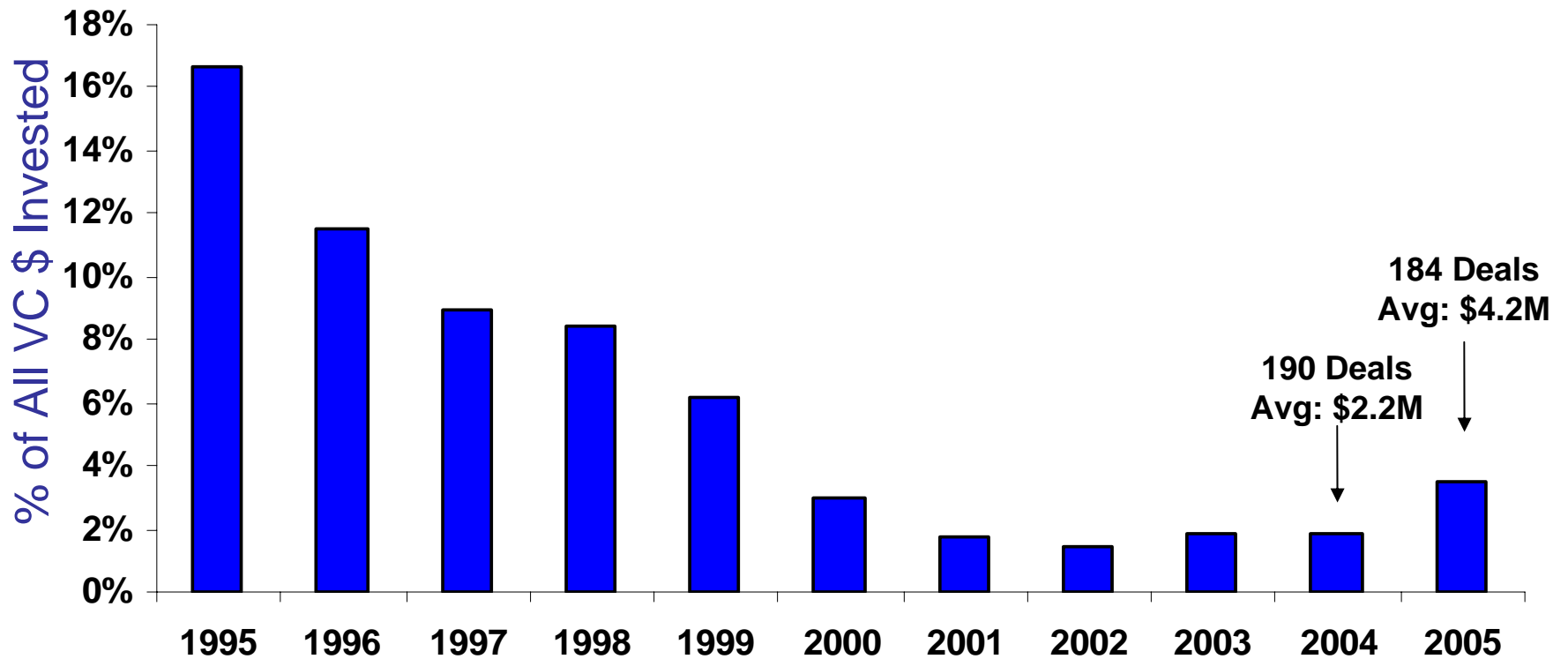


Angel Organizations Can Fill Capital Gap

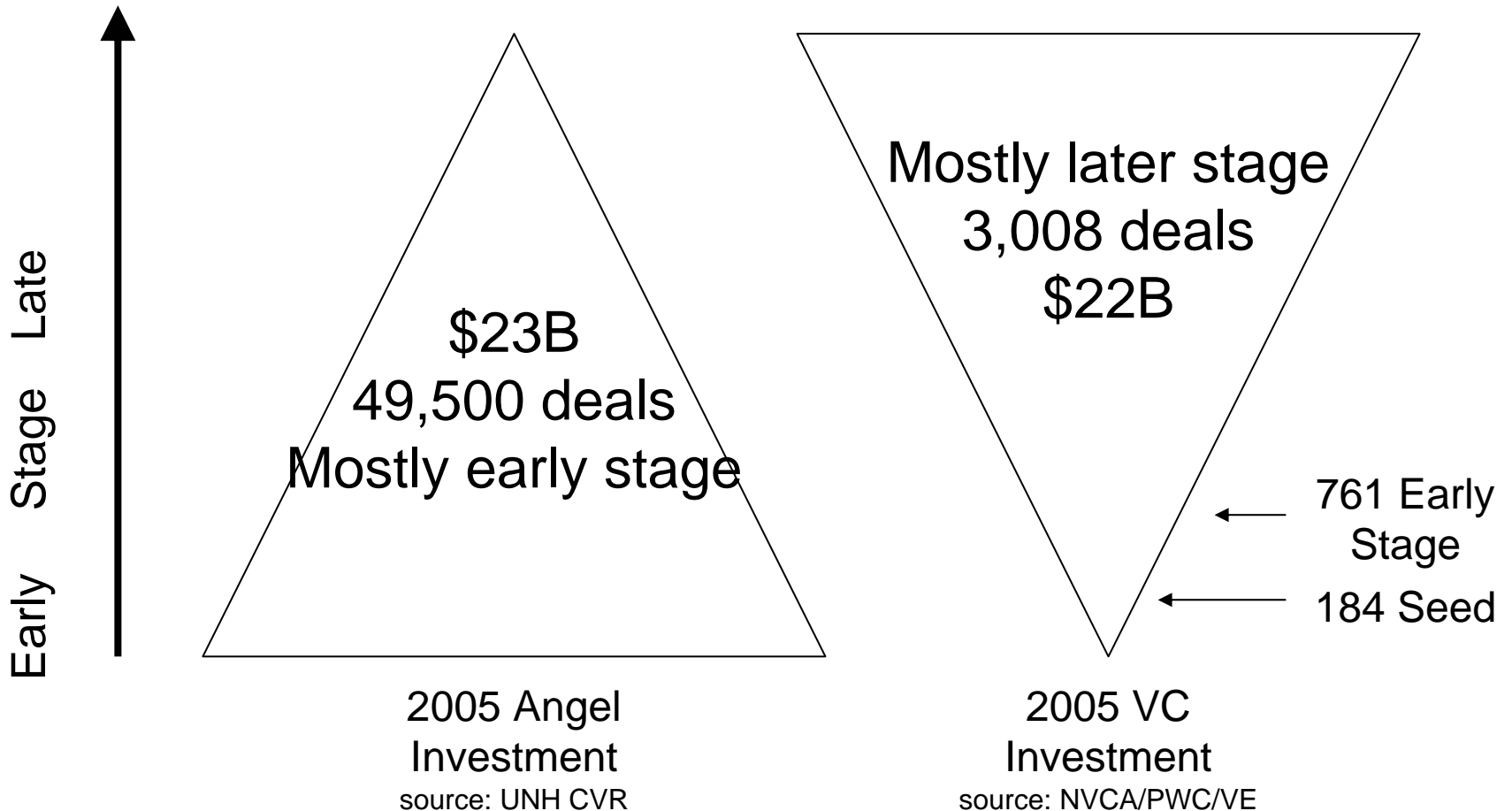
Stage	Pre-Seed	Seed/Start-Up		Early	Later
Source	Founders, Friends and Family	Individual Angels	Funding Gap between \$500,000 and \$2,000,000/\$5,000,000 (depending on region)	Venture Funds	
Investment	\$25,000 to \$100,000	\$100,000 to \$500,000		\$2,000,000/\$5,000,000 and up	



VC Seed Deals Remains Small Minority of Funding

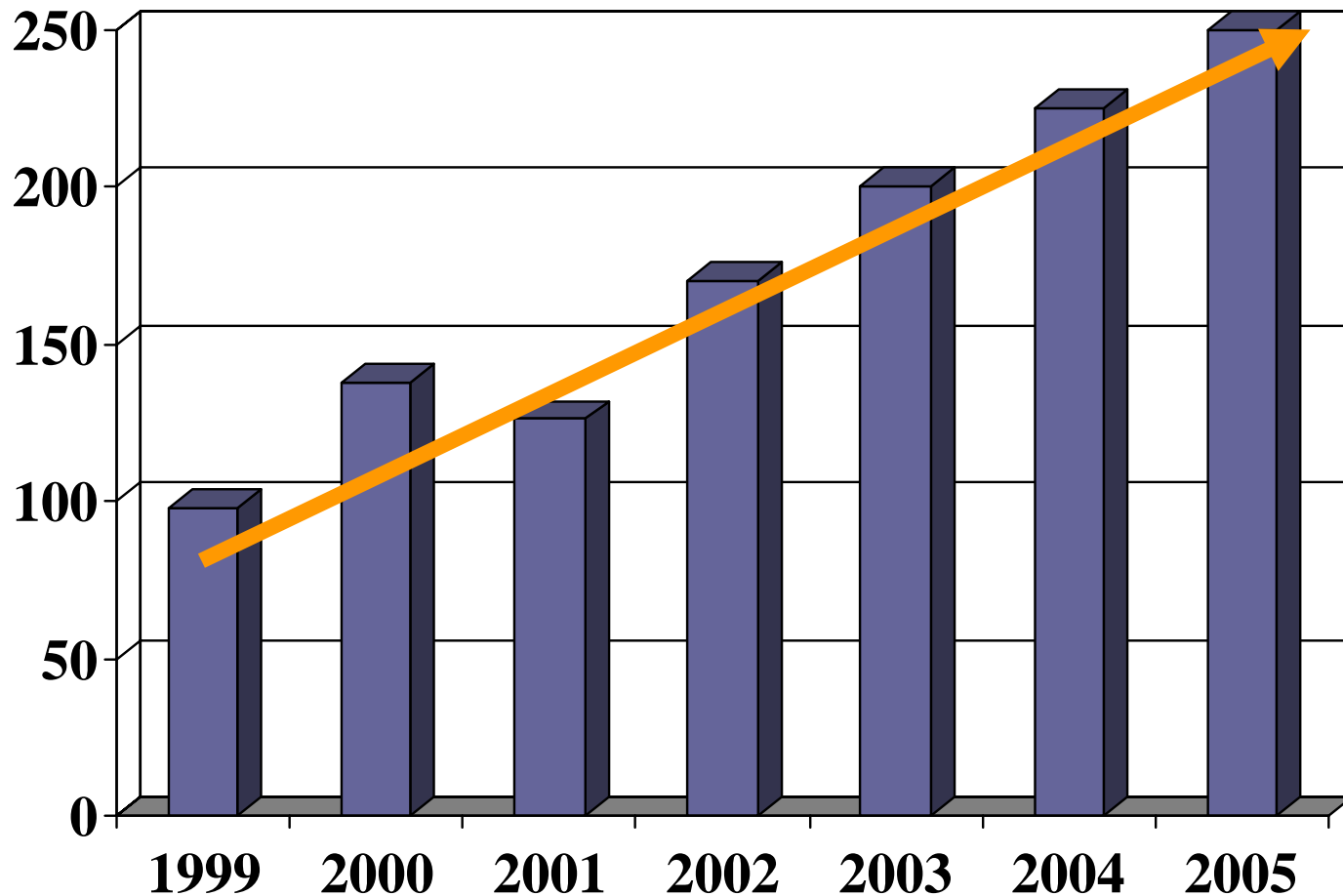


Markets Large, Complementary





Growth in Angel Organizations



Sources: Center for Venture Research and Kauffman Foundation (04-05 data)



Kauffman Premise on Angel Groups & Top Individuals

- Creating new class of investor
 - Entrepreneur-friendly
 - Sophistication/ excellent processes
 - Growing geographic diversity
- Market efficiencies developing
 - Entrepreneurs can locate more easily
 - Investors get better quality deal flow, while individuals maintain anonymity
 - Building partnerships with VCs for follow-on funding
- Beginning to close capital gap



Vision for Angel Group Movement

- Establish, grow movement into an “industry” respected by the investment, entrepreneurial communities
- Build common practices, models, tools, data, and relationships that build sustainability, excellence
- Foster sustainable entrepreneurial ventures that build economic vitality in North America
- Create a more efficient market for entrepreneurs to find appropriate mentor capitalists



Early Evidence:

Angel Groups Beginning to Fill Capital Gap

- Investments per round - \$100,000 - \$1 million
- New trend: co-investment by 3 or more angel groups
 - Pria Diagnostics - \$2.3 million (2 rounds)
 - Lake Tahoe, Sacramento, Tucson
 - SealPack - \$850,000
 - Columbus, Cincinnati, Toledo
 - Bright View - \$1.7 million
 - Raleigh, Charlotte, Charleston, Greensboro



2005 Group Investment Data

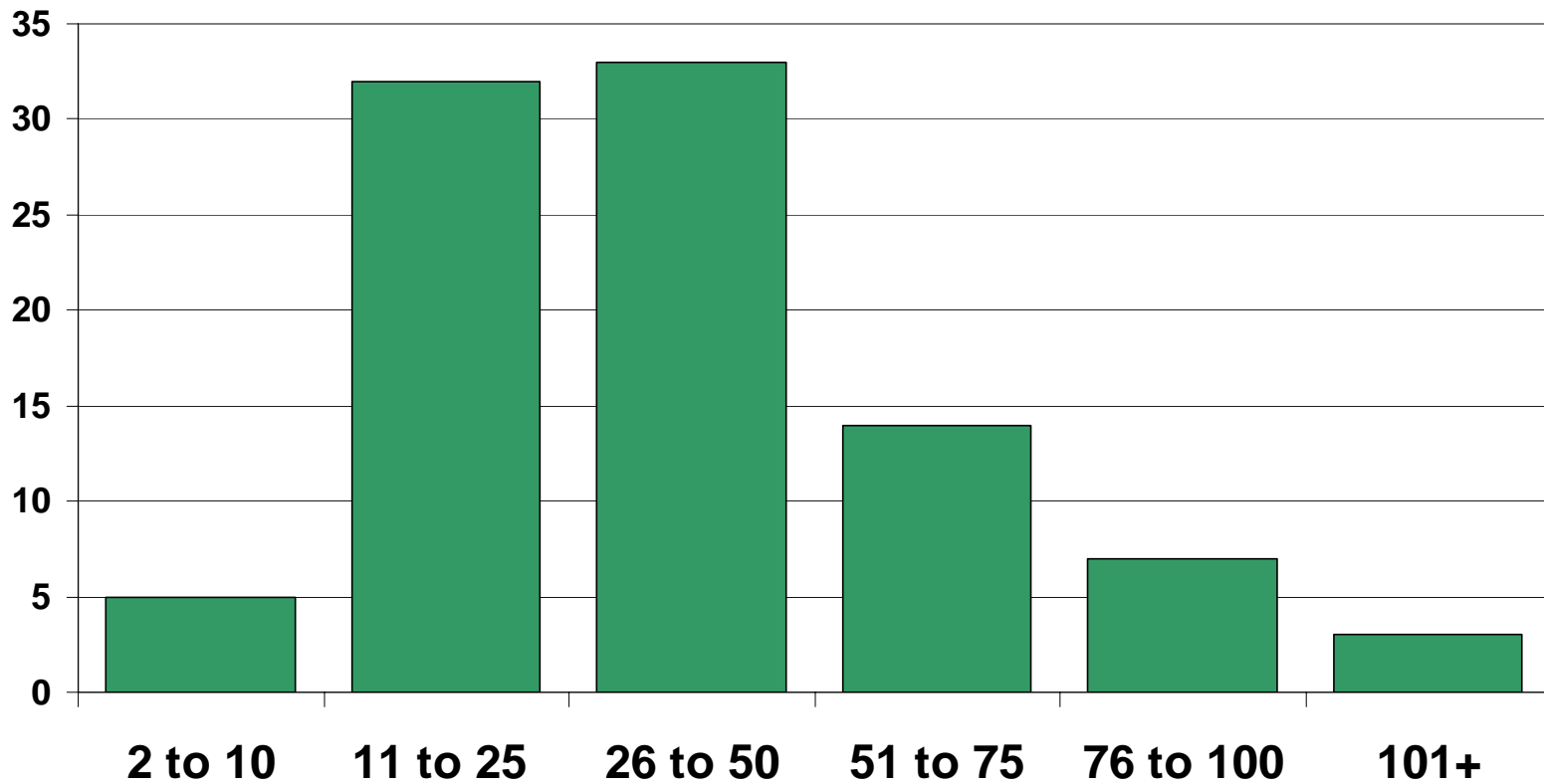
	Average	Median
Number of investments	5.46	4
Number of companies	4.49	3
Total monies invested	\$1.45M	\$900K
Dollars invested per round	\$266,037	
Dollars invested per company	\$386,963	
Dollars invested per angel (per deal)	\$33,236	

- 45% co-invested with venture capital firms
- 15% had distributions to investors



Investors Per Group

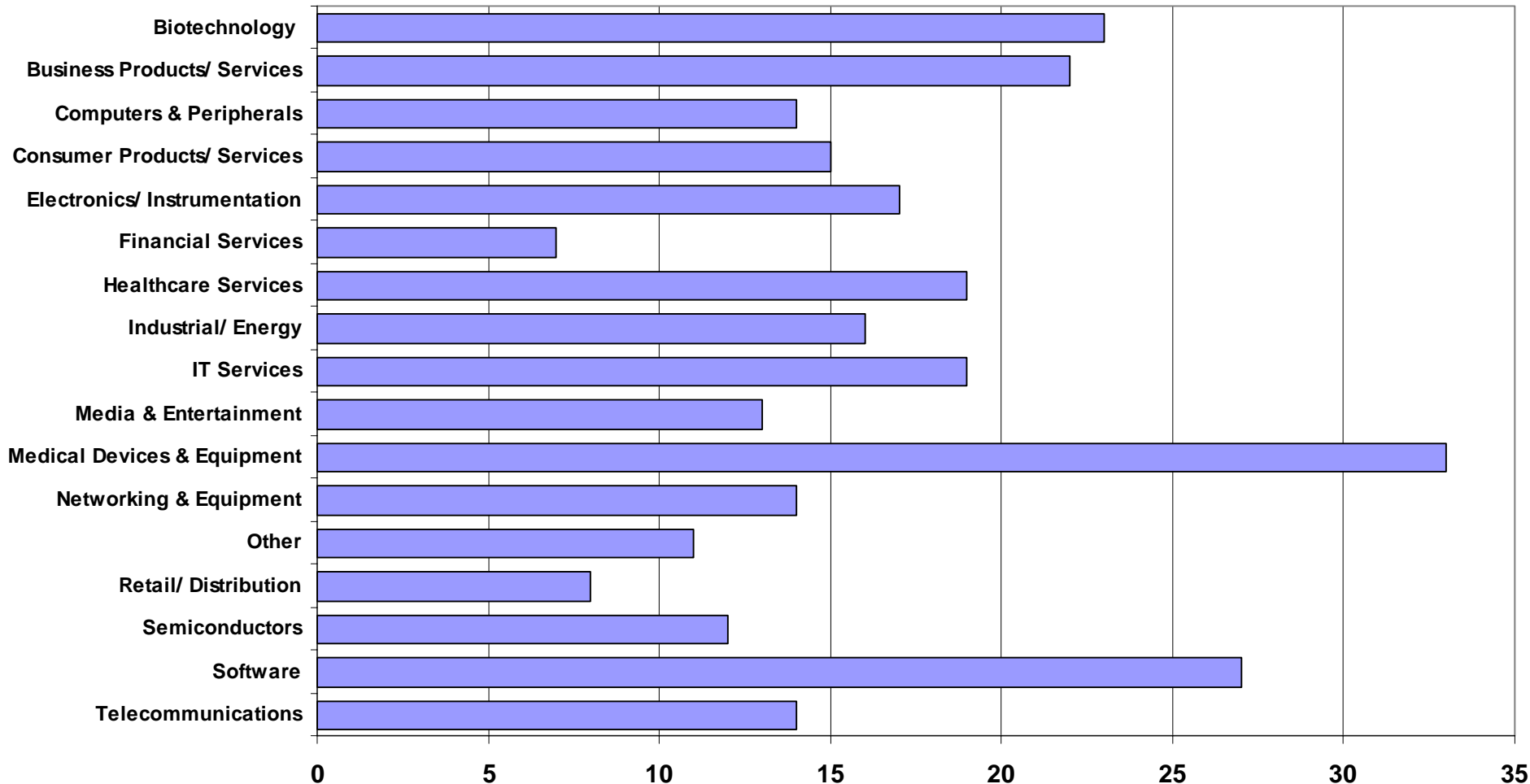
Average = 41
Median = 33



Source: ACA membership applications - 94 groups reporting (2005-2006)



Investment Preference



Source: ACA Membership applications - 40 groups reporting (2005-2006)



ANGEL CAPITAL ASSOCIATION
THE PROFESSIONAL ASSOCIATION OF ANGEL GROUPS

Member Locations

