Measuring Angel Market Data
Sample survey and glossary of commonly defined terms
2020 GUIDEBOOK
INTRODUCTION

EBAN Data is an initiative, launched by the European Business Angels Network (EBAN – www.eban.org) in the beginning of 2020, aimed at elevating the quality of business angel investment research done locally across Europe by business angel networks (BANs) and national associations of business angel investors. EBAN Data is coordinated by a Committee that gathers the members of EBAN that are most advanced in terms of performing research on their local business angel markets.

The present “Guidebook on Measuring Angel Market Data” provides the best practices from our network for the collection of data points related to business angel investments. In particular, the Guidebook has the goal of standardizing across the European business angel network ecosystem the way investment data is collected and analysed, so to better allow comparison and benchmarking between investor communities across Europe.

The Guidebook presents to the reader a template survey and a glossary of terms which BANs, and national associations are invited to adopt going forward when performing research on their local angel investor markets. The template survey and glossary of terms contained in this Guidebook were prepared by EBAN Data, building on the pre-existing work and experience of EBAN, and more importantly of our local members that are advanced in the field of angel market statistics.

The questions listed in the template survey are the result of a harmonization process that was performed on the various surveys currently being used by EBAN Data Committee members. The same process was applied for the realization of the featured glossary of terms.

The suggested survey is intended to be carried out on an annual basis, ideally in the first quarter of the year (January – March), with publication of analysed results in the second and third quarters of the year (April-September). The intended respondents of the below survey are individual angel investors, affiliated to a business angel network or to a national business angel association.

We invite all business angel networks and associations to adopt the Guidebook’s template survey questions and glossary of terms going forward.

EBAN would like to thank the members of the EBAN Data Committee for their contributions to further advancing business angel research in our ecosystem.
EBAN DATA COMMITTEE

The EBAN Data Committee consists of the most advanced Angel Networks in Europe when it comes to research and market reporting. EBAN would like to thank its members for working together with us in advancing quality and standards in angel investing research.

Danish Business Angels (DanBAN) is the strongest business angel network in Denmark with more than 230 members. DanBANs members are all active business angels, each of them having allocated at least 400,000 EUR of their funds for start-up investments only. DanBAN has conducted thorough member investment surveys since the organisation’s inception in 2013. A membership is required to participate in the yearly investment survey, which guarantees a 100% response rate. The latest survey conducted in 2019 showed that DanBAN members made 209 new start-up investments with a total invested amount of almost 35 mio. EUR. Furthermore, DanBAN reported 29 exits with an average money back multiple of 3.0 (5.7 including one outlier). DanBAN members as per end of 2019 had an ownership in 514 start-ups and these start-ups had an average annual turnover of almost 1,3 mio. EUR. More information here: https://danban.org/

Estonian Business Angels Network, established in 2012, is an umbrella organization for business angels and business angel groups seeking investment opportunities in Estonia near-by regions with an aim to grow the quantity and quality of local seed-stage investments. EstBAN is a full member of the European Trade Association for Business Angels, EBAN and Estonian Venture Capital Association (EstVCA). EstBAN network is steadily growing, having ca 170 investors and 14 associated members in 2020. EstBAN has increased to a network of 147 members in 2019 who invested a total of €9.28 million as angel investors in with over 240 deals. All in all, EstBAN investors invested more than €71M euros into start-ups through funds, family offices or angel syndicates. See here: https://estban.ee/

Finnish Business Angels Network (FiBAN) is a non-profit association of private investors on a mission to inspire private investments. The network is one of the largest and most active business angel networks in Europe with over 650 approved members. Every year since FiBAN was established in 2010, the network has collected data about business angel investments in Finland by surveying members. Through quality research and analysis FiBAN aims to offer valuable and unique knowledge for the whole start-up ecosystem. FiBAN members invested 54 million euros, a record amount for Finnish business angels, into 426 start-ups in 2019. Read more here: https://fibann.org/

HBAN is a joint initiative of Enterprise Ireland, InterTrade Ireland and Invest Northern Ireland, dedicated to the all-island promotion of business angel investment. The HBAN umbrella group supports the early-stage entrepreneurial community across the island of Ireland and actively works to increase the number of angel investors. Since inception, HBAN Angel Investors have invested in a total of €16.8M in 66 deals and €121M in 550+ companies with an additional €230M leveraged funds. HBAN also promote the interests and needs of the wider angel investment community. Read more here: https://www.hban.org/
The Swiss ICT Investor Club (SICTIC) a non-profit association that connects smart money investors to Swiss seed and early-stage tech start-ups. With a strong investor community of over 400 business angels that funded over 100 tech start-ups, SICTIC supported the creation of more than 3000 jobs in Switzerland. Since 2018, SICTIC collaborates with VC funds as Preferred Co-Investors and has become the largest and most active business angel network in Switzerland, with offices in Zürich, Lausanne, and Ticino. Read more here: https://www.sictic.ch/

EBAN (European Business Angel Network) is fuelling innovation and growth throughout EMEA. Representing the early-stage investor community, EBAN gathers over 150 member organizations from 50 countries throughout Europe, the Middle East, Asia, and Africa. Our members include Federations of Business Angel Networks, Business Angel Networks, Early-Stage Venture Capital and Seed Funds, Electronic Funding Platforms, individual Business Angels, Crowd Funders and Accelerators. Read more here: https://www.eban.org/
TEMPLATE SURVEY

The following survey serves to gather the minimum amount of information that every business angel network or angel investor association should collect from their affiliated members on an annual basis. The below survey is composed of just 6 key questions so to maximize response rates all while gathering key data points from respondents. Every below listed question also indicates the sought response, mentioned in parenthesis (*italic font)*.

**Section 1: General Details (mandatory)**

1. Contact email:
   
   *(open response)*

2. Name and last name:
   
   *(open response)*

**Section 2: General Investment Information (mandatory)**

3. How many funding rounds (equity or debt) did you invest in during year 20xx (new round and/or follow-up investment)?
   
   *(number response; i.e. 0-100)*

4. What was the total amount (in local currency) you invested in year 20xx?
   
   *(number only response; conversion to Euro amounts done afterwards for EBAN use)*

5. In how many investment rounds did you act as a “Lead Investor” in year 20xx?
   
   *(number response i.e. 0-100)*
6. How many exits have you recorded in year 20xx (full exit or partial exit - positive or negative)?

(number response i.e. 0 – 100)

Should you wish to add any further initial mandatory questions, please consider these:

- Number of years active as an angel investor?

(number response i.e. 0 – 100)

- Amount of time you dedicate on average each week to angel investing and to your portfolio companies?

(number response i.e. 0 – 100)

- Do you intend to make new investments in year 20xx?

(yes or no response)

- Why do you invest?

(open response; or suggested list of responses to choose from)

- Sectors you would like to invest in the near future?

(response is list of sectors: AgriTech; BioTech; Consumer Goods; Creative Industries; EdTech; Enterprise Software; Fintech; FoodTech; Gaming; GreenTech; HealthTech; Manufacturing & Industry; MarketingTech; Mobility & Logistics; PropTech; RetailTech; Social; SpaceTech; Other/please specify)

- Cross border deals are of interest?

(yes or no response)
ADDITIONAL SURVEY QUESTIONS

The following are survey questions that can (and should) be included in your angel network survey in addition to the mandatory questions asked. The purpose of these additional suggested questions is to get an ever clearer understanding of the kind of investment activity happening in your network and the behaviour of angel investors part of your community.

Section 3: Detailed Investment Information (not mandatory – survey could continue or end depending on the reply to mandatory question number 4)

1. List for EACH of the investments made in a given year:

   A) Name startup?
   
   (open response)

   B) Reference code or business ID in local company register or chamber of commerce?
   
   (open response)

   C) Amount invested (in local currency)?
   
   (number response i.e. 0 – 100000000000)

   D) Were you a lead (or co-lead) investor?
   
   (yes or no response)

   E) Sector of reference (choose from list of sectors)?
   
   (response is list of sectors: AgriTech; BioTech; Consumer Goods; Creative Industries; EdTech; Enterprise Software; Fintech; FoodTech; Funds; Gaming; GreenTech; HealthTech; Manufacturing & Industry; MarketingTech; Mobility & Logistics; PropTech; RetailTech; Social; SpaceTech; Other/please specify)
F) Was the deal syndicated with other angels in this network; with other investors in your personal extended network, a combination of investors from this network and from outside this network, or done alone as an individual investor in the company?

(response options are: “alone” or “with angels in network” or “with other investors in extended network” or “a combination of investors from this network and from outside this network”)

G) If yes, how many other investors (angels or other) participated in syndicate?

(number response)

H) If applicable, name at least 1 other angel investors from our network involved in this investment round?

(open response)

I) Total investment round in local currency (not just your individual ticket)?

(number response)

J) Stage of startup development?

(drop down list response: Proof of Concept, Proof of technology, Proof of business, Proof of scalability, Mature for exit)

K) Was it a first round investment or follow-on round of investment?

(response choices: “first round” or “follow-on round”)

L) Type of security you hold in the startup?
(drop down list response: equity, debt, other))

M) Your overall % of ownership in the invested company?
(number response)

N) Pre money valuation in local currency?
(number response)

O) Is the company meeting any of the 17 United Nations’ Social Development Goals (SDGs)?
(drop down list response: no poverty; zero hunger; good health and well-being; quality education; gender equality; clean water and sanitation; affordable and clean energy; decent work and economic growth; industry, innovation and infrastructure; reduced inequality; sustainable cities and communities; responsible consumption and production; climate action; life below water; life on land; peace, justice and strong institutions; partnerships)

P) Did you find the startup in our network hosted events, meetings, dealroom, etc?
(response choices: “local BAN” or “outside of network”)

Should you wish to add more questions to this section, please consider questions related to:

- Gender and age specific questions on founding team:

- Location (address) of startup and distance (in km) from your residence:

- Past entrepreneurial experience of team you invested in:

- Types of security (define equity, debt, etc):
Section 4: Detailed Information on Exits (not mandatory, survey continues based on yes or no reply to question 6 in mandatory section)

1. If any exits in the year 20xx, please let us know for EACH one:

   a) Name startup?

      (open response)

   b) Reference code or business ID in local company register or chamber of commerce?

      (open response)

   c) Your ROI multiple recorded on the exit?

      (open response - in alternative a range - each member to ask based on their preference)

   d) Type of exit?

      (drop down response: M&A, trade sale, IPO, RTO, LBO, Write off/bankruptcy, or other)

   e) Number of employees at exit date?

      (number response)

   f) Location of exit?

      (open response with suggestion: “name of the country”)

   g) Date of exit?

      (number response in date format dd/mm/yyyy)

   h) Date of the first investment round you participated in?

      (number response in date format dd/mm/yyyy)
GLOSSARY of TERMS

By standardizing the definitions of commonly used terms, we can ensure comparison between data points collected. Below the list of commonly adopted definitions for the terms mentioned in template survey.

➢ **Angel Investment**: (High-risk) investments made by private early stage investors typically in the form of seed financing towards startup businesses. Angel investment comprises financial contribution in addition to the investment of time, expertise and connections that the investors also provide in exchange for ownership equity in the startups.

➢ **Angel Investor**: Private investors who choose to make seed and early-stage investments into startup companies. Besides investing their capital, angel investors also support their investee companies with mentoring and advice, expertise and network connections. Angel investors are also commonly referred to as business angels.

➢ **Debt/ Debt Financing**: Borrowed money that needs to be paid back. The entrepreneur rents the money for a specific period of time and promises to pay interest on the money for a specific period.

➢ **Equity**: Shares or other securities that represent an ownership interest in a company.

➢ **Exit**: Exiting an investment by selling or transferring one's ownership stake in the company.

➢ **Exit Valuation**: The valuation of a company at the time of the exit.

➢ **Follow-on round**: An additional investment round made in a company by one or several of its existing investors.

➢ **Funding**: This term is used as a synonym of “financing”. It refers to the amount of money that is needed for a business venture to take off. For example, a new business owner may seek a certain amount of funding for their startup company. This “raised” capital can be used to launch their venture as well as to sustain their company until monetary profit can be generated.
➢ **Funding round**: A financing event for a startup during which usually multiple investors buy shares of a startup or give a loan in the form of a convertible note, which later converts into shares.

➢ **Lead Investor**: the investor or investment organization taking primary responsibility for organizing an investment round in a startup. The lead investor typically negotiates the terms of the investments, often invests the largest amount, and serves as the primary liaison between the startup and the other investors.

➢ **Mergers and Acquisition (M&A)**: An M&A transaction often refers to a larger company buying a startup, thereby the startup’s operating units are transferred or consolidated with other entities.

➢ **Multiple**: Return on investment (ROI) expressed in the number of times the initial investment was regained.

➢ **Portfolio**: The collection of all of the companies invested in by an angel investor or venture capital fund (VC).

➢ **Raising Capital**: Refers to obtaining capital from angel investors or venture capital sources.

➢ **Returns**: The total proceeds an investor gets back from an investment, usually after an exit. It can be expressed as multiple or the percentage of the total proceeds divided by the total investment. Some calculate the returns annualized and call them internal rate of return (IRR). Some also consider a value increase in the share price due to a new investment round at a higher price a "return" even though no proceeds were actually paid out. Returns also come from dividend payments or interest paid on loans.

➢ **Round Size**: The total amount of money a startup received during one funding round.

➢ **(Investment) Round**: A set of one or more investments made in a particular company by one or more investors on essentially similar terms at essentially the same time.

➢ **Sectors of reference**:
  - **AgriTech**: comprises companies that offer technology and services for agriculture, horticulture, and aquaculture purposes that aim to improve yield, efficiency, and profitability.
o **BioTech**: comprises companies that utilize living organisms and their derivatives to produce products and processes. Applications can range from healthcare and medicine to biofuels and environmental safety.

o **Consumer Goods**: consumer goods are products bought for consumption by the average consumer.

o **Creative Industries**: comprises companies involved in the generation and commercialisation of creativity, ideas, knowledge and information. Applications include media production, publishing of contents, social media and streaming platforms for the sharing of contents.

o **Edtech**: comprises companies that offer technologies and IT tools aimed at facilitating and/or enhancing education and learning.

o **Enterprise Software**: comprises software and information systems used to satisfy the needs of an organization rather than those of individual users.

o **Fintech**: comprises technologies and services used for banking and/or other financial services.

o **FoodTech**: comprises companies offering services or technology for the food industry. Applications include food delivery and logistics, innovative food and food production processes, restaurant related technologies and cooking related technologies.

o **Funds**: comprises all the investment activity conducted through early stage venture funds where you are a limited partner. This applies to investors that invest through fund structures and not on a deal by deal basis.

o **Gaming**: comprises companies offering products or services for console and PC gaming, Virtual Reality/Augmented Reality gaming, mobile gaming, betting & gambling, esports and board games.

o **GreenTech**: comprises companies offering solutions that curb the negative impacts of human activity on the environment. Applications include clean energy, energy efficiency, energy storage, sustainable resource management, purification of water and air, waste and recycling solutions.

o **HealthTech**: comprises companies offering devices, medicines, vaccines, procedures, organizational systems for the healthcare industry and computer-supported information systems, that solve a health problem and/or improve quality of lives.

o **Manufacturing and Industry**: comprises companies using engineering and manufacturing technologies to improve the efficiency of industrial processes.
- **MarketingTech**: comprises companies offering solutions related to marketing and sales challenges. Applications include advertising technologies, CRM systems, sales, marketing analysis and e-commerce solutions.

- **Mobility and Logistics**: comprises companies offering solutions in areas such as transportation of goods, mobility of goods and people, autonomous vehicles, vehicle platforms and similar.

- **PropTech**: comprises companies applying information technologies and platform economics in real estate properties and markets.

- **RetailTech**: comprises companies offering solutions to enable retailers (brick-and-mortar, e-commerce, D2C, etc.) to manage and optimize their operations.

- **Social**: comprises companies addressing a social, societal or environmental issue as the main objective and reason for commercial activity.

- **SpaceTech**: comprises companies offering products and services to the aerospace industry and/or technologies developed initially for space use but applicable in a variety of other use cases. Examples of applications of space technologies in other sectors are weather forecasting, remote sensing, GPS systems, satellite television, and communications systems.

➤ **Stages of Startup Development**

- **Proof-of-concept**: The company is in the idea stage and has still not developed a “Minimum Viable Product” or MVP.

- **Proof-of-technology**: The company has developed, or is very close to having developed, an MVP.

- **Proof-of-business**: The company is currently testing its business model in the market.

- **Proof-of-scalability**: The company has proven the business model (has achieved business validation) and is about to scale the business into new markets or geographical regions.

- **Mature-of-exit**: The company is established and ready for an exit, for example via an M&A or IPO.

➤ **Startup**: A company in the early stages of development, which seeks to create a new product or service under significant uncertainty whether the product, team and business model will succeed.
➢ **Syndication**: The pooling of smaller investments invested by several investors. Often the expectation of professional venture investors and startups is to deal with fewer investor parties.

➢ **Ticket**: The monetary investment per investor as part of a funding round.

➢ **Valuation (pre and post money)**: The estimation of the economic worth of companies, assets or liabilities. There is a range of different methods for determining such value, the development stage of a company or the industry in which it operates usually dictate which method to use. Typically, angels and VCs distinguish between pre-money valuation and post-money valuation.

➢ **Pre-Money Valuation**: Company value immediately before funding. As an example, if post-money valuation equals EUR 2.5M and the company raised EUR 500K, then the pre-money valuation will be equal to EUR 2M.

➢ **Post-Money Valuation**: Company value immediately after funding. As an example, if the pre-money valuation equals EUR 2M and the company subsequently raises EUR 500K, the post-money valuation will total EUR 2.5M.