The Statistics Compendium is Europe’s most extensive annual research on the activity of business angels and business angel networks. It provides information on the overall early stage market, on how business angel networks operate and an insight into their investment attitudes.

EBAN’s Statistics Compendium is based on the information provided by European business angel networks (hereafter BANs), Federations of BANs, individual business angels and other validated early stage investors which responded to EBAN’s Survey. The Survey was conducted in 2014 and reported activities which took place in 2013. The collection of data was pursued through a web form activated from the EBAN website or directly e-mailed to the Secretariat of EBAN through a pre-formated survey.

The figures presented in this report are not representative of the entire European market. Moreover, it is important to point out that the number of respondents differs y-o-y and not all the identified players participated in the survey. Also the survey fails short on accounting for the so called “invisible market”, which represents a consistent portion of the overall business angels’ investments.

EBAN expresses its recognition to all contributors who provided data to the current research as well as to Carlotta Larcher, student of Bocconi University (Italy) who directly collaborated with the Secretariat of EBAN for the preparation of the Statistics Compendium.

**DISCLAIMER**

*Due to its nature, the early stage investment market and especially the business angels investment market is difficult to quantify. An important percentage of the total investments are informal and not publicly reported.*

*The information presented and analysed in this document is based on self-reported data by investors and thus cannot be verified. By no means this report can represent the full extent of the early stage investment activity in Europe.*

*Knowing the underlying limitations of the publication, our main objective for this document is to provide a better understanding of the European market based in the activities of a given sample.*

*The current compendium comprises information collected thought direct surveys from 65 business angel networks, 4 national federations and 16 other early stage investors.*

*Additional data were collected from different sources namely from Zephyr, Crunchbase, market reports, national publications, press articles and research papers.*
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Executive Summary

Angel investment in Europe increased to 5.5 billion Euros in 2013, a growth of 8.7% from 2012, remaining the main financier of European startups. The investors’ community grew to 271,000 investors which closed 33,430 deals last year. Overall, taking in consideration other early stage investors operating in Europe, the sector reached €7.5b of investment in 2013.

Within the visible market, the United Kingdom continues to be the leading country with 84.4 millions invested in 535 companies. Spain comes second with 57.6 million Euros of investment followed by Russia with 41.8 million Euros. Despite the good performance of mature markets, it’s worth highlighting smaller players such as Estonia, country with a recently created first business angel network (BAN) which led to 4.7 million Euros of investment, making it the top performing country when comparing the investment per GDP ratio.

The main sector of investment is ICT (32%), followed by biotech & life sciences (10%), mobile (10%) and manufacturing (10%). The majority of the targeted companies (87%) are in early stages, notably startup, seed and pre-seed stages. Despite the existence of many international investment networks, cross-border investment remains marginal with 96% of the deals taking place in the country of the investor.

Co-investment was the rule in 2013. Only 3% of the respondents to the survey didn’t co-invest with other early stage investment players. This practice is most of all common between business angels but was extended to many other players such as private and public early stage funds.

The most relevant evidence of angel activity in addition to the investment per si, is the number and level of activity of business angel networks across Europe. These angel groups have been growing consistently and are today estimated at 468 BANs and show a strong internal dynamic with an average of 16% of new members. Although providing a critical and wide range of services to entrepreneurs and investors, BANs and angel Federations are not yet monetizing adequately the service they provide and are still relying mostly in funding from external/ parent organisations.
Overview of total European Early Stage Investment

EBAN, initially created as an European Business Angels Network, has in the past years extended its reach to different actors and investors of the European early stage investment ecosystem. As a result of that enlarged commitment, we start this report with an overview of the overall European early stage investment market, comprising information collected by EBAN together with data recently released by EVCA\(^1\) on early stage investments. An estimation of the gross figures of the equity crowdfunding market was also produced by EBAN based in 2012 data released by Massolution\(^2\) and recent trends. Unfortunately no system is yet in place to identify a more precise situation of the crowdfunding market in Europe.

The total European early stage investment market is estimated to be worth **7,5 billion Euros**. Business angels represent the biggest share of the investment market with 5,5 billion Euros of investment, followed by the venture capital industry investing 2 billion Euros in early stages. Equity crowdfunding investments are still marginal but expected to grow considerably in the coming years.

![Pie chart showing distribution of investment](image)

**Fig. 1 - The three main areas of early stage investment in Europe. Figures in M€.**

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\(^2\) [http://www.massolution.com/](http://www.massolution.com/)
Overview of European Angel Market

The European angel investment market increased 8.7% in 2013, reporting a new record of 5.543 million Euros of investment. The market has been growing in all of the monitored items: investment amount, number of investments and number of business angels. The impact in the economy through jobs created is also increasing as a consequence of the increased amounts in play.

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visible market</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported by BANs or Federations</td>
<td>427</td>
<td>509</td>
<td>554</td>
</tr>
<tr>
<td>Investment by non-reported BANs</td>
<td>298</td>
<td>330</td>
<td>431</td>
</tr>
<tr>
<td>Share of visible market</td>
<td>12%</td>
<td>17%</td>
<td>12%</td>
</tr>
<tr>
<td>Non-visible market</td>
<td>4317</td>
<td>4590</td>
<td>4989</td>
</tr>
</tbody>
</table>

| Total Investment | 4.744 | 5.099 | 5.543 |
| # Investments    | 26.158 | 29.130 | 33.430 |
| # Jobs created   | 154.597 | 178.813 | 184.170 |
| # Business Angels | 241.444 | 261.430 | 271.000 |

*Fig. 2 - Break down of angel investment by visible and non-visible market; Investment values in million Euros.*

As the table above shows, we can only perceive angel investment through the visible part of the market. The estimation of the visible market is an assumption EBAN considers taking into consideration previous surveys and reports published. As for 2013, we considered a visible market of 10%, at the same level of the one reported in 2012. By visible market we consider activity undertaken by investors gathered in business angel networks and which either have a direct relation with EBAN or those reporting through a federation. It also comprises networks from which access to information is limited but its existence and activity is known by other players of the industry.

The chart below illustrates the number of business angels operating in BANs as per comparison with the full estimated angel market.

*Fig. 2 – Comparison of business angels operating associated to BANs and total estimated number of business angels.*

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Business angel networks have been growing in number at an average of 17% for the past 10 years. In 2013, the number of active networks increased to 468.

As mentioned above, not all BANs are affiliated to federations or are directly monitored by EBAN. Our estimation comprises 123 BANs (26%) which are either operating in countries where access to information is more difficult or which operate without being linked to any national body or international network.
Statistics Compendium 2014

Angel Investment by Country

The United Kingdom continues to be the leading European angel market with €84,4 million of investment having reported an annual growth of 24%. Spain, Russia and France are the following biggest players. This year we were able to directly monitor 26 countries, nine more than last year which considerably increases the perspective and the diversity of the European market.

Fig. 4 – Angel investment by country

The chart below features the evolution of business angel investment by country. While market growth varies considerably from country to country, we observe a positive evolution in mid-table countries which may demonstrate a greater maturity of these markets. This happens with Turkey, Portugal, Switzerland, Ireland and Belgium. On the other hand, other traditionally active countries such as Finland, Sweden, Italy and The Netherlands report an activity decrease.
A different perspective is provided below when compared the reported angel activity with each country’s GDP. In this case, a smaller country gains prominence (Estonia), while countries with higher GDP push the average down to 0.000028 ratio:

![Graph of Fig. 5: Evolution of angel investment by country (2012-2013); Amounts in M€](image)

![Graph of Fig. 6: Ratio angel investment/GDP. GDP figures of 2013 from the International Monetary Fund](image)
If we bring the comparison to the level of business angel network’s activity, we notice that Estonia, with a single operating BAN, take the leadership position on a chart that leaves the European average at €1.184M. On the other hand, France, a country with a mature network of angel networks (83), fails to achieve more activity from its existing BANs.

Operational figures

The amount invested per company has decreased in the past three years. European investment per deal remains considerably lower than the one recorded in the US (€260k).

At the BAN level, the average investment amount rises to 1,184 million Euros, an annual increase that shows a tendency for aggregation in BANs.

Individual angel investment remains in the average of 20.000 Euros. With angel syndication becoming a common word across Europe, one could have had expected this figure to decrease.

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Investment per company (€)</td>
<td>181.400</td>
<td>174.833</td>
<td>165.787</td>
</tr>
<tr>
<td>Average Investment per BAN (€)</td>
<td>1.041.616</td>
<td>1.107.081</td>
<td>1.184.378</td>
</tr>
<tr>
<td>Average Investment per BA (€)</td>
<td>19.653</td>
<td>19.480</td>
<td>20.437</td>
</tr>
</tbody>
</table>
1. SECTORS OF INVESTMENT

Preference of investment goes to the ICT sector as the charts below demonstrate. Apart from ICT, there is an homogeneous distribution of investment with manufacturing, biotech, life sciences and mobile health care & medtech recording the top preferences of surveyed early stage investors. There is no significant difference between sector preferences when considered per deal and per value.

![Sectors distribution in 2013 by investment amount (left) and number of deals (right)](image)

2. DEVELOPMENT STAGE OF INVEESTEE

Investments concentrated in earlier stages (pre-seed, seed and start-up). Despite the low amounts per comparison with the other stages, evidence was recorded amongst buy-out/turnaround and pre-IPO stages.

![Investments by investee’s development stage](image)

**Stages of development:**
- **Pre-seed** - Financing of ideas and research projects, with the aim of building a commercial company around it later on.
- **Seed** - Financing provided to research, assess and develop an initial concept before a business has reached the start-up phase.
- **Early stage and start-up** - Financing provided to companies for product development and initial marketing. Companies may be in the process of being set up or may have been in business for a short time, but have not sold their product commercially.
- **Expansion** - Investment aimed at reaching the scale of industrial production, upgrading the production facilities and attracting further employees.
- **Buy-out and turnaround** - liquidation phase or corporate renewal.
- **Pre-IPO** - Financing is provided for a company expected to “go public” within six months to a year. The funds are often used to finance various requirements prior to making a public offering or some other major restructuring event.
3. LOCATION OF INVESTMENT

Cross-border investment remains marginal as investments in the same country of the investor accounted for 96% of the deals made in 2013. Deals inside and outside the investors’ region are 52% and 44% respectively. Investment in other European countries accounted for 4% of the deals while investment outside Europe represented only 1% of investments.

4. CO-INVESTMENT

As per the data collected, co-investment is the norm. Investing alongside other business angels is the major preference but other types of investors also play a vital role as the chart below details.

![Co-investment in 2013](chart)

5. DISTRIBUTION OF DEALS

New deals accounted for 61% of networks’ activity in 2013 followed by follow-on rounds which represented 1/3 of a network’s deals. Exits represent 6% of deal activity.

![Distribution by types of deals](chart)
6. SELECTION FILTER

The majority of business plans received still remain unselected for further evaluation. In fact, only 23% of business proposals are circulated for a more serious assessment by investors or the investment committee. As a result, for every 100 business plans received only 6 achieve funding. However, if we exclude re-investments, the investment rate decreases to 4% of successful investments as follow on investments represent 33% of investments.

![Funding funnel](Fig. 12 Funding funnel)

**Deal Flow**

Personal recommendation is the leading deal flow source for many investors. However, representing only 20% of total leads received, we can say the market is fairly open nowadays to non-related individuals who can approach investors in events, through the internet amongst many other means.

![Deal flow sources in 2013](Fig. 13 Deal flow sources in 2013)
Exits

Investors and networks of investors are more used to report investments than exits. In many occasions, especially in the context of business angel networks, these are difficult to track as investors hold no obligation to report back to the network. Nevertheless, according to the figures reported, exits represented 6% of the total deals of a network and in 53% of the situations they generated a positive return to the investors.

Business Angel Networks Management

1. FUNDING SOURCES

Both business angel networks and business angel federations have as main sources of funding external financiers such as parent organisations, sponsorship or regional development funds (national funds and European funds represent no more than 11% of funding). Activity related sources of funding remain low with fees from businesses and success fees recording only 20% of revenues in BANs and 15% in Federations. The remaining sources of funding are not negligible and comprise revenues associated with the organisation of events and trainings.

Fig. 14 Funding sources of BANs and Federations.

2. SERVICES

Services provided by Federations and BANs are very alike and express the role of these organisations in the ecosystem. It’s worth noting that training and the promotion of interaction between entrepreneurs and investors
either offline in events or online through specific platforms play a significant role. Services which may be perceived as more technical (e.g., syndication, due diligence support or co-investment schemes) are only provided by some of the surveyed organisations.

![Fig. 15 Distribution of services offered by BANs and by Federations in 2013](image)

### 3. MEMBERSHIP

BAN’s demonstrated a considerable dynamic in the evolution of membership reporting an average of 16% new members and 8.6% leaving members. There are a multitude of sources of new members and as expected in an informal sector, current members and word of mouth play a major role in the attraction of new members.

![Fig. 9 Business angels’ recruitment channels](image)

Active angels - investors who participate in metings on a regular basis and who are actively looking for investments, represent 53% of membership. According to the surveys received, women investors represent today only 4.1% of BAN’s members. Although the figure goes up to 20-30% in some networks, the average states a clear under representation of women in the sector.
4. CHARGED FEES

Fees charged by BANs (and Federations in the case of membership fees) diverge considerably and show signs of a still immature market in which many of the services provided in the previous point are executed free of charge. Less than 60% of European BANs charge fees to their investors with membership costing between €200 and near €600 per year. On the other hand, fees charged to entrepreneurs range from €200 to €600 for company presentations and from €145 to €750 for processing of application, although only 15% of respondents charge for these services. Several BANs also propose a success fee to entrepreneurs which, according to the surveys collected, ranges from 3 to 5%. To charge success fees to investors is not yet a common practice.

![Charged fees by BANs](image)

**Fig. 10** Charged fees by BANs.