Total amount invested by business angels in euros: 6.7b
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 and on how business angel networks operate, as well as insight into their investment attitudes.

EBAN’s Statistics Compendium is based not only on the information provided by European business angel networks (hereafter BANs), Federations of BANs, individual business angels and other validated early stage investors who responded to EBAN’s Survey, but also based on data published in Crunchbase, Zephyr database, governmental BA co-investment funds and tax breaks reports, and national and regional research studies on angel investment. This year’s edition of the Statistics Compendium also features data and information from the European Commission study “Understanding the Nature and Impact of the business angels in Funding Research and Innovation”, which EBAN participated in as a partner organization together with Inova+, ZEW and Business Angels Europe. In this study, 591 angel investors from across Europe responded to an extensive questionnaire and 92 interviews were conducted with angel investors to validate findings.

The information featured in the EBAN 2016 Statistics Compendium was collected in 2017 and reports on activities which took place in 2016. Data from EBAN’s members was collected through a web form activated from the EBAN website or directly e-mailed to the Secretariat of EBAN through a pre-formatted survey. Phone interviews with experienced angels, network managers and other experts were also conducted. The figures presented in this report are not representative of the entire European market, despite the fact that they cover 35 European countries, which is a new record for EBAN statistics. EBAN started collecting data in 2000, and has been publishing the statistics since then. 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. The figures presented in the report are based on current prices, which take into account also the effects of inflation. Also, the survey falls short on accounting for the so called “invisible market”, which represents a consistent portion of overall business angel investments.

EBAN expresses its gratitude to all contributors who provided data to the current research.

Jacopo Losso, EBAN Director of Secretariat

Keti Chikhladze, EBAN Marketing Manager
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 made are informal and not publicly reported. The estimate of the percentage of the invisible market is based on a study commissioned by European Commission to CSES about the Business Angels market in Europe. In some countries, the deals done through the “visible market” (BANs, Federations) are not published, so in some cases the estimates may not correspond to the exact amounts invested by business angels. However, EBAN matched information from different sources to validate the estimates for each particular market, in order to have a higher degree of confidence on the data that is published.

Knowing the underlying limitations of the publication, our main objective for this document is to provide a better understanding of the European early stage market.

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

Additional data were collected from different sources, namely Zephyr, Crunchbase, market reports, EU Commission publications, national publications, press articles and research papers, and other early-stage actors in Europe.

The European Commission study “Understanding the Nature and Impact of the business angels in Funding Research and Innovation” has been prepared for the European Commission, however it only reflects the views of the authors, and the Commission cannot be held responsible for any use which might be made of the information contained therein.

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EXECUTIVE SUMMARY

Angel investment in Europe increased to 6.7 billion Euros in 2016, a growth of 8.2% from 2015, remaining the main financier of European start-ups. For comparison, angel investment in the US has reached an estimated 21.3B US dollars\(^1\). It is important to point out that the US market figures are also estimating the invisible market, with a ratio of 5%. The investors’ community grew to 312.500 investors which closed 38.230 deals in 2016. Overall, taking into consideration other early stage investors operating in Europe, the sector reached €9.9b of investment in 2016. Within the visible market, the United Kingdom continues to be the leading country with 98 million euros invested in 2016 and 96 million euros in 2015. Just as Spain comes second in 2013-2016 with 66 million euros of angel investment in 2016, followed by Finland and Germany with 53 and 51 million euros respectively. Despite the strong performance of mature markets, it is important to highlight the continuing success of smaller players such as Estonia and the growing prominence of younger angel communities, which tend to have higher investment-to-GDP ratios than older established angel communities.

The main sector of investment in 2016 is still ICT and broader Tech, followed by growing healthcare and media sectors. Pre-seed and seed stage companies were the recipients of the largest share of investments in 2016 with start-up and expansion companies also being increasingly targeted by investors in 2016. Cross-border investment in 2016 indicated that business angels are still keen to invest closer to home, partly because there are several restrictions on investing abroad with some tax breaks and co-investment schemes.

Co-investment continues to rule, although more business angels are starting to shift from investing with other business angels to investing through early-stage funds.

The most relevant evidence of angel activity in addition to the investment per se, is the number and level of activity of business angel networks across Europe. Since 2012, business angel network growth has stagnated, suggesting a trend of consolidation as the number of business angel networks in Europe changed as little as 1.3% from 2013 to 2016. Internal dynamics appear strong, however, as membership numbers steadily grow higher and networks lose few members year to year. 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 on funding from external/parent organisations, mainly public funding.

\(^1\) Jeffrey Sohl. “A cautious restructuring of the angel market in 2016 with a robust appetite for seed and start-up investing”. Center for Venture Research. Access at the link: http://paulcollege.unh.edu/center-venture-research
EBAN, initially created as the European Business Angels Network, has in recent years extended its reach to include other types of actors and investors in the European early stage investment ecosystem. As a result of that enlarged commitment, we start this report with an overview of the European early stage investment market, comprised of information primarily collected by EBAN as well as data recently released by Invest Europe on early stage investments and the EU Commission on equity crowdfunding. In comparison to last year, measurements of the crowdfunding market have become more precise as the market grows in scale and importance.

The total European early stage investment market is estimated to be worth 9,9 billion Euros. Business angels represent the biggest share of the investment market with 6,7 billion Euros of investment, followed by the venture capital industry investing 2.5 billion Euros in early stages. Equity crowdfunding investments have been growing quickly and are expected to continue at a fast pace.

Figure 1. The three main areas of early stage investment in Europe, €b
OVERVIEW OF EUROPEAN ANGEL MARKET

The European angel investment market increased 5%, at current prices, from 2014 to 2015 and 10% from 2015 to 2016, reporting a new record of 6.672 billion Euros of investment. Over the past years, the market has been growing in terms of total amount invested as well as the number of business angels, but in 2015 we see a slight drop in number of investments, indication of the effect of increased BA co-investment funds and syndication among angels.

Figure 2. Breakdown of angel investment by visible and non-visible market; Investment values in €M

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visible market</td>
<td>554</td>
<td>578</td>
<td>607</td>
<td>667</td>
</tr>
<tr>
<td>Share of visible</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Non-visible market</td>
<td>4,989</td>
<td>5,203</td>
<td>5,462</td>
<td>6,117</td>
</tr>
<tr>
<td>Total Investment</td>
<td>5,543</td>
<td>5,781</td>
<td>6,069</td>
<td>6,672</td>
</tr>
<tr>
<td># Investments</td>
<td>33,430</td>
<td>33,210</td>
<td>32,940</td>
<td>38,230</td>
</tr>
<tr>
<td># Business Angels</td>
<td>271,000</td>
<td>288,900</td>
<td>303,650</td>
<td>312,500</td>
</tr>
</tbody>
</table>

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\(^4\). As for 2016, we considered a visible market of 10%, at the same level of the one reported in 2013, 2014 and 2015. The visible market encompasses activity undertaken by investors gathered in business angel networks and either having 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.

Business angel networks had been growing in number at an average of 17% from 2003 through 2012, but began to level off in 2013. Since 2013, the number has remained stable, growing only by 1,3% from 2013 till 2016, demonstrating consolidation in the market as networks become more formalised.

Figure 3. Number of active business angel networks in Europe
ANGEL INVESTMENT BY COUNTRY

As the following table clearly shows, the United Kingdom continues to lead the European angel market with €98 million of investment in 2016, up 2% from 2015. Spain, Finland and Germany are the following biggest players in the Early Stage Investing market.

Figure 4. Angel investment by country, visible market statistics

<table>
<thead>
<tr>
<th>Country</th>
<th>No. BANs</th>
<th>No. BAs</th>
<th>No. Inv.</th>
<th>Total BA Inv. 2016, €M</th>
<th>YoY</th>
<th>Total BA Inv. 2015, €M</th>
<th>YoY</th>
<th>Total BA Inv. 2014, €M</th>
<th>YoY</th>
<th>Total BA Inv. 2013, €M</th>
<th>YoY</th>
<th>Total BA Inv. 2016, €M</th>
<th>Avg.Inv per BAN 2016, €M</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>64</td>
<td>8000</td>
<td>800</td>
<td>98.0</td>
<td>2%</td>
<td>96.0</td>
<td>10%</td>
<td>87.0</td>
<td>3%</td>
<td>84.4</td>
<td>1.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td>53</td>
<td>2800</td>
<td>488</td>
<td>66.0</td>
<td>20%</td>
<td>55.0</td>
<td>5%</td>
<td>52.6</td>
<td>-5%</td>
<td>57.6</td>
<td>1.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finland</td>
<td>14</td>
<td>566</td>
<td>400</td>
<td>53.0</td>
<td>45%</td>
<td>36.5</td>
<td>6%</td>
<td>34.5</td>
<td>31%</td>
<td>26.4</td>
<td>3.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>40</td>
<td>2020</td>
<td>206</td>
<td>51.0</td>
<td>16%</td>
<td>44.0</td>
<td>19%</td>
<td>37.0</td>
<td>5%</td>
<td>35.1</td>
<td>1.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>16</td>
<td>1400</td>
<td>314</td>
<td>47.0</td>
<td>52%</td>
<td>31.0</td>
<td>38%</td>
<td>22.4</td>
<td>52%</td>
<td>14.7</td>
<td>2.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>78</td>
<td>4500</td>
<td>415</td>
<td>42.7</td>
<td>2%</td>
<td>42.0</td>
<td>11%</td>
<td>38.0</td>
<td>-8%</td>
<td>41.1</td>
<td>0.5</td>
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</tr>
<tr>
<td>Russia</td>
<td>22</td>
<td>170</td>
<td>148</td>
<td>34.2</td>
<td>17%</td>
<td>29.2</td>
<td>-3%</td>
<td>30.0</td>
<td>-28%</td>
<td>41.8</td>
<td>1.6</td>
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</tr>
<tr>
<td>Denmark</td>
<td>5</td>
<td>225</td>
<td>250</td>
<td>22.8</td>
<td>-1%</td>
<td>23.0</td>
<td>15%</td>
<td>20.0</td>
<td>69%</td>
<td>11.8</td>
<td>4.6</td>
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<tr>
<td>Sweden</td>
<td>12</td>
<td>813</td>
<td>97</td>
<td>22.4</td>
<td>3%</td>
<td>21.8</td>
<td>6%</td>
<td>20.6</td>
<td>6%</td>
<td>19.4</td>
<td>1.9</td>
<td></td>
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</tr>
<tr>
<td>Austria</td>
<td>4</td>
<td>334</td>
<td>36</td>
<td>22.0</td>
<td>35%</td>
<td>16.3</td>
<td>9%</td>
<td>15.0</td>
<td>41%</td>
<td>2.9</td>
<td>5.5</td>
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</tr>
<tr>
<td>Portugal</td>
<td>17</td>
<td>615</td>
<td>47</td>
<td>16.9</td>
<td>-28%</td>
<td>23.4</td>
<td>-16%</td>
<td>27.9</td>
<td>102%</td>
<td>13.8</td>
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<tr>
<td>Ireland</td>
<td>10</td>
<td>772</td>
<td>50</td>
<td>16.7</td>
<td>16%</td>
<td>14.4</td>
<td>15%</td>
<td>12.5</td>
<td>-5%</td>
<td>13.2</td>
<td>1.7</td>
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<tr>
<td>Switzerland</td>
<td>10</td>
<td>439</td>
<td>147</td>
<td>15.9</td>
<td>7%</td>
<td>14.9</td>
<td>6%</td>
<td>14.1</td>
<td>6%</td>
<td>13.3</td>
<td>1.6</td>
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<tr>
<td>Italy</td>
<td>13</td>
<td>0</td>
<td>26</td>
<td>14.1</td>
<td>15%</td>
<td>12.3</td>
<td>-</td>
<td>0.0</td>
<td>-100%</td>
<td>9.9</td>
<td>1.1</td>
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<td></td>
</tr>
<tr>
<td>Poland</td>
<td>5</td>
<td>431</td>
<td>37</td>
<td>12.6</td>
<td>2%</td>
<td>12.4</td>
<td>30%</td>
<td>9.5</td>
<td>44%</td>
<td>6.6</td>
<td>2.5</td>
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<tr>
<td>Netherlands</td>
<td>16</td>
<td>1128</td>
<td>82</td>
<td>12.5</td>
<td>2%</td>
<td>12.2</td>
<td>4%</td>
<td>11.7</td>
<td>19%</td>
<td>9.8</td>
<td>0.8</td>
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<tr>
<td>Belgium</td>
<td>2</td>
<td>400</td>
<td>50</td>
<td>12.0</td>
<td>4%</td>
<td>11.5</td>
<td>10%</td>
<td>10.5</td>
<td>5%</td>
<td>10.0</td>
<td>6.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estonia</td>
<td>1</td>
<td>119</td>
<td>145</td>
<td>8.8</td>
<td>32%</td>
<td>6.7</td>
<td>39%</td>
<td>4.8</td>
<td>2%</td>
<td>4.7</td>
<td>8.8</td>
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<tr>
<td>Hungary</td>
<td>2</td>
<td>200</td>
<td>80</td>
<td>5.5</td>
<td>-</td>
<td>0.0</td>
<td>-</td>
<td>0.0</td>
<td>-</td>
<td>0.0</td>
<td>2.8</td>
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<td>Ukraine</td>
<td>1</td>
<td>50</td>
<td>80</td>
<td>5.1</td>
<td>-</td>
<td>0.0</td>
<td>-</td>
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<td>-</td>
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<tr>
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<td>4</td>
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<td>50</td>
<td>5.0</td>
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<td>4.3</td>
<td>30%</td>
<td>3.3</td>
<td>14%</td>
<td>2.9</td>
<td>1.3</td>
<td></td>
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</tr>
<tr>
<td>Czech Republic</td>
<td>1</td>
<td>200</td>
<td>35</td>
<td>5.0</td>
<td>-</td>
<td>0.0</td>
<td>-</td>
<td>0.0</td>
<td>-</td>
<td>0.0</td>
<td>5.0</td>
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</tr>
<tr>
<td>Norway</td>
<td>5</td>
<td>250</td>
<td>21</td>
<td>4.7</td>
<td>2%</td>
<td>4.6</td>
<td>48%</td>
<td>3.1</td>
<td>-26%</td>
<td>4.2</td>
<td>0.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Luxembourg</td>
<td>1</td>
<td>100</td>
<td>30</td>
<td>3.9</td>
<td>57%</td>
<td>2.5</td>
<td>150%</td>
<td>1.0</td>
<td>-38%</td>
<td>1.6</td>
<td>3.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Slovenia</td>
<td>1</td>
<td>60</td>
<td>36</td>
<td>3.3</td>
<td>76%</td>
<td>1.9</td>
<td>17%</td>
<td>1.6</td>
<td>-</td>
<td>0.0</td>
<td>3.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td>4</td>
<td>61</td>
<td>15</td>
<td>3.2</td>
<td>19%</td>
<td>2.7</td>
<td>50%</td>
<td>1.8</td>
<td>-14%</td>
<td>2.1</td>
<td>0.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Latvia</td>
<td>1</td>
<td>76</td>
<td>34</td>
<td>2.4</td>
<td>221%</td>
<td>0.8</td>
<td>230%</td>
<td>0.2</td>
<td>-</td>
<td>0.0</td>
<td>2.4</td>
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<td></td>
</tr>
<tr>
<td>Serbia</td>
<td>1</td>
<td>52</td>
<td>21</td>
<td>2.3</td>
<td>10%</td>
<td>2.1</td>
<td>17%</td>
<td>1.8</td>
<td>157%</td>
<td>0.7</td>
<td>2.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Slovakia</td>
<td>3</td>
<td>85</td>
<td>21</td>
<td>2.1</td>
<td>20%</td>
<td>1.8</td>
<td>32%</td>
<td>1.3</td>
<td>-</td>
<td>0.0</td>
<td>0.7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The following chart illustrates the evolution of business angel investment by country. We observe many European countries showing strong growth while some mature markets like Belgium, Netherlands, France and Sweden remain stable. The Turkish market is growing steadily and Russia showed growth again in 2016 after several years of decline due to turmoil in the country.

We are delighted to announce multiple new countries that appear on this chart for the first time – Czech Republic, Hungary, Romania and Ukraine – a good sign that business angel activity is increasing in the region of Eastern Europe.

Figure 5. Amounts of angel investment by country in 2014-2016, €M; visible market statistics
Comparing angel investment amounts to GDP for each country provides a new and different perspective. In this case, some smaller countries demonstrate their very active angel investment scene, while countries with higher GDP push the average down. While Estonia did not feature in the top ten in terms of volume, the chart below clearly shows how active the country is. Finland is an especially impressive case with the third-highest amount invested and the second-highest business angel investment to GDP ratio. Spain outperformed Finland in terms of total amount invested in 2016 although remains below average in the investment to GDP ratio.

**Figure 6. Angel investment/GDP ratio**, %

If we take a look at the average investment per BAN, we notice that Estonia, with a single operating BAN, takes the lead again in 2016, with the European average at €2.37M, an amount still to be confirmed. In countries with an older angel community and dispersed business angel scenes we see less activity per BAN, which explains France’s position in the chart.

---

5 The ratio was multiplied by 10,000 for the clear picture. GDP figures of 2016 from the International Monetary Fund; visible market statistics.
Figure 7. Performance of BANs by country source, €M; visible market statistics

[Bar chart showing the performance of BANs by country source for the years 2014, 2015, and 2016. The chart compares investment amounts for various countries, with Estonia leading and Slovakia, Poland, and Russia also showing significant investment activity.]
The amount invested per company increased 5% from 2013 to 2014 and then a further 5.8% between 2014 and 2015, while decreasing by 4.8% between 2015 and 2016. European investment per deal still remains considerably lower than those in the US (0.17 million Euros in the EU in 2016 vs 0.33 million US dollars in the US\(^6\)). At the BAN level, the average investment amount rises to 1.39 million Euros, an annual increase that shows a tendency for aggregation in BANs. Individual angel investment per funding round is at an average of 22,500 Euros, with a very wide range from 10,000 to 500,000 euros.

Figure 8. Average investments 2013-2016, €; visible market statistics

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average investment per company</td>
<td>165,000</td>
<td>174,000</td>
<td>184,000</td>
<td>166,000</td>
</tr>
<tr>
<td>Average investment per BAN</td>
<td>1,184,000</td>
<td>1,232,000</td>
<td>1,291,000</td>
<td>1,386,000</td>
</tr>
<tr>
<td>Average investment per BA</td>
<td>20,400</td>
<td>20,000</td>
<td>19,990</td>
<td>22,500</td>
</tr>
</tbody>
</table>

\(^6\) Jeffrey Sohl. “A cautious restructuring of the angel market in 2016 with a robust appetite for seed and start-up investing”, Center for Venture Research. Access at the link: [http://paulcollege.unh.edu/center-venture-research](http://paulcollege.unh.edu/center-venture-research)
INVESTMENT OPTIONS

Demographics

The CEE region has the youngest average age for business angel investors - between 40 and 45 years old, whereas France shows a demographic record in this parameter with an average age of more than 60.

Figure 9. BA investors distribution by average age in 2016\(^7\); chart taken from “Understanding the Nature and Impact of the business angels in Funding Research and Innovation”

![Bar chart showing BA investors distribution by average age in 2016]

Similar trends can be observed gender-wise with Central and Eastern Europe showing the highest ratio of women investing as business angels (about 30%). In Western Europe, women angel investors still represent a small fraction of the angel community and account for about 11% of the population.

In the US, in 2016, women angel investors made up for 26.2% of the angel market\(^8\).

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\(^7\) Understanding the Nature and Impact of the business angels in Funding Research and Innovation: Results of the Business Angels survey. Directorate European Commission/DG CNECT – F1 Innovation Unit

\(^8\) Jeffrey Sohl. “A cautious restructuring of the angel market in 2016 with a robust appetite for seed and start-up investing”, Center for Venture Research. Access at the link: [http://paulcollege.unh.edu/center-venture-research](http://paulcollege.unh.edu/center-venture-research)
Figure 10. BA Investors distribution by gender in 2016⁹; chart taken from “Understanding the Nature and Impact of the business angels in Funding Research and Innovation”

Understanding the Nature and Impact of the business angels in Funding Research and Innovation: Results of the Business Angels survey. Directorate European Commission/DG CNECT – F1 Innovation Unit
Sectors of Investment

During the collection of data via surveys and interviews with angel investors, we asked respondents to indicate their main sectors of investment, if any. Technological and ICT sectors take the vast majority of investment amount from business angels (39% and 36% respectively). Within the Tech sector, FinTech, BioTech and MedTech receive most investment given their strong growth and scalability potential. About 26% of respondents however indicated that they have no specific sectoral focus and mainly invest in the team, the idea/team product or the market. It is interesting to note that sectors like healthcare and media keep gaining popularity in the angel community which has resulted in the formation of sophisticated communities and networks of investors.

As a brief comparison, in the US, 20% of investments go to healthcare services/medical devices and equipment, 14% to retail services, 10% to biotech, 8% to industrial/energy and 5% to IT services.10

Figure 11. Sectors distribution by investment amount in 2016; data for chart taken from “Understanding the Nature and Impact of the business angels in Funding Research and Innovation”

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10 Jeffrey Sohl. “A cautious restructuring of the angel market in 2016 with a robust appetite for seed and start-up investing”, Center for Venture Research. Access at the link: http://paulcollege.unh.edu/center-venture-research
11 Data for chart taken from Understanding the Nature and Impact of the business angels in Funding Research and Innovation: Results of the Business Angels survey. Directorate European Commission/DG CNECT – F1 Innovation Unit
Development Stage of Investee

Pre-seed and Seed phase companies receive the vast amount of investment, with seed stage taking the first highest amount. 30% of the interviewed investors also do start-up stage investing while only a few opt for investments at a later stage. Looking at the same breakdown in the US in 2016 we see that 41% of angel investments went into seed and start-up stages, compared to 28% in 2015. Early stage investing drew 31%, a significant decrease to the 2015 early stage investments of 45%.

Figure 12. Investments by investee’s development stage in 2016; data for chart taken from “Understanding the Nature and Impact of the business angels in Funding Research and Innovation”
**Time Horizon of Investments**

Business angel investors mainly have long-term investment horizons, hence the name “patient capital” with holding periods of the investment of 5 or more years. This trend highlights the implied idea to build longer-term partnerships within the investment case.

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**Figure 13. Investments by time horizon in 2016**

*Chart taken from “Understanding the Nature and Impact of the business angels in Funding Research and Innovation”*

- **Long (>10 years)**: 38%
- **Medium (5-10 Years)**: 31%
- **Short (3-5 Years)**: 20%
- **Undefined**: 13%

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14 Chart taken from Understanding the Nature and Impact of the business angels in Funding Research and Innovation. Directorate European Commission/DG CNECT – F1 Innovation Unit
**Location of Investment**

In 2016 the vast majority of investments by angels were made in their same home country (59%). This is still lower than the 94% registered in 2015 which means that cross-border deals are becoming more frequent. Still, 16% stay within the same region of the investor and just 9% reach a European-wide level. The portion of investments done internationally beyond Europe reaches 18%, including the 5% made in the USA.

Figure 14. Geographical coverage by business angel investors\(^\text{15}\); chart taken from “Understanding the Nature and Impact of the business angels in Funding Research and Innovation”

In some countries, the business angel co-investment funds or tax breaks schemes do not allow investment outside of the country. Of course, this makes cross-border investment less accessible to business angels in these countries.

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\(^{15}\) Chart taken from Understanding the Nature and Impact of the business angels in Funding Research and Innovation. Directorate European Commission/DG CNECT – F1 Innovation Unit
Co-Investment

While co-investment is still the norm, 2014 saw considerable growth of early-stage funds. This trend continued in 2015, as business angels appear to be investing less and less with other non-business angel investors and more through early-stage funds and with other business angels. In some countries, governments created early stage funds with favourable terms for business angels’ co-investment, which naturally attracts them to co-invest with those early stage funds. In other countries (e.g. Neulogy in Slovakia), business angels helped the creation of an early stage fund, with which they are also co-investing. Syndication among business angels is increasing, also due to co-investment schemes where the investment amounts are quite high just for one business angel.

Selection Criteria

Among the factors serving as selection criteria, 90% of investors are concentrating on the quality of the team as the main decisive factor to start an investment. The idea itself and growth potential are following in importance. Quality of the business plan remains important, however it is apparently considered as a factor that can be worked out as opposed to the key idea or team setup.

Figure 15. - Decisive factor to start an investment\(^{16}\); chart taken from “Understanding the Nature and Impact of the business angels in Funding Research and Innovation”

![Chart showing selection criteria](chart_url)

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\(^{16}\) Chart taken from Understanding the Nature and Impact of the business angels in Funding Research and Innovation. Directorate European Commission/DG CNECT – F1 Innovation Unit
Factors with negative impact on investment decisions

Among the factors negatively impacting the decision to invest, national fiscal systems take the absolute lead. Investors from various European countries complain about the lack or absence of tax incentives, supporting the category of business angels. This principal factor is followed by predictable factors of difficulties brought by national legal systems, overall lack of trust for founders’ experience and bureaucracy.

Figure 16. - Factors with negative impact on investment decisions; chart taken from “Understanding the Nature and Impact of the business angels in Funding Research and Innovation”

DISCLAIMER

Due to limited availability of data for 2016, the following chapters rely on the data from 2015 as the most recent. It is considered by EBAN that data for 2015 is representative for 2016.

17 Chart taken from Understanding the Nature and Impact of the business angels in Funding Research and Innovation. Directorate European Commission/DG CNECT – F1 Innovation Unit
Deal Flow

Word-of-mouth is now the leading deal flow source for many investors, with events and information fairs and internet/newsletters very close behind. The market is clearly fairly open to non-related individuals who can approach investors, although it would be interesting to see the number of deals that result from each type of initial meeting.

Figure 17. - Deal flow sources in 2014-2015

Investors and networks of investors are more used to reporting 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. For this reason, information about exits in investments involving business angels is severely limited and therefore we refer to our 2015 Statistics Compendium findings. The average number of investments that exited in 2014, across business angel networks, federations and other organisations, was 1.6. For 2015 this number rose to 1.9. Of the exits reported, 60% made a positive return in 2014 and 67% made a positive return in 2015. In many cases, the number of exits was reported but not whether or not the return was positive, as investors are not necessarily obligated to divulge such information to their network. Some work must be done in this area of studying exits.

18 Visible market data taken from 2015 EBAN Statistics Compendium
BUSINESS ANGEL NETWORK MANAGEMENT

Funding Sources

Business Angel Networks tend to be non-profit associations that fund themselves through membership fees. Sponsorship and financing from a parent organisation are also important sources of funding. Other sources of funding are also increasing, such as fees charged for event participation and for organising events. BANs tend not to charge success fees or any fees to entrepreneurs, and funding from European funds still remains steady at 3%.

Figure 18. - Funding sources for BANs 2014-2015

19 Visible market data taken from 2015 EBAN Statistics Compendium
Services

Services provided by BANs tend not to vary too much and express the role of these organisations in the ecosystem. It is worth noting that training and the promotion of interaction between entrepreneurs and investors either offline at events or online through specific platforms play a significant role, with all surveyed BANs providing company presentation events. Services which may be described as more technical (e.g. syndication, co-investment schemes or acceleration program support) are contained in the “Others” category and are less common across BANs in Europe.

Figure 19. - Distribution of services offered by BANs 2014-2015 20

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20 Visible market data taken from 2015 EBAN Statistics Compendium
**Membership**

BANs experienced some growth during 2014 and 2015, with the average number of newly recruited BA members standing at 16 per network. New members represent up to 5% of all members in more established BANs and up to 82% of all members in BANs 2 years old or less. Meanwhile, BANs lost an average number of 7 members over this time period. For a few small BANs this could be a considerable loss, but on average BANs did not lose more than 7% of their network.

In terms of Business Angel investor recruitment practices, most BANs rely on informal channels – word-of-mouth and current members – with events and information fairs representing the majority of formal channels used.

**Figure 20. - Business angels’ recruitment channels 2014-2015**

![Recruitment Channels Diagram](image.png)

On a positive note, “Active Angels,” or those investors who participate in meetings on a regular basis and who are actively looking for new investments, represent a little more than half of all members in the average BAN at 55%. The percentage of women angels has more than doubled since 2013, from 4% to 10%, and reaches 30% in some BANs. This is offset, however, by BANs still reporting zero female members, thus the distribution of female business angels is very uneven across European BANs.

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21 Visible market data taken from 2015 EBAN Statistics Compendium
Charged Fees

As the following graph illustrates, BANs tend not to charge many fees at all. Most are non-profit organisations or associations and services are free of cost. The only main exception is the membership fee to angel members, although this is still split almost evenly. Membership fees often change within the BAN depending on the type of member (i.e. Private individual investor or company), and range from €250 to €700 per year. Of the few BANs charging success fees to entrepreneurs, the range is between 3% and 5%. Investors who may already pay to be a part of the network are not typically charged in the case of a successful deal made through the BAN.

Figure 21. - Business angels’ recruitment channels 2014-2015

<table>
<thead>
<tr>
<th>Service</th>
<th>No (%)</th>
<th>Yes (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Success fees charged to angels</td>
<td>88</td>
<td>12</td>
</tr>
<tr>
<td>Membership fees charged to angels</td>
<td>46</td>
<td>54</td>
</tr>
<tr>
<td>Success fees charged to entrepreneurs</td>
<td>83</td>
<td>17</td>
</tr>
<tr>
<td>Presentation fees charged to entrepreneurs</td>
<td>92</td>
<td>8</td>
</tr>
<tr>
<td>Registration fees charged to entrepreneurs</td>
<td>88</td>
<td>12</td>
</tr>
</tbody>
</table>

22 Visible market data taken from 2015 EBAN Statistics Compendium