Angel Investing

And why it matters to your entrepreneurial ecosystem

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Today’s Agenda & Objectives

- Understanding the angel industry
- Importance of angels and access to capital to our entrepreneurial ecosystems
- Angel investing in Kansas and the region
- Available resources

- Q & A – What would YOU like to know?
What are angel investors?

- Many angels are former entrepreneurs themselves
- An individual who provides capital to one or more startup companies
- Angel investors can usually add value through their contacts and expertise.
- Accredited Investor vs. Non-accredited
  - $1 Million net worth
  - $200,000 annual income individual
  - $300,000 annual income jointly
Angel Groups

- Meet regularly to screen opportunities, watch pitch presentations and meet with entrepreneurs
- Leverage the broad range of expertise of members to enable diverse industry investing
- Members work together to conduct due diligence
- Often pool funds into one transaction
- Some groups have paid administration and others are volunteer driven
- Over 600 in the U.S – (grown exponentially)
What is the difference between angels and venture capitalists?

- **Funding source**
  - Angels invest their own money directly into the businesses
  - VC’s invest from other sources, i.e. pension funds, insurance companies & foundations

- **Stage of Entrepreneur**
  - Angels – seed and start-ups
  - VC’s – later stage

- **Size of investment**
  - Angels $5,000-$100,000  - Average Group - $325,000
  - VC’s >$1,000,000  often >$5,000,000
Stages of Financing

- Seed Stage
- Early Stage
- Expansion
- Later Stage
- Buyout / Acquisition

$ -> $$$$
Typical Angel Deal Metrics

Individual & Angel Group

- $10,000 - $2,000,000
- Most fall in the $1M range-Group/$25,000 Individual
- High Growth – 10x expected return
- Team is the most important factor in the investment decision
- May or may not have a product to market
- Prefer 5-8 year exit window
Equity Investment 2018

Markets Large, Complementary

Stage

Early

Late

$24.6B
75,000 deals
Mostly early and expansion stage

2018 Angel Investment
<Center for Venture Research>

Mostly later stage
9,000 deals
$130B

2018 VC Investment
<Nat’l Venture Cap. Assoc.>
Why access to capital and developing angels are important to your entrepreneurial ecosystem!

- New job creation
- Succession strategy development
- Area revitalization
- Decrease talent drain from your city/county
- Access to larger pool of resources both human & financial for your entrepreneurs
- Ability to engage the community in other entrepreneurial activity.
- Absolutely critical to a vibrant entrepreneurial ecosystem
How do I activate capital in my Community

- You really just need to get the discussion started and continue to feed it
- Connections, collisions and more connections
  - Entrepreneurs must be active, on their feet and telling their stories
- Open access education about entrepreneurship and angel investing
  - Host specific events or just add 15 minutes to an existing meeting to make your community knowledgeable
Angel Investing – Partnerships & Programs

- Kansas Capital Multiplier Venture Program
- Midwest Angel Syndicate
- Kansas Angel Tax Credits - $6M
Kansas Angel Tax Credits

• $6M in Tax Credits allocated to this program annually
• Companies must be less than 5 year old & <$1M in revenue
• Companies apply to become Qualified Companies under the Act. www.kansasangels.com
• Accredited Investors register on the same site
  • Registration required annually
• State Tax Credits up to 50% of $100,000 investment
Resources

- Angel Research Institute (ARI)
  - [www.angelresearchinstitute.org](http://www.angelresearchinstitute.org)
- Angel Capital Association (ACA)
  - [www.angelcapitalassociation.org](http://www.angelcapitalassociation.org)
- Founders Forward
  - [www.founderforward@visible.vc](http://www.founderforward@visible.vc)
- Seraf
  - [www.seraf-investor.com](http://www.seraf-investor.com)
- Kansas Angel Tax Credit Program (KATC)
  - [www.kansasangels.com](http://www.kansasangels.com)
Q & A

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Thank You!!