



STATISTICS COMPENDIUM
BASED ON THE INFORMATION PROVIDED BY BUSINESS ANGEL
NETWORKS HAVING RESPONDED TO THE SURVEY
CONDUCTED IN 2008

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DISCLAIMER

By nature, the informal venture capital industry is difficult to quantify.

The data presented and analysed in this document are based on figures provided to the EBAN Secretariat either by federations of networks or business angel networks in Mid-2008, concerning activities undertaken by the networks in 2007.

We would like to remind that the Statistics Compendium is the accompanying document of the Directory of Networks. The numbers listed represent the figures gathered from responding networks in Europe and aggregate data provided by federations of networks in several countries, and by no means the extent of business angel activity existing in Europe.

The figures presented do not quantify the larger angel activity which takes place outside of business angel networks. EBAN estimates that the total number of angel investors active within networks and on an independent basis (individual activity or in syndicates) is around 75.000 individuals, investing around 3 billion Euros a year. This figure is based on the estimations of federations of networks active across Europe.

They are an illustration of trends in the industry and not a global picture of the importance of business angel finance in the support of the creation of new enterprises in Europe.

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Executive Summary of the findings on business angel activity recorded by networks

In 2008, on a total of **297** networks identified in Europe¹, EBAN has analysed information coming from **170** networks (57% return rate).

This number comprises information provided both by national federations and regional networks to the EBAN Secretariat. Activity from member and non-member networks is recorded.

The following federations of networks have provided aggregate data based on complete information received from their member networks:

- BeBAN (Belgium)
- SVCA (Sweden)
- France Angels (France)
- FNABA, and APBA (Portugal)
- CIDEM / ACC1O' (Catalonia)
- BBAA (UK except Scotland)
- LINC Scotland (Scotland)
- TechnoPartner (Netherlands)

The aggregate data available concerns:

- Number of deals done
- Amount invested in 2007
- Number of angels recorded by the federation (active through their member networks).

Data Provided by the federations for 2007	Member networks in 2007	N Deals	Angels in networks	Amount invested by the angels	Average amount of the deal
Belgium - BEBAN	3	35	385	7.006.000€ N.B : Including co-investment 12.006.000€	200.170€
Finland - SITRA	1	10	458	5.000.000€	500.000€
France – France Angels	54	214	3600	37.000.000€	173.000€
Italy²	-	102	150	19.500.000€	191.176€
Catalonia - ACCIO	9 ³	11	806	2.526.000€	210.500€
Sweden – SVCA	22 ⁴	99	1042	15.000.000€	151.500€
Netherlands - Technopartner	8	75	1904	6.200.000€	83.000€
Portugal FNABA and APBA	9	11	430	1.662.000€	166.200€
UK (Except Scotland) BBAA	22	388	4991	22.630.342,16 N.B: Including co-investment : 73.071.505.19€	327.628,39€ ⁵
Scotland LINC Scotland	18	61	n/a	20.453.600 N.B: Including co-investment: 41.304.000€	335.305€

¹ As part of geographical Europe, Russia and Turkey have been included in this year statistics. Israel and the United Arabs Emirates have been included in this year's EBAN Directory of Networks. However, their data have not been included in the Statistics Compendium.

² Data collected in Italy through a research project of the University of Bocconi on the informal venture capital market, and not though networks belonging to IBAN.

³ 8 Networks answered the survey.

⁴ 16 have reported activity

⁵ The average in this case is the mean of all the averages provided to BBAA by its member networks.

This means that data of angel groups/syndicates/networks that are not members of those federations is not recorded in the following table.

The table below includes:

-Aggregate data provided by the national federations when available (marked with a *)

-Individual data provided by networks

	2004	2005	2006	2007
Number of replies	111	97	117	163
Number of angels	12.773	8.227	10.331*	16.487*
Number of women investors	n/a	246	248	499 ⁶
Number of members recruited in the last year	n/a	n/a	1942	3.506
Number of women recruited in the last year	n/a	n/a	78	263 ⁷
Number of projects received by the networks	n/a	n/a	13.189 ^{8*}	22.734*
Number of projects submitted to the investors	9.471	6.066	4.404 ⁹	5.492*
Ratio deals received/deals submitted	n/a	n/a	33,39%	24.15%
Ratio deals received/investments made	n/a	n/a	6,4%	4.9%
Number of deals				
	580	653	843*	1111
Total amount invested	n/a	130.716.719€	149.473.857€*	184.202.562,16€ ¹⁰
Average amount of the deal	n/a	200.178€	177.311€	165.649€

Information collected from individual networks

The following countries do not have “federations of networks”, and therefore data is aggregated from the different information received from all of the networks operating in the country. In those countries EBAN has access to the complete organized network data, which is why the figures are presented below.

	N networks in 2007	N Deals	Angels in networks	Amount invested by the angels	Average amount of the deal
Austria	2	5	147	600.000€	120.000€
Czech Republic	1	1	41	500.000€	500.000€
Ireland	4 ¹¹	5	232	2.200.000€	440.000€
Luxembourg	1	2	31	80.000€	40.000€
Slovenia	1	2	25	280.000€	140.000€

⁶ BBAA does not record information concerning the gender of business angel investors.

⁷ BBAA does not record information concerning the gender of business angel investors.

⁸ Does not include figures from the online matching platform Angel Investment Network.

⁹ Does not include figures from the online matching platform Angel Investment Network.

¹⁰ For 8 deals, EBAN did not receive information about amounts invested.

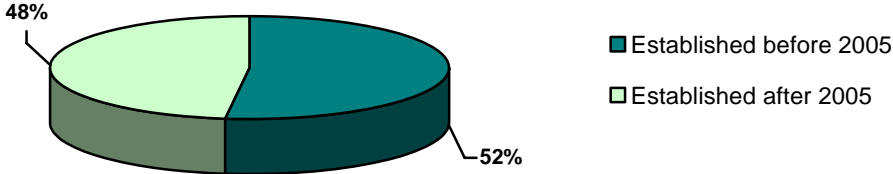
¹¹ 4 offices of the Halo Business Angel Partnership.

Characteristics of European business angel networks

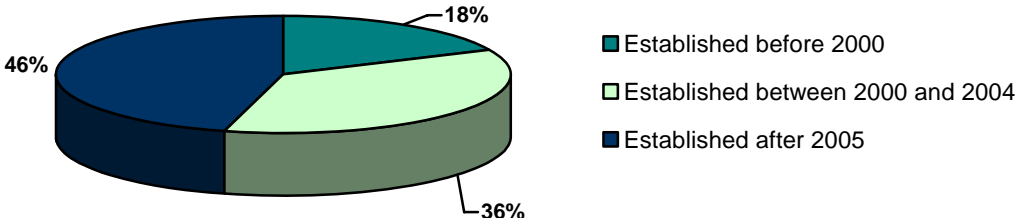
The following findings correspond to an analysis of the information collected from the business angel networks in operation in 2007. Individual data is to be found in the Directory of Networks 2008.

Date of creation

The following graph is based on answered provided by 129 networks



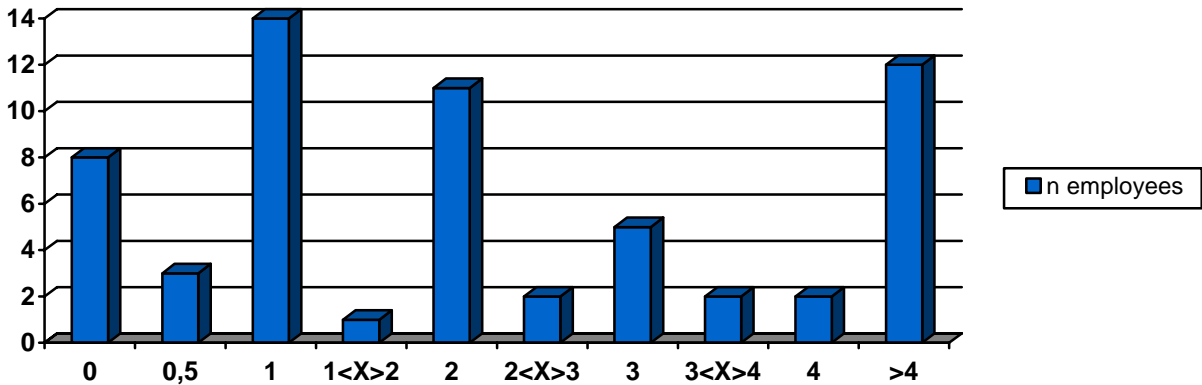
The following graph is based on answered provided by 79 networks



Number of employees

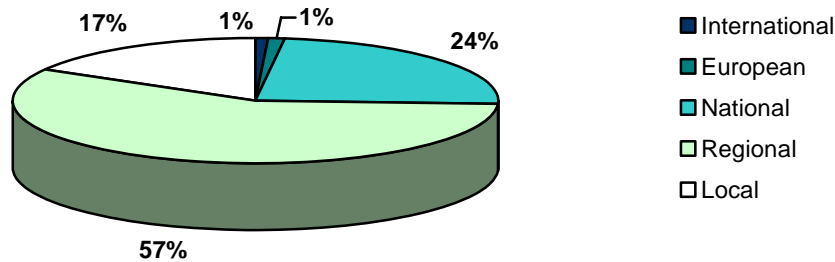
165 networks reported 226 employees in total (an average of 1.4 employees per network).

The graph below is an illustration of the number of employees per network, based on 114 received detailing the number of employees.



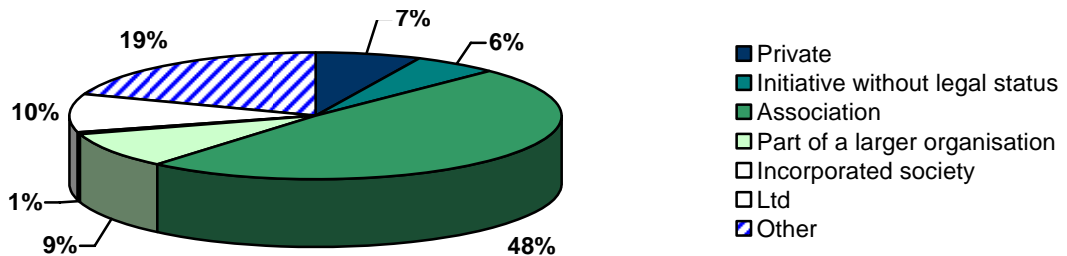
Geographical coverage of the networks

The graph below reports the networks' coverage based on 219 answers, received both from individual networks and federations of networks in Europe.



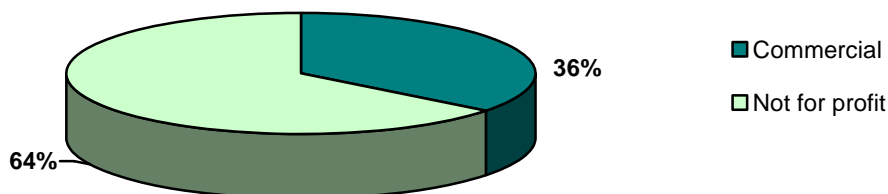
Legal status

The graph below illustrates the legal status of the networks based on 138 answers, including aggregate data provided by France Angels. 6 networks have a double structure.



Type of network: for or not for profit

The graph below illustrates the type of networks based on 109 network answers, including data provided by federation of networks in Europe.

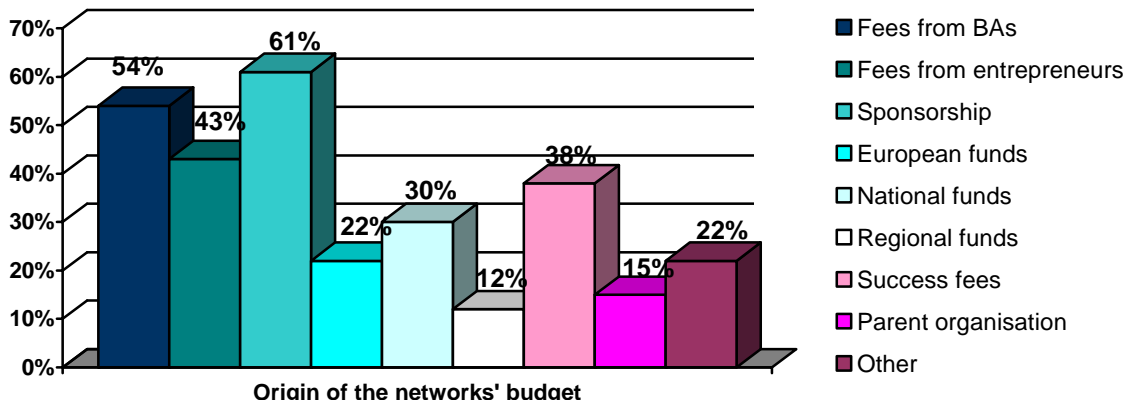


Funding sources of the networks

92 networks answered the question about how the business angel network is funded.

- 50 receive fees from business angels (from 2% to 100% of the networks' budget)
- 40 receive fees from entrepreneurs (from 3% to 40% of the networks' budget)
- 56 receive sponsorship (from 2% to 100% of the networks' budget)
- 26 receive European funds (from 2% to 100% of the networks' budget)
- 27 receive national funds (from 12% to 100% of the networks' budget)
- 11 receive regional funds (from 20% to 100% of the networks' budget)
- 35 receive success fees (from 5% to 100% of the networks' budget)
- 14 receive funding from parent organisation (from 10% to 100% of the networks' budget)
- 20 use other funds (private funding by the partners or owners, municipal funds, private company funds, subsidies, event, trainings and visits).

The figures are illustrated in the graph below.

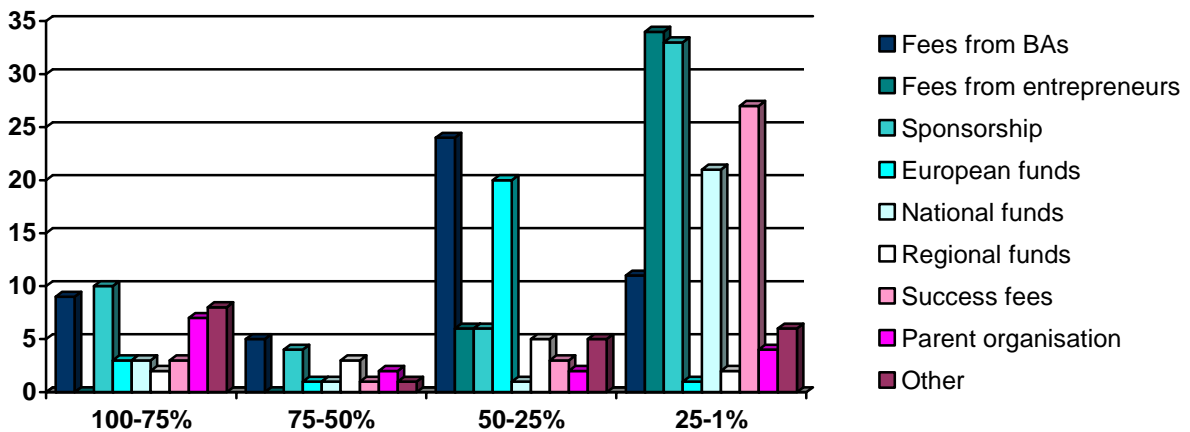


Distribution of financial resources based on percentage of networks' budget

Out of the 92 networks that have answered this question:

- **Fees from business angels** represent 75% to 100% of the network's budget for 9 networks (with 4 networks entirely funded through fees charged to business angels)
- **Sponsorship** represents 75% to 100% of the network's budget for 10 networks, and 1% to 25% for 33 networks.
- **European funds** represent 25% to 50% of the network's budget for 20 networks
- **Fees from entrepreneurs** represent 1% to 25% of the network's budget for 34 networks
- **Funding from parent organisation** represents 75% to 100% of the network's budget for 7 networks.

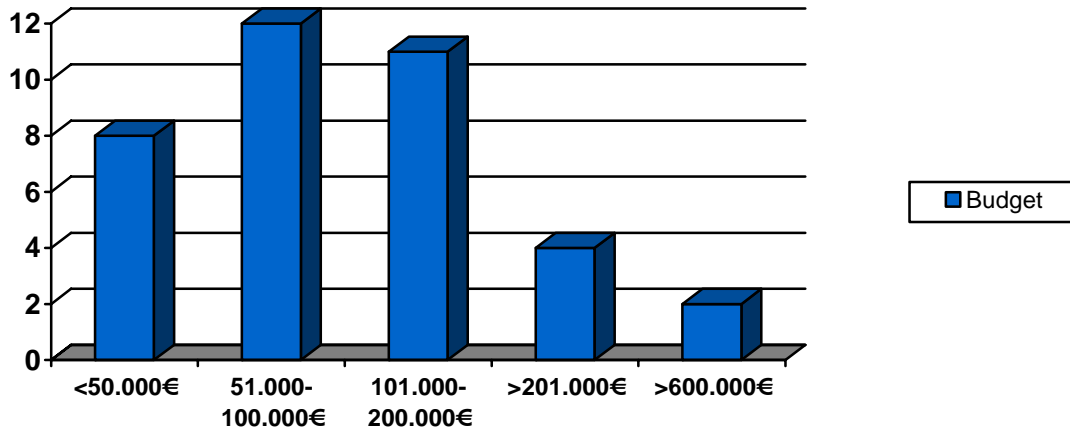
A distribution of the figures is illustrated in the graph below.



Annual budget of business angel networks

39 managers provided information on the average annual budget of their business angel networks.

The budget of business angel networks is on average 180.000€ per year.



Fees charged to business angels or entrepreneurs

117 networks answered the question about fees charged to business angels or entrepreneurs:

- 35 charge fees to entrepreneurs (from 25 to 750 €)
- 74 charge fees to investors (between 100 and 1.500 € on average)

62 networks answered the question about success fees charged to business angels or entrepreneurs:

- 19 charge success fees to entrepreneurs (from 1.5 to 8% of the investment made)
- 10 charge success fees to investors (from 2 to 20% of the investment made).

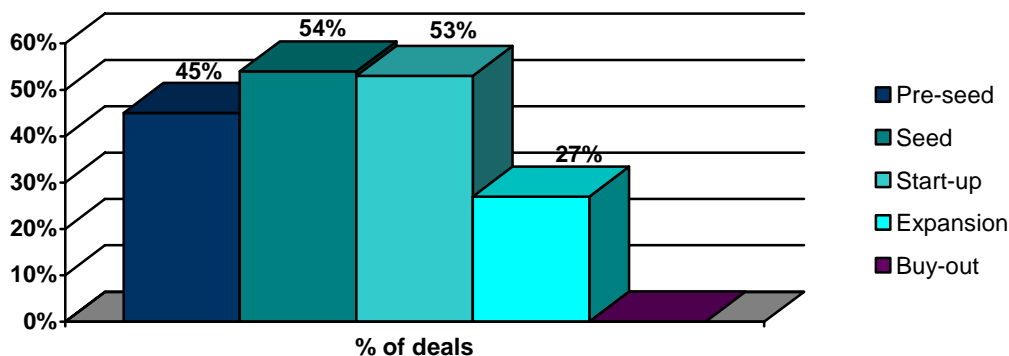
The number of for-profit networks has increased over the years. This could be due to the gradual withdrawal of public funding in some countries, and the necessity for networks to find sustainable funding sources.

Percentage of the deals in which the angels are involved

82 networks answered the question concerning the stage of involvement of the angels in percentage of deals concluded:

- 37 networks declared angels involved in the pre-seed phase (from 5% to 100%)
- 45 networks declared angels involved in the seed phase (from 3% to 100%)
- 44 networks declared angels involved in the start-up phase (from 30% to 100%)
- 22 networks declared angels involved in the expansion phase (from 5% to 100%)
- Only 2 networks declared angels involved in the buy-out phase.

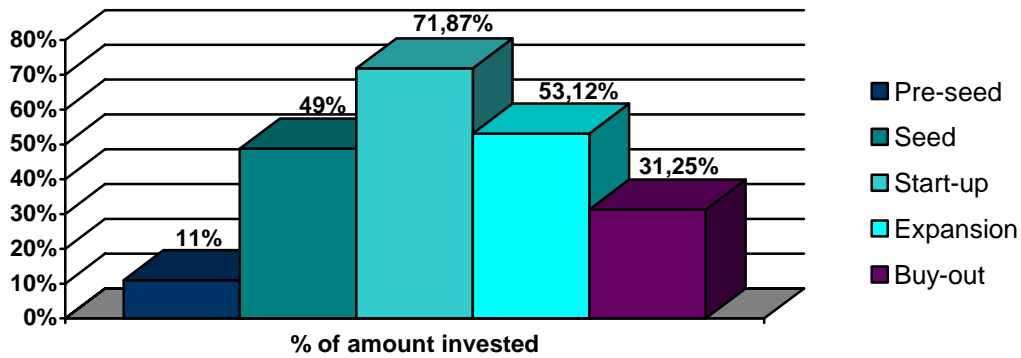
The figures are illustrated in the graph below.



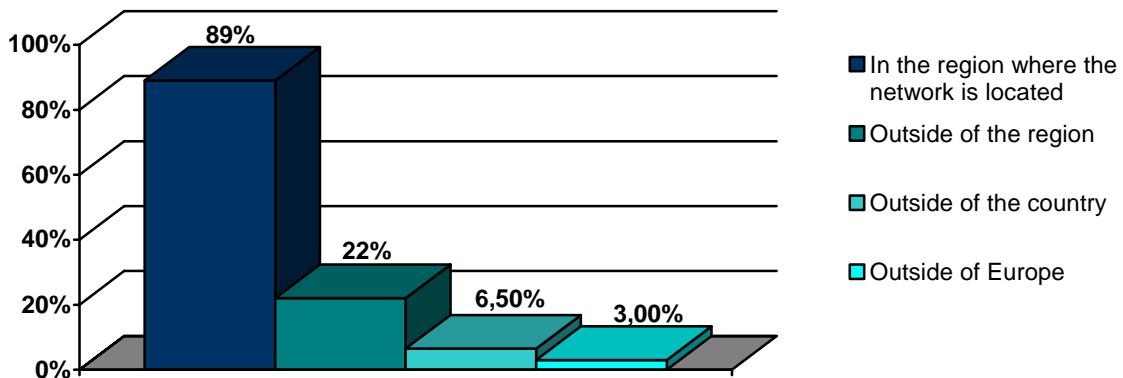
64 networks answered the question concerning the stage of involvement of the angels in percentage of the amount invested:

- 7 networks declared angels involved in the pre-seed phase (from 5% to 100%)
- 31 networks declared angels involved in the seed phase (from 5% to 100%)
- 46 networks declared angels involved in the start-up phase (from 10% to 100%)
- 34 networks declared angels involved in the expansion phase (from 15% to 88%)
- 20 networks declared angels involved in the buy-out phase (from 5% to 20%).

The figures are illustrated in the graph below.



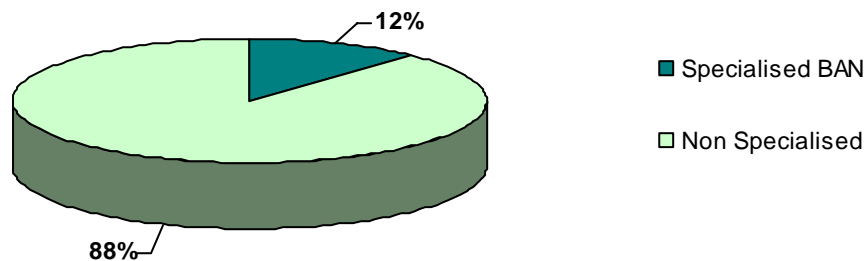
Percentage of deals where the recipient company was located



92 networks answered this question. 62 networks report 100% of the deals in the region where the network is located.

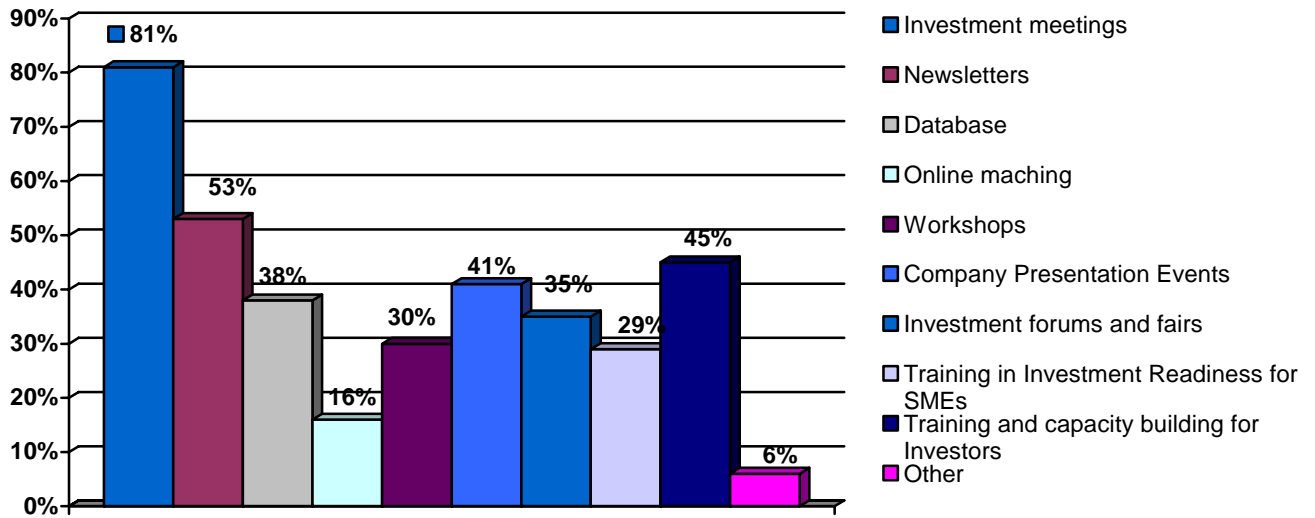
Network Specialisation

81 networks answered the question about the network specialisation



Matching services used by the business angel networks

162 networks answered this question. The distribution of answers is illustrated in the graph below:

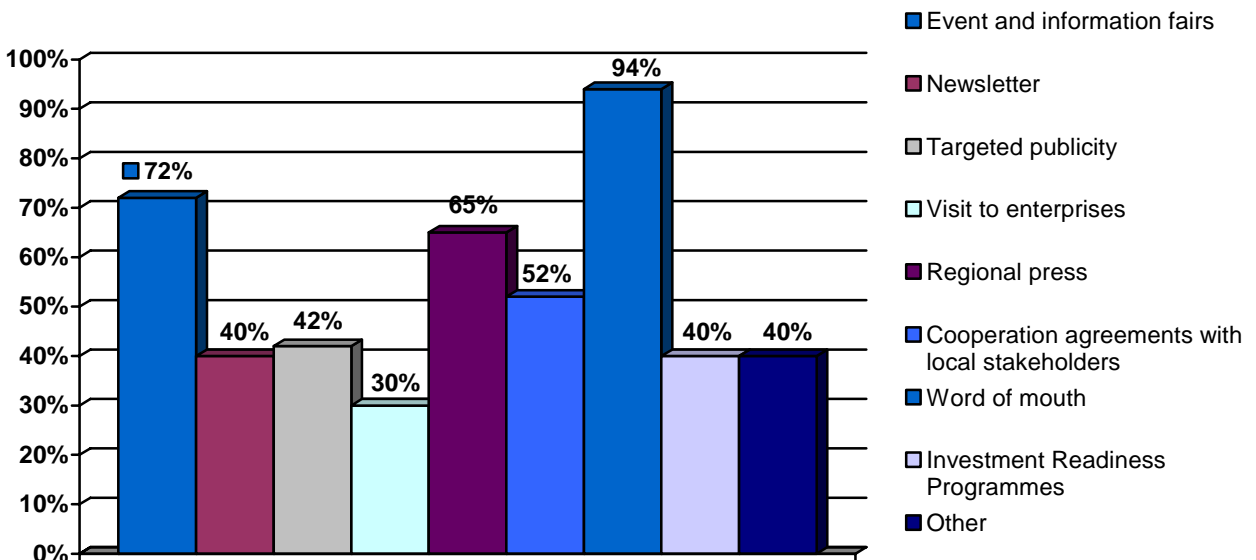


Other services proposed by the networks include:

- Business plan competitions
- Success Probability Rate (summary) evaluation
- Investment syndication
- Start-up support services (logistics, consultancy, HR - through a network of partners)
- M&A Opportunities - screening & matching

Tools used by business angel networks to recruit entrepreneurs

77 networks answered this question. The distribution of answers is illustrated in the graph below:



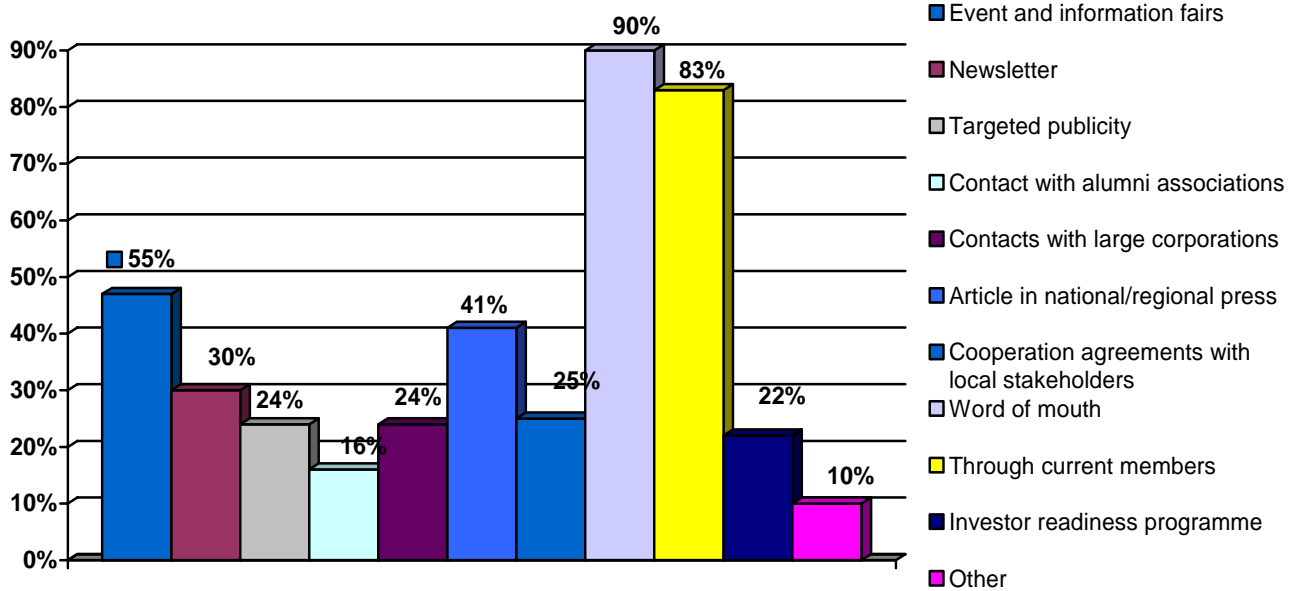
Others included:

- Partnership with local consultancies, BICs, Universities and alumni associations
- Website

- SEO Marketing¹²
- Industry network
- Recommendations

Tools used by business angel networks to recruit investors

99 networks answered the question.



Other tools mentioned included:

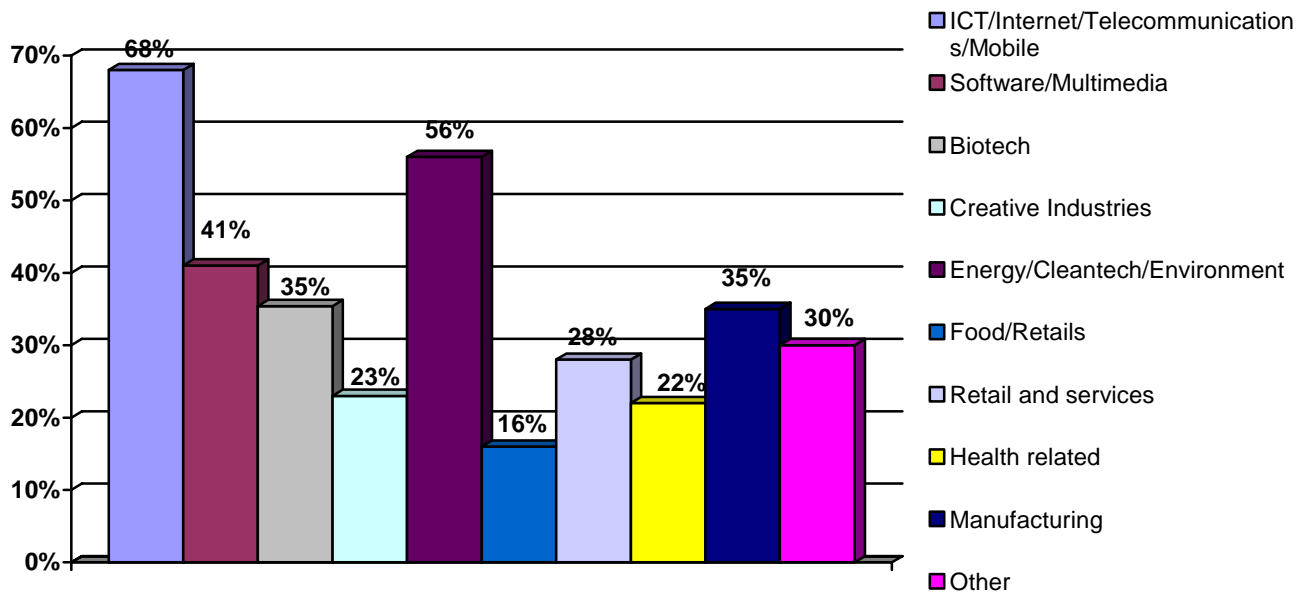
- Cooptation
- Personal network
- Public events
- Individual identification and contact
- Formal business angel network customers which have made an exit
- Contact with professional associations
- Website
- Exchange programmes with regional angel groups
- Best practice meetings.

Sectors of investment of the deals concluded through the networks in 2007

144 networks reported on the sectors of investment of deals concluded in 2007 by their investors.

The figures are illustrated in the table below.

¹² The Search Engine Optimization (SEO) is the process of improving the volume and quality of traffic to a web, used to enhance the potential of online businesses aiming at using the web as the largest channel of quality visitors to the website.

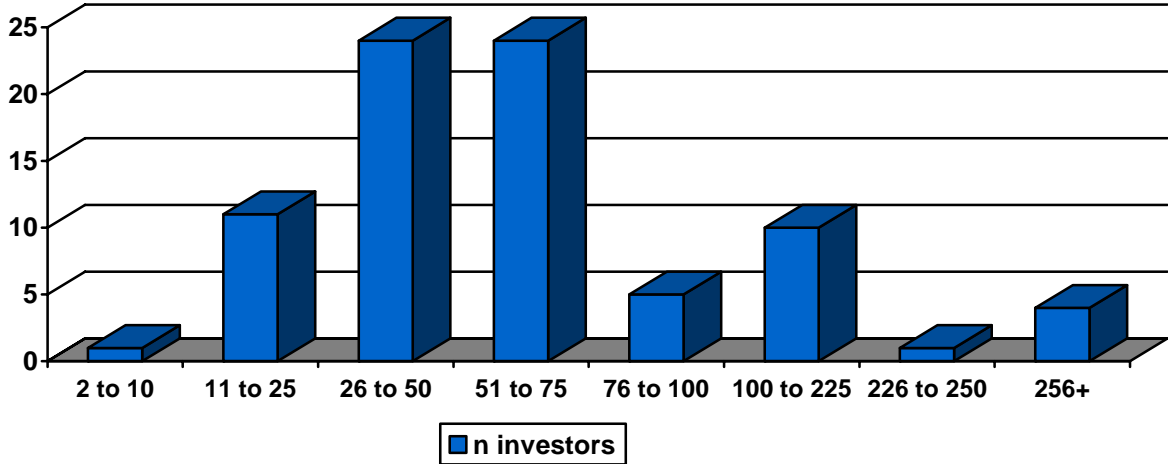


Out of 73 networks answering this question:

- Just **5** networks reported **100%** of deals in one sector only (3 networks in ICT/Telecommunications and Mobiles, 1 networks in Biotech, and 1 network in Financial services)
- **60** networks reported investments in the **ICT sector**, with 23 networks reporting from 50 to 100% of investments in this sector.
- **37** networks reported investments in **Software and Multimedia**, with 4 networks reporting 50 to 70% of investments in this sector.
- **39** networks reported investments in **Biotech**, with 3 networks reporting investments made 50 to 100% of investments in this sector.
- **34** networks reported investments in **Creative industries**, with 9 networks reporting 50 to 60% of investments in this sector.
- **29** networks reported investments made in the **Energy sector**. None of the networks have reported more than 50% of investments in this sector.
- **33** networks reported investments made in the **Environment sector**, with 2 networks reporting more than 50% in this sector.
- **23** networks reported investments made in **Food and Retail**, with only 1 network reporting more than 50% of the investments made in the sector.
- **28** networks reported investments made in **Retail and Services**, with 2 networks reporting more than 50% of investments in this sector.
- **33** networks reported investments made in the **Health related sector**, with 1 network reporting more than 50% of investments in the sector.
- **30** networks reported investments made in **Manufacturing**, with 2 networks reporting more than 50% of the investments in this sector
- **32** networks reported investments made in **other sectors**, which included lasers, instrumentation, and robotics, micro and nanotech, sustainable development, medtech, electronics, internet related technologies/services, industrial products and services, in industrial products, new materials, press off line, industry, tourism and transport.

Number of investors per group

64 answers were received.



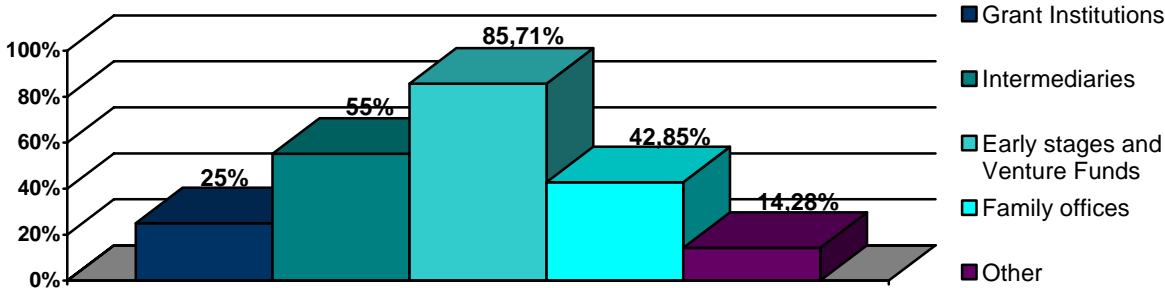
Numbers of meetings organised per year and number of business angels attending

Based on 123 networks' answers received, networks organise on average 8.8 meetings per year, with an average of 24.5 angels participating in the latter.

Membership policy of the networks

Out of 115 networks responding this question, 40 networks do not allow other types of members except business angels.

The graph below illustrates the figures, based on 56 specific networks' answers received.

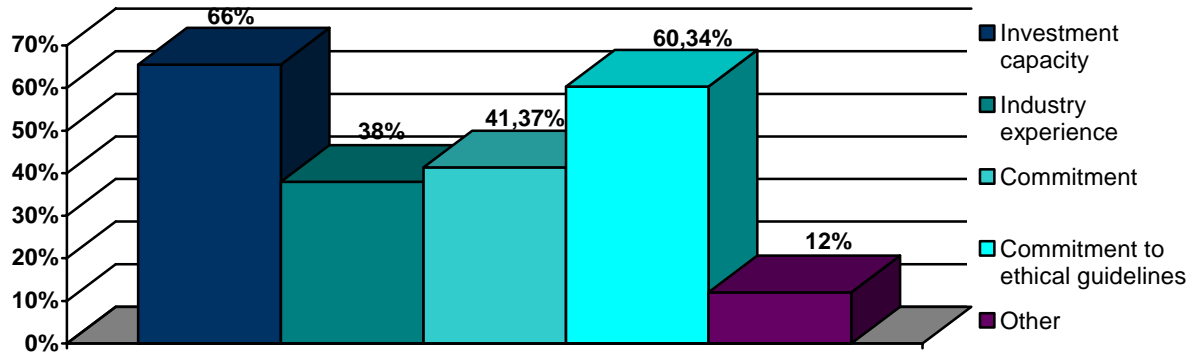


Others include: Incubators, NGOs, governmental agencies, media, PR and advertising agencies, banks, specialised VC and strategic investors, innovators (spin off, spin out, start-up), sponsors financial institutions, investing institutions, venture philanthropy institutions.

Membership criteria

58 networks answered the question about membership criteria.

The results are illustrated in the table below.



Others include: Coaching, training, understanding of the risk, proven history of success as BA, entrepreneur or manager, by invitation only, investor profile.

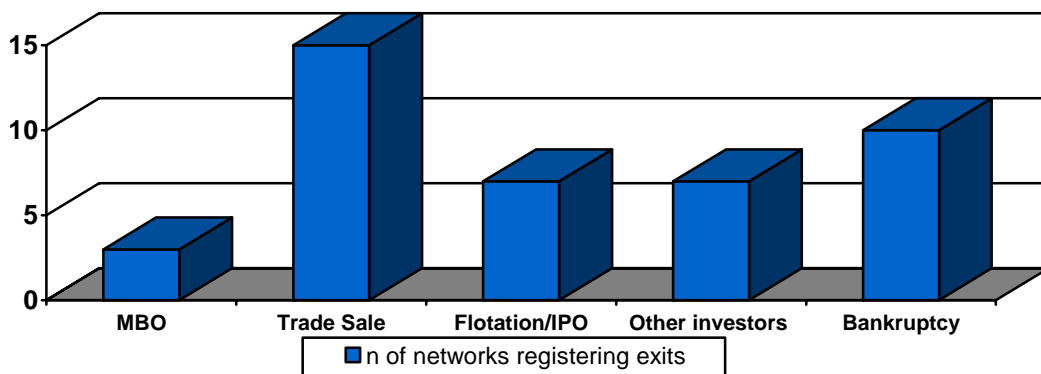
Exits

Out of 25 networks answering the question about companies that have received financing through the network since their inception:

- 165 companies gone bankrupt
- 88 companies have been divested as a loss
- 128 companies have been divested as a profit.

Exits routes

22 networks provided information about how the angels exited their investments.



Qualitative analysis

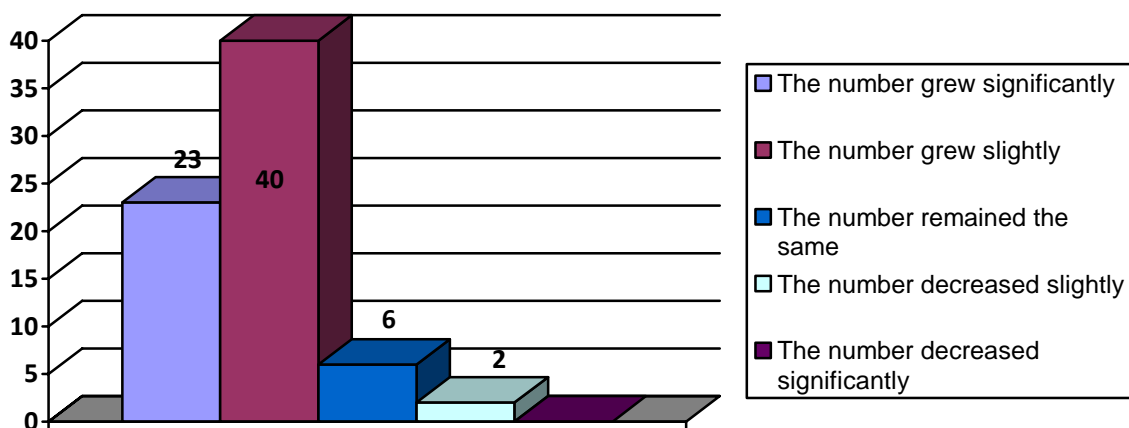
In an effort to identify trends in the European angel market, EBAN collects a series of qualitative data from individual networks, and aggregate data provided by federations of networks when available.

This enables readers to:

- Have an understanding of current evolution of the business angel network industry
- Identify and understand the requirements of angels investors
- Identify the main areas necessitating support in order to improve the number of projects receiving finance from business angels.

Description of the evolution of the number of investors belonging to the networks in 2007

71 networks provided information on this question.



The general trend is towards an increase in the number of investors per network, in particular in order to reach a critical mass of active angel investors.

The majority of networks which have experienced a significant growth in their membership are networks set up in 2007.

Motivations for angel investors, using a rank from 1 to 5 where 1 is the most important factor

64 networks mentioned that financial return was a main motivation.

- 55 networks ranked financial return as "1"
- 5 networks ranked it as "2"
- 3 networks ranked it as "3"

58 networks mentioned that the diversification of portfolio was a motivation for their investors

- 20 ranked it as "1"
- 26 networks ranked as "2"
- 12 ranked it as "3"

64 networks mentioned that personal satisfaction was important to their members

- 38 ranked it as "1"
- 20 ranked it as "2"
- 6 ranked it as "3"

61 networks mentioned that economic development was important to their members:

- 4 ranked it as "1"
- 30 ranked it in "2"
- 26 ranked it as "3"

Finally, 61 networks mentioned that self-employment was important for their members:

- 2 ranked it as "1"
- 33 ranked it as "2"
- 22 ranked it as "3"
- 1 ranked it as "5"

The two most important reasons reported by surveyed networks on why their members invest are: Financial return and personal satisfaction.

The least important motivation for a business angel is self-employment.

Description of the three main reasons why entrepreneurs' projects are rejected by the investors

72 answers were received.

The three outstanding reasons why entrepreneurs' projects are rejected are:

1. Weakness of the management team/entrepreneur(s): 44 answers
2. Lack of business model/No USP/Product idea vs. business idea: 32 answers
3. Too early/too risky: 22 answers

Other important issues mentioned by the networks are:

- No market, barriers to entry, long sales cycle, no scalability: 18 answers
- The business does not correspond to the business angels (sector, expertise): 15 answers
- Investment readiness issues, including business plan: 15 answers
- Low innovation, low international potential: 11 answers

Other reasons mentioned several times included:

- Amount of investment required is too high
- Sector is not relevant to the investors
- Lack of professionalism/transparency
- No fit between the angel and the entrepreneur
- Complicated negotiation with other potential investors

The 3 most important challenges for networks in dealing with business angels

The three most important challenges mentioned by the 63 networks responding to this question concern:

1. Proposing a good quantity and quality of dealflow
2. Having enough angels and turning latent angels into active angels
3. Assessing, managing and leveraging the value added potentially brought by the angel, in terms of expertise, experience, contacts, etc.

Other points were mentioned several times:

- Dealing with the lack of time and sometimes commitment of the angels
- Building teams for syndication and co-investment
- Investor readiness
- Convincing angels to join groups and stop "doing it alone"
- Making the angel see the point of view of the entrepreneur, and personal fit with the entrepreneurs
- Invest more time in due diligence
- Managing the exit

How has the quality of the projects looking for business angels funding changed since 2000?
Scale of 1 (= strongly improved) to 3 (=strongly worsened)

Completeness of the founders' team

On 57 answers received:

- 12 networks reported that the completeness of the founders' team had strongly improved
- 41 reported no change
- 4 reported that this had strongly worsened since 2000

Technical qualification of the founders

On 54 answers received:

- 9 networks reported a significant improvement
- 45 reported no change.

Maturity of the commercial model

On 58 answers received:

- 16 reported a significant improvement
- 38 reported no change
- 4 networks reported that this had strongly worsened.

Presentation skills

On 56 answers received

- 22 reported a significant improvement
- 42 reported no change
- 2 reported that this had strongly worsened.

Quality of the business plan

On 57 answers received

- **39 reported a significant improvement**
- 19 reported no change
- 1 reported that this had significantly worsened.

>Close to 70% of respondents have found that the quality of the business plans of entrepreneurs has improved. This could be an indication that investment readiness programmes have produced results, as an increasing number of capacity building projects have been implemented in the last years by business angel networks or regional development agencies.

Business qualification of the founder's team

Out of 57 answers received

- 10 reported a significant improvement
- 47 reported no change.

The most important challenges for the business angel networks in the future

72 answers were received

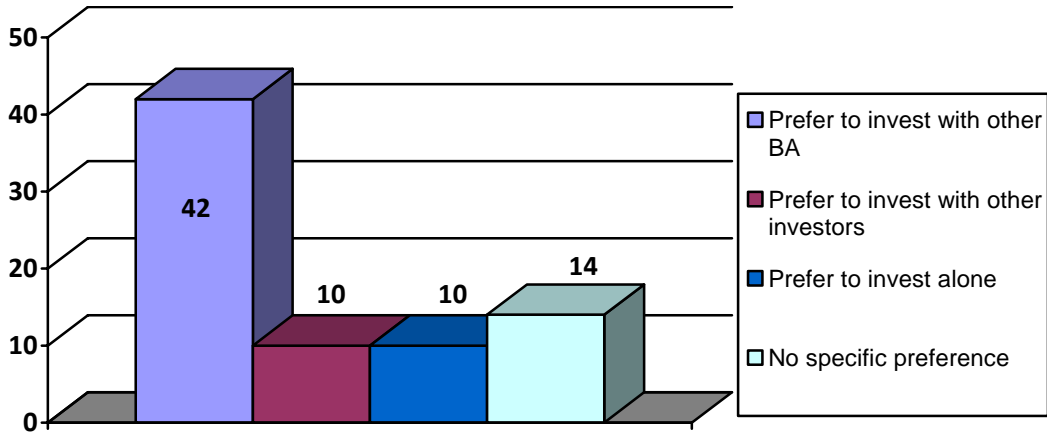
<p>The 3 most important challenges for business angel networks are:</p> <ul style="list-style-type: none">- Attracting and maintaining quality deal flow attractive to the angels- Achieving critical mass by attracting more angels to the networks- Financing, sustaining and consolidating the network itself
--

Other important challenges include:

- Making more deals
- Increasing the cooperation with local funds, universities, incubators, etc.
- Improving investor and investment readiness

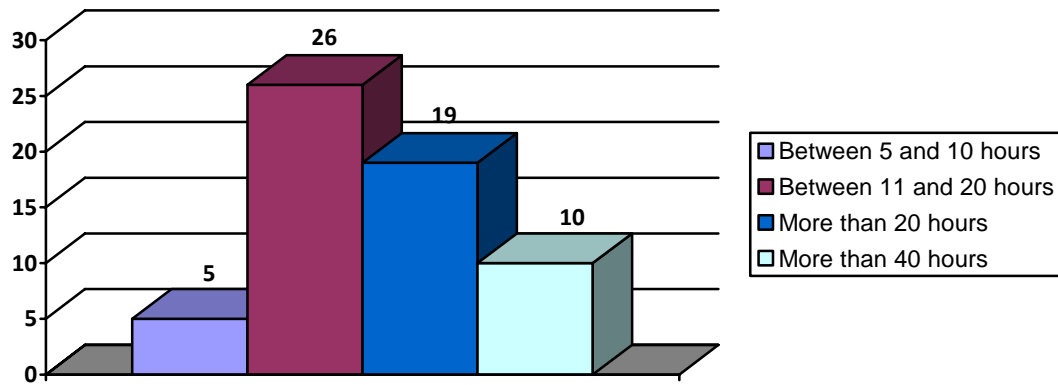
Attitude towards co-investment

73 answers have been received. 3 networks provided double answers.



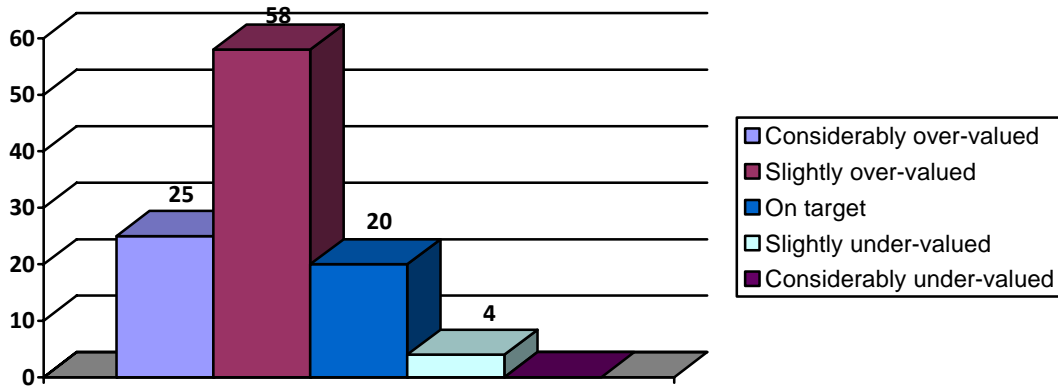
Average number of hours spent on due diligence by the angels before making an investment

66 answers were received.



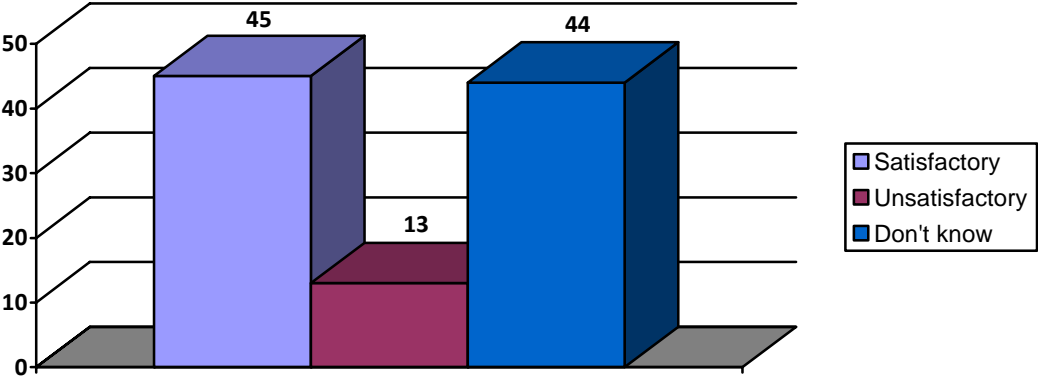
Characterization of pre-money valuation

107 answers were received.



Perception of investment climate, in particular exit conditions

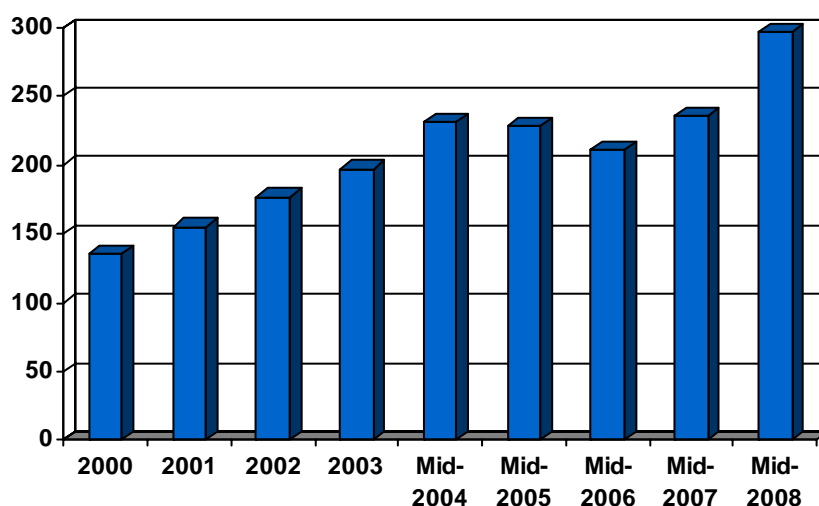
102 answers were received.



Evolution of the business angel market

Number of networks in Europe:

1999	2000	2001	2002	2003	Mid-2004	Mid-2005	Mid-2006	Mid-2007	Mid-2008
66	132	155	177	197	231	228	211	236	297 ¹³



The number of networks operating in Europe has significantly increased this year. This is due to the following factors:

- The steady increase of the number of networks in France, expected to continue throughout 2008
- The inclusion of the number of Scottish syndicates, operating under the umbrella of LINC Scotland.
- The growth in the number of networks in the emerging markets, particularly in Eastern, Central and Southern Europe.

In recent years, the number of angel networks has actually decreased in the more mature angel markets: the United Kingdom (except Scotland), Sweden, Germany, Belgium, Italy and the Netherlands. This is due to the gradual professionalisation of the industry, when the less performing networks cease to operate after the first few years. However, this trend is sometimes balanced by the creation of new networks as the activity of business angels is increasingly disseminated.

The number of networks has increased significantly in Spain and Portugal in the last 3 years. New networks have been set up all over the country in Spain, whereas Catalonia concentrated the vast majority of the networks some years ago. It remains however the most performing region in terms of angel investing in new ventures. Only one network operated in Portugal 3 years ago, while 9 operate throughout the country in 2008.

France has experienced a sharp increase in the number of networks created in 2007, mainly due to the awareness raising activities of its Federation of networks France Angels, which through initiatives such as the Business Angel Week has largely contributed to the improved understanding of the importance of business angel activities and the interest of BA to work in groups. Moreover, government support to the first years of operations of selected networks has supported the professionalization of some 22 of networks in the last years.

Networks in Central and Eastern Europe are also gradually being set up, with two new networks in Bulgaria and one in Ukraine this year. EBAN also has extensive contacts with other countries in this geographic area in order to set up new business angel networks.

¹³ Excluding Israel

Country	1999	2000	2001	2002	2003	Mid 2004	Mid 2005	Mid 2006	Mid 2007	Mid 2008
Andorra	0	0	0	0	0	0	0	0	1	0
Austria	1	1	1	1	1	1	2	2	2	3
Belgium	4	6	7	7	7 ¹⁴	5	6	6	5	4
Bulgaria	0	0	0	0	0	0	0	0	0	2
Croatia	0	0	0	0	0	0	0	0	0	1
Czech Republic	0	0	0	1	1	2	2	2	1	2
Denmark	0	1	4	6	8	8 ¹⁵	8	7	7	3
Finland	1	1	1	1	1	1	1	1	1	1
France	4	13	32	48	48	40	38	35	41	66
Germany	1	43	36	40	40	40	43	41	38	38
Greece	0	0	0	0	0	1	1	1	1	1
Hungary	0	0	0	0	0	1	1	1	2	3
Ireland	1	1	1	1	3	1	1	1	1	4
Italy	2	5	12	11	10	12	12	11	10	11
Latvia	0	0	0	0	0	0	1	1	1	1
Luxembourg	0	0	0	0	0	1	1	1	1	1
Malta	0	0	0	0	1	1	1	1	1	1
Monaco	0	1	1	1	1	1	0	0	0	0
Norway	0	0	1	1	3	7	7	6	8	7
Poland	0	0	0	0	0	1	2	3	4	5
Portugal	0	0	1	1	1	1	1	2	7	10
Russia	0	0	0	0	1	4	4	2	4	4
Slovenia	0	0	1	1	1	1	1	1	1	1
Spain	0	1	1	2	3	11	20	21	33	37
Sweden	1	2	2	2	9 ¹⁶	28	28	23	21	22
Switzerland	1	3	3	2	3	7	7	7	6	8
The Netherlands	1	1	2	2	3	3	5	4	5	9
Turkey	1	1	1	1	1	2	2	1	2	2
Ukraine	0	0	0	0	0	0	0	0	0	1
UK	49	52	48	48	51 ¹⁷	51 ¹⁸	35 ¹⁹	34	36	34
Scotland										18 ²⁰
Transnational networks	0	0	0	0	0	1	1 ²¹	3 ²²	4 ²³	4 ²⁴
Total	66	131	154	176	195	229	227	215	240	297
Israel	0	1	1	1	2	2	-	-	2	4
	66	132	155	177	197	230	227	211	240	301

¹⁴ 4 BANs operating in Flanders have merged into a single network called BAN Vlaanderen, with regional antennas. Since the beginning of 2004, 4 networks are working together under the name EuBAN, referring to the EuroRegio Meuse Rhine.

¹⁵ 2 networks to be created in Autumn 2004, AgroBAN and CreativeBAN.

¹⁶ 22 networks are in process of creation following a new program from NUTEK, the national BAN in Sweden.

¹⁷ Figures provided by NBAN up to Mid 2003. The figure for 2004 is derived from an update of the Directory of Network 2003-2004 published by NBAN in 2004.

¹⁸ Estimation. Figures for that period not available.

¹⁹ Data provided by the British Business Angel Association, the new professional federation of UK BANs created in 2005.

²⁰ This is the first year that EBAN has included the Scottish angel syndicates in the Directory of networks.

²¹ EuBAN as a tri-national network is counted in the Belgian, German and Dutch number of networks but not only once for the total number of networks.

²² EuBAN, Go Beyond Ltd, and Icon Angels.

²³ EuBAN, Go Beyond Ltd, Media Deals, and Icon Angels. EuBAN is already counted once in the total of networks.

²⁴ EuBAN, Go Beyond, Media Deals and Icon Angels. Go Beyond is counted in the French and Swiss Statistics, while euBAN is counted in the German, Dutch and Belgian statistics.

Benchmarking angel activity with the United States

Below are a few points of comparison with the United States. The source of the data is the Angel Capital Education Foundation, linked to the Ewing Marion Kauffman Foundation and the Angel Capital Association (www.angelcapitalassociation.org).

The main elements of distinction are the following:

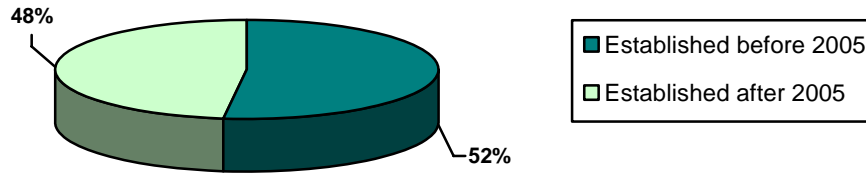
- Angels are organised in “groups” rather than in “networks”. The groups are managed by one of the angels, while in Europe intermediaries are often in charge of managing the day-to-day operations of the networks.
- Americans refer to investment per “round” where Europeans refer to “deal”. They use investment “per deal” to refer to the individual angel investment. “Per deal” is the amount of money invested in around by the angel group as a whole.

ACA/EBAN data	2006 (2005 activity)		2007 (2006 activity)		2008 (2007 activity)	
	United States	Europe	United states	Europe	United states	Europe
Groups/Networks in operation	230	211	250	234	245	297
Groups/Networks in development	22	12	18	21	324	n/a
For profit networks	48% (of ACA members)	23.5%	48% (of ACA members)	6,4%	47% (of ACA members)	39 out of 109 surveyed
Investors operating in group	~9,700	8227	~11,000	10.331	~12,000	16.487
Investment per round	\$241,528 (average for ACA members)	200.178€	For first 6 months, average for ACA members is \$211,087	177.311€	\$265,926 (average for ACA members)	165.649€
Number of deals	n/a	653	n/a	843	n/a	1111
Total amount invested by networks surveyed	n/a	130.716.719€	n/a	149.473.857€	n/a	184.202.562,16€

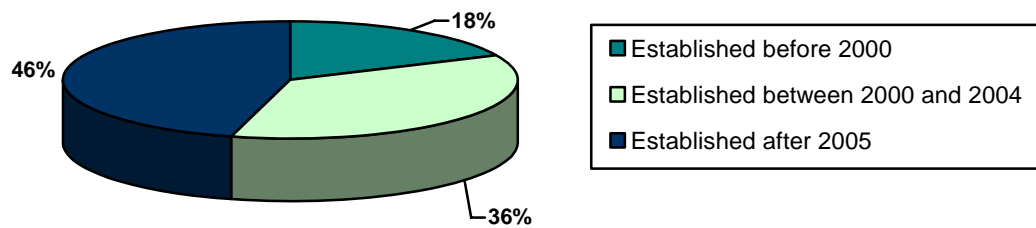
Comparison of the characteristics of European and American angel groups

1. Date of creation

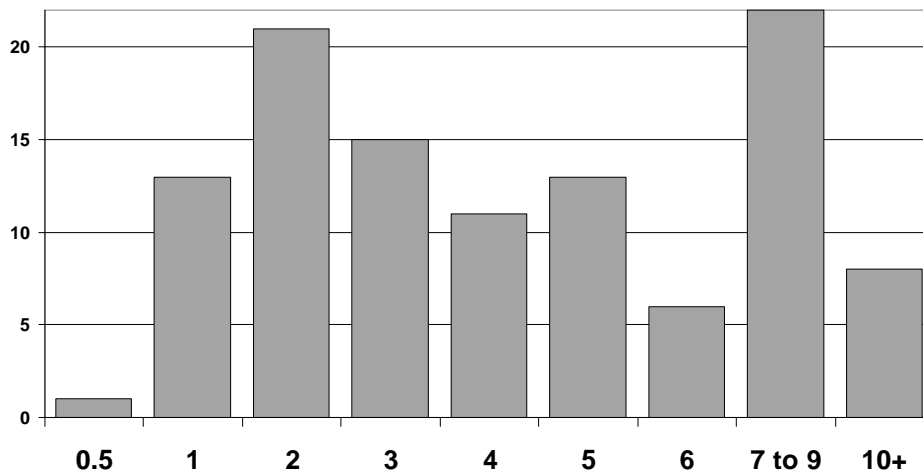
The following graph is based on answered provided by 129 networks



The following graph is based on answered provided by 79 networks



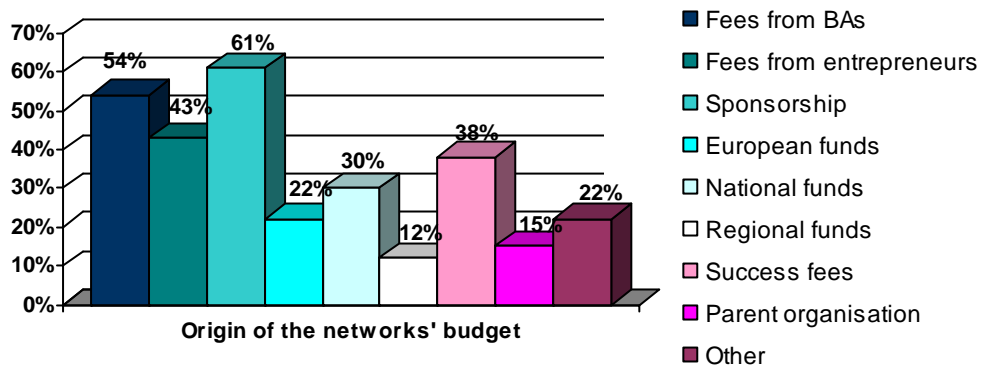
By way of comparison, in North America the average number of years of existence is 4.6:



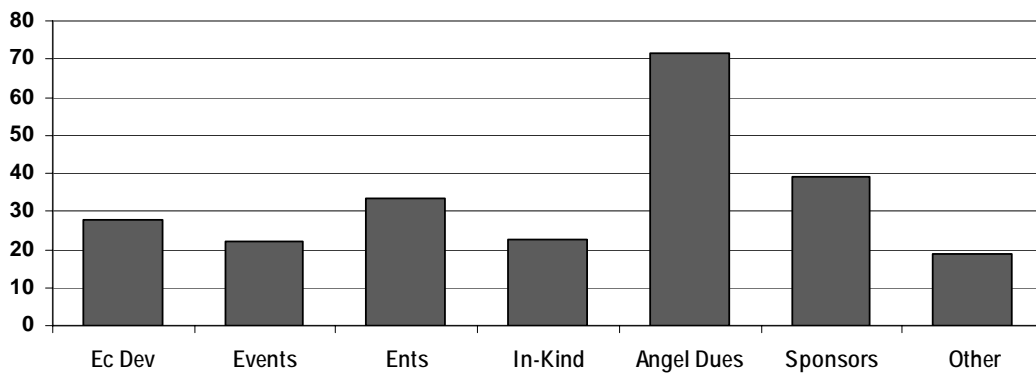
Source: Angel Confidence Survey 2007, Angel Capital Association

Sources of funding for the angel networks/groups

In Europe in 2007:



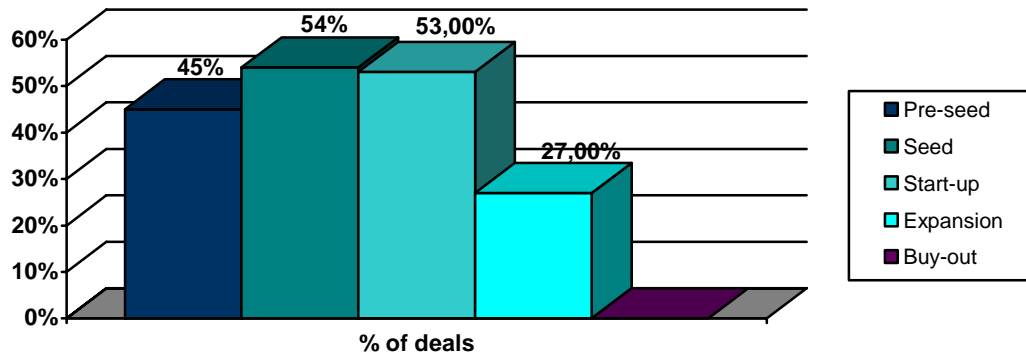
In comparison, according to the ACA Confidence survey and membership applications – 105 groups reporting (2006-2007), the source of funding of North American angel groups was the following:



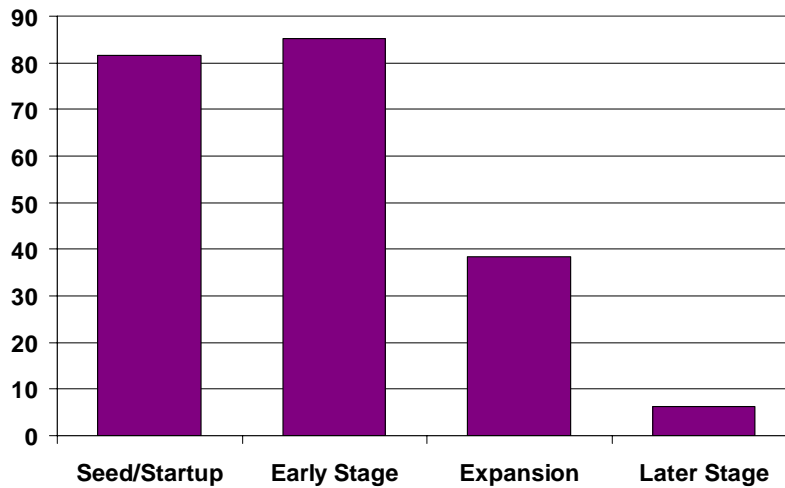
Ec Dev – Group receives money from state or local government
 In-Kind – Group receives support from “parent” entity
 Other – Half supported by management fees for funds

2. Preferred stage of investment

In Europe in 2007, the deals concluded were done in the following stages:



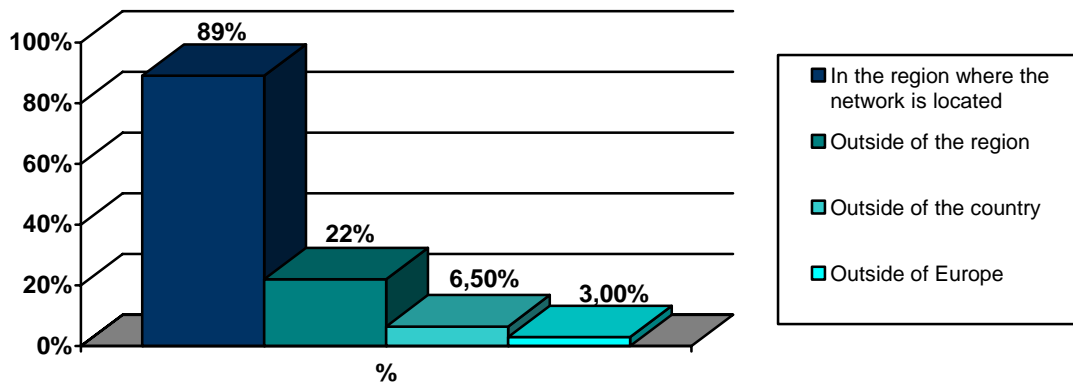
In comparison, in the US and in percentage of groups:



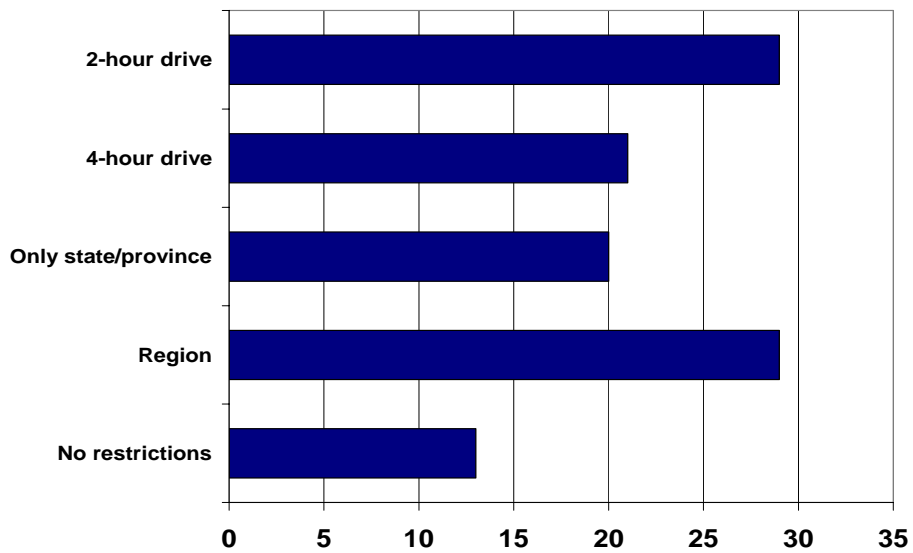
Source: 2008 ACA Angel Group Confidence Survey

3. Where do angels invest?

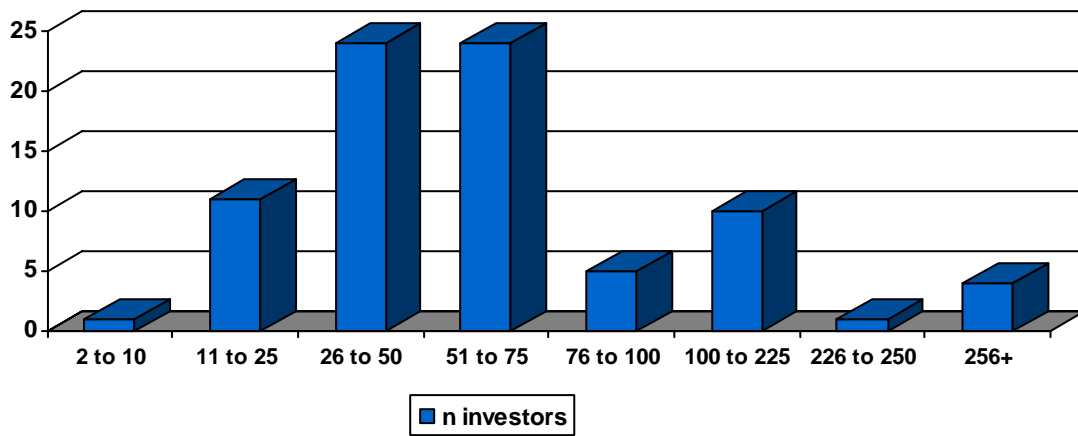
Percentage of deals where the recipient company was located in Europe in 2007



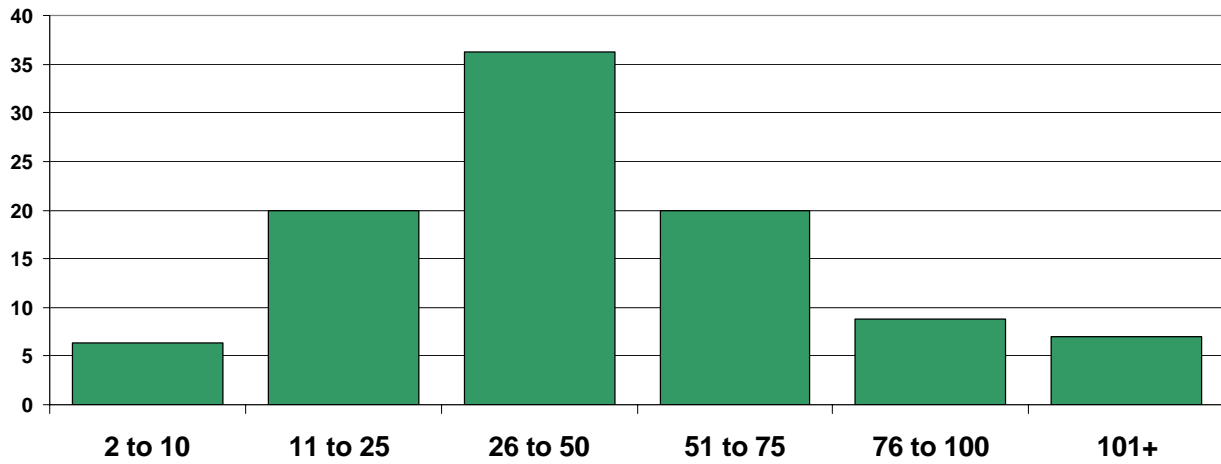
Where do American angels invest, in percentage of groups?



4. Number of investors per group in Europe in 2007



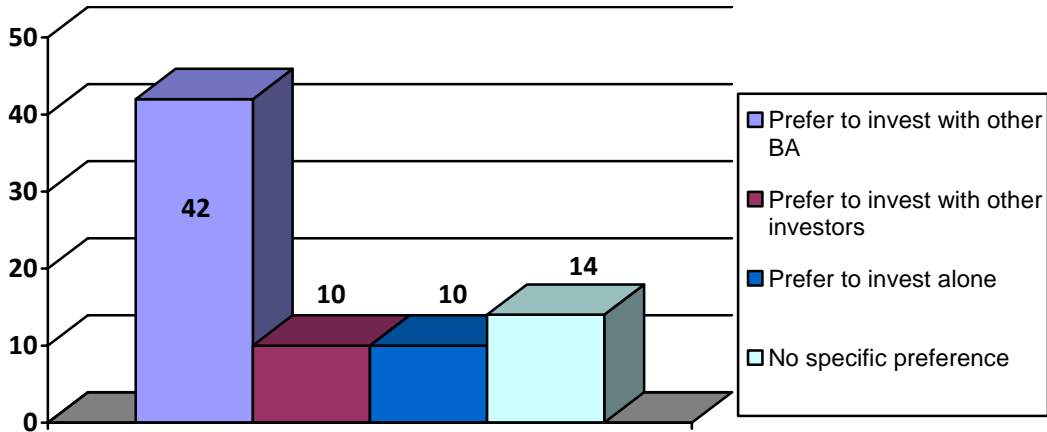
In comparison, in North America:



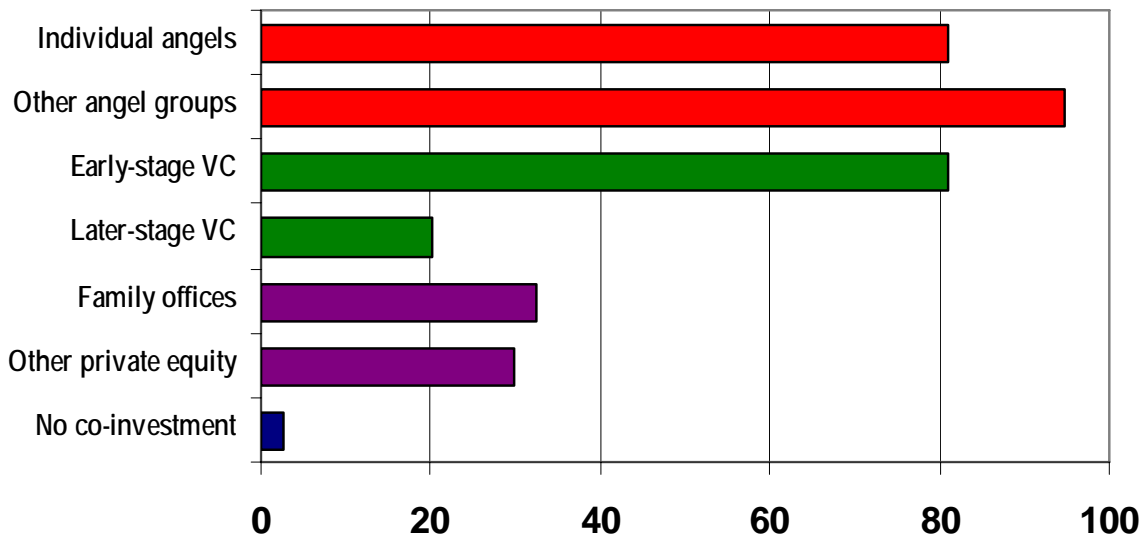
Source: 2008 ACA Confidence Survey Average of 55 and Median of 41

5. Attitude towards co-investment

73 answers have been received. 3 networks provided double answers.



In comparison, in North America angels have the following attitude towards co-investment (in percent of groups):

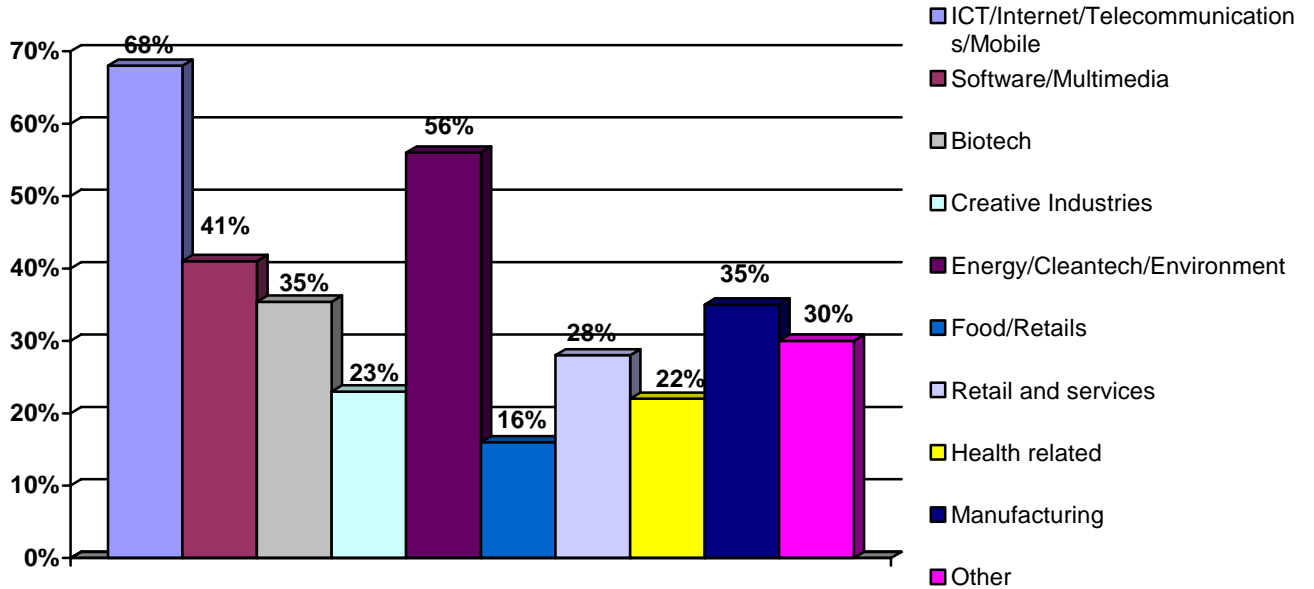


Source: 2008 ACA Angel Group Confidence Survey

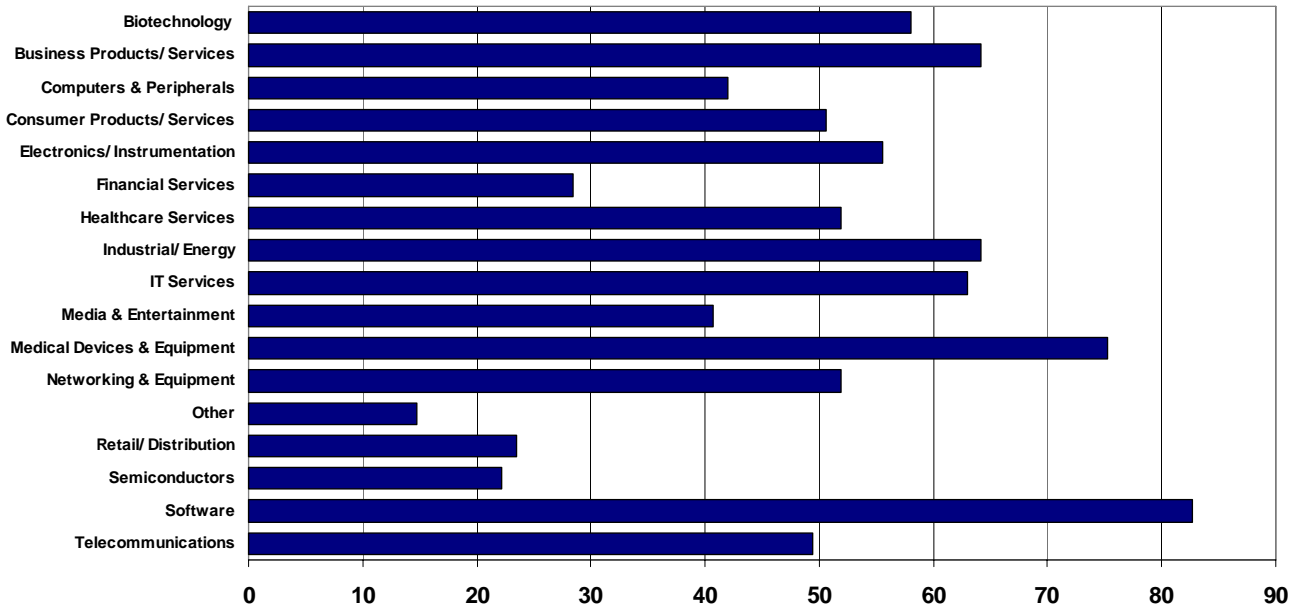
6. Sectors of investment of the deals concluded through the networks in 2007

144 networks reported on the sectors of investment of deals concluded in 2007 by their investors.

The figures are illustrated in the table below.



In comparison, here is the data from the Angel Capital Association Confidence Survey



Source: 2008 ACA Angel Group Confidence Survey – Investment preference 2007-2008

Perspective on the European VC industry - Seed phase

Below is a table illustrating the recorded activity of angels in 2007 (active through responding networks and federations) in comparison to European venture capital industry activity in the seed phase (EVCA data)²⁵.

European Seed Industry	2005		2006		2007	
	EBAN Statistics	EVCA Statistics	EBAN Statistics	EVCA Statistics	EBAN Statistics	EVCA Statistics
Number of deals	653	409	843*	477	1111	699
Amount invested	130.716.719€	96.497.000€	149.473.857€*	197.704.000€	184.202.562,16€	184.693.000€
Average amount of the deal	200.178€	235.934€	177.311€	414.473€	165.649€	264.224€

Figure 1: Evolution of the amount invested in the seed phase by recorded venture capital funds (EVCA) and business angel networks (EBAN).

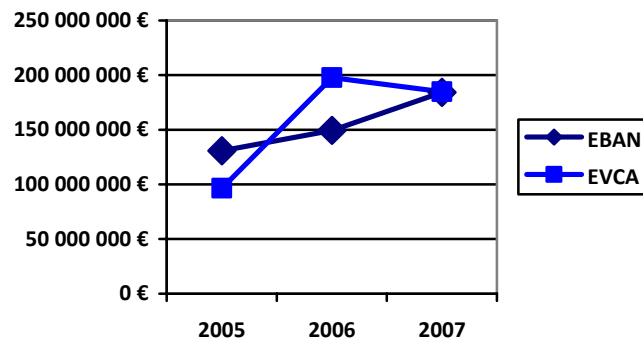
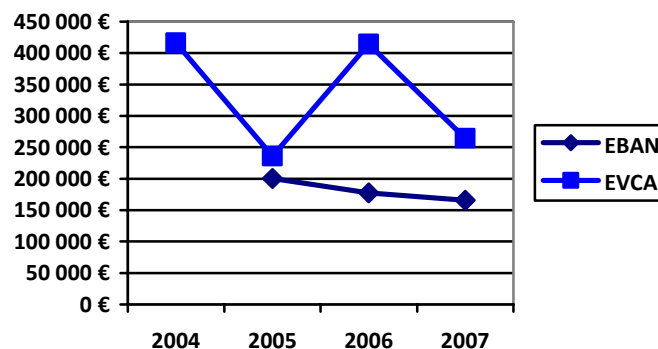


Figure 2: Evolution of the average amount invested by venture capital funds and business angels in the seed phase.



²⁵ Seed phase according to the EVCA definition: Financing provided to research, assess and develop an initial concept before a business has reached the start-up phase.

The venture capital industry financed 452 companies in the seed stage in 2007. The amount invested in this phase is still extremely low at 0,2% of all monies invested by the industry last year. The role of business angels in financing early stage innovative companies is therefore crucial in Europe, as venture capital investments continue to take place in expansion and buy-out firms.

Figure 3: Stage distribution by percentage of amount invested in 2007²⁶

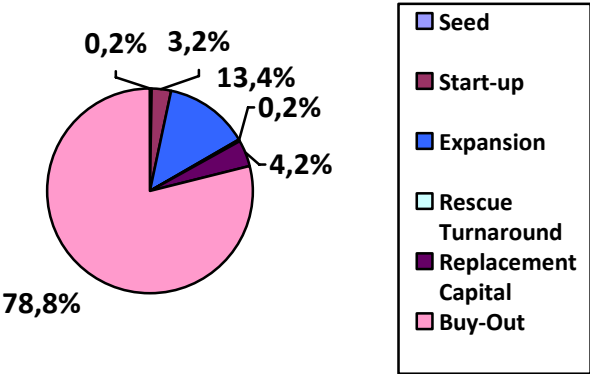
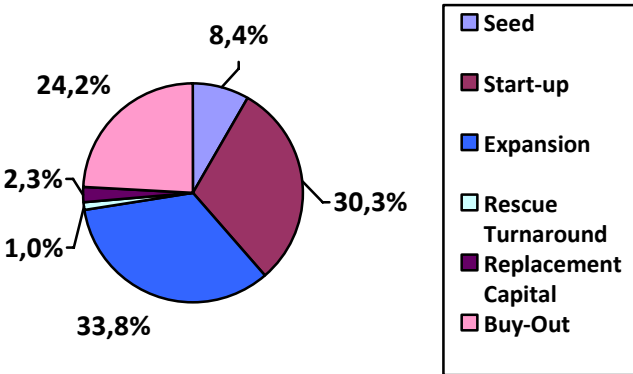


Figure 4: Stage distribution by percentage of number of investments in 2007²⁷



Comparison with the United States 2005-2007

Type of investment	2005	2006	2007
VC Investments (billion USD)	23,066	26,612	30,529
Angel investments (billion USD)	23.1	25,6	26
Number of VC Investee companies	3149	3650	3912
Number of angel back companies	49500	51000	57120

Source: NVCA and PWC
 Center for Venture Research, The angel market in 2005, 2006 and 2007, Jeffrey Sohl
www.nvca.org

²⁶ EVCA Year Book 2008, p.55
²⁷ EVCA Year Book 2008, p.55



EUROPEAN PRIVATE EQUITY & VENTURE CAPITAL ASSOCIATION

It has been nearly a quarter century since the European Venture Capital Association (EVCA) was founded. During that time, the effort and adaptability of the European private equity industry are constant qualities. What also shows is the industry's ability to champion European innovation, promote entrepreneurship and corporate vitality, invigorate competition and drive long-term value creation for investors, employees and the European economy at large.

From seed finance through to the largest buyouts, private equity is now an established asset class in Europe, attracting capital from institutions worldwide. When EVCA was founded in 1983 with the support of the European Commission, there were less than 50 member firms. Today, there are over 1,300 members in 56 countries, spanning a wide range of industry actors, from European general partners to major international fund managers investing in Europe to affiliated limited partners, intermediaries and service providers to the industry. The private equity industry's strength lies within a unity that keeps all of these members under the same roof, while allowing them to grow and adapt to changing circumstances.

EVCA now has forty people working closely with the platforms and ensuring full coordination across the areas of lobby, communications, research, conferences and training.

The year 2007 was a landmark one for EVCA, with the Association adopting a new structure. EVCA continues to serve the needs of the entire industry, but with three member platforms- Venture Capital, Mid-Market and Large Buyout. This strengthens the overall focus of EVCA on general partners, with an agenda that is driven by GP groups organised along the same lines as the three platforms.

The Association spends a great amount of time actively promoting, planning and enacting a range of activities and services for its members and industry stakeholders. EVCA conferences bring together seasoned professionals and the whole private equity ecosystem three times a year to debate, network and stay current on best practices in the field of venture capital and buyout. EVCA also offers courses based on active learning, with recent case studies used and evaluated in groups. The classes provide an opportunity to network with peers from across Europe as well as draw from the experience of instructors which include leading senior industry professionals and academics. The courses provide a link between EVCA's activities on behalf of the industry, in such areas as standards, valuation and responsible corporate management, and actual venture capital and buyout practitioners.

The areas of research and development, entrepreneurship, and small business are especially important for the whole of the private equity industry. The Association's position in Brussels is unique, and EVCA has balanced the industry, stakeholders and the media to make positive contributions to the aforementioned areas.

EVCA is committed to having a constructive dialogue with all industry stakeholders, ensuring that the Association understands what is important to them and allowing the industry to make itself heard as well. The Association's programme of engaging with stakeholders is ongoing, and in the past EVCA has proactively organised meetings, held workshops and participated in a wide variety of initiatives.

Breakdown by country

Below is an illustration of the evolution of the number of deals, amount invested and average size of the deal over the last three years, by EVCA members in the seed phase and recorded business angel activity by EBAN (figures from federations of networks are marked with an * - other information results from aggregate information provided by individual networks). In some countries, the average amount of the deal was distorted by the difference in levels of activity of networks and has therefore not been included as not illustrative.

EVCA figures are based on the EVCA Year Book 2008.

Short summary of the findings:

- Investments by venture capital funds in the seed phase have significantly improved since 2007 in some countries. For instance, while there had not been any investments in the seed phase in France in the 2005-2006, 23 deals were concluded in 2007. The average investment per deal was however relatively high at circa 656.000€
- However, no investments in the seed phase were made in Italy, Ireland, and a significant reduction has occurred in Spain and the UK in 2007.
- Angel investments in Europe in 2007 echo those in the United States, which Jeffrey Sohl qualified as showing “mixed signs of growth”²⁸. The activity has slowed down in some countries, and improved in others as the figures below illustrate. In Sweden, the trend is rather positive with a 25% increase in the financing channelled through the networks. Finland has however seen the investment volume invested by BA decrease by half.
- The average amount invested is still superior by the venture capital funds, although in some countries investments made by funds or business angels in the seed phase are not too dissimilar.

	2005		2006		2007	
AUSTRIA	EBAN Statistics (1 network)	EVCA Statistics	EBAN Statistics (2 networks)	EVCA Statistics	EBAN Statistics (2 networks)	EVCA Statistics
Number of deals/Investments	6	0	10	2	5	33
Amount invested	1.566.000€	0	1.800.000€	4.325.000€	600.000€	7.276.000€
Average size of the deal	261.000€	0	180.000€	2.162.500€	120.000€	220.484

	2005		2006		2007	
BELGIUM	EBAN Statistics (4 networks)	EVCA Statistics	EBAN Statistics (4 networks)	EVCA Statistics	EBAN Statistics (3 networks)	EVCA Statistics
Number of deals/Investments	44	15	46	4	35	21
Amount invested	5.704.200€	3.588.000€	7.070.075€	126.000€	7.006.000€	9.650.000€
Average size of the deal	129.641€	239.200€	153.700€	31.500€	200.170€	459.523€

²⁸ Angel market in 2007, Center for Venture Research,

	2002-2005	2006		2007	
FINLAND*	EBAN (1 network)	EBAN (1 network)	EVCA	EBAN (1 network)	EVCA
Number of deals/Investments	47	17	65	10	103
Number of deals involving angels	29	17	-	10	-
Amount invested	15 million€	10.395.500€	9.121.000€	5.000.000€	15.808.000€
Average size of the deal		611.500€	140.323€	500.000€	153.475.000€
Share of public/private investments	50/50	50/50	-	50/50	-

	2005		2006		2007	
FRANCE*	EBAN Statistics (30 networks)	EVCA Statistics	EBAN Statistics (35 networks)	EVCA Statistics	EBAN Statistics (54 networks)	EVCA Statistics
Number of deals/Investments	157	0	150	0	214	23
Amount invested	15.304.000€	0	26.000.000€	0	37.000.000€	15.093.000€
Average size of the deal	97.500€	0	170.000€	0	173.000€	656.217€

	2005		2006		2007	
GERMANY	EBAN Statistics (7 networks)	EVCA Statistics	EBAN Statistics (8 networks ²⁹)	EVCA Statistics	EBAN Statistics (6 networks ³⁰)	EVCA Statistics
Number of deals/Investments	26	27	28	141	25	296
Amount invested	8.450.000€	6.560.000€	6.598.000€	31.150.000€	16.660.000€	58.207.000€
Average size of the deal	325.000€	242.962€	235.640€	220.921€	n/a	196.645€

	2006		2007	
IRELAND	EBAN Statistics (1 network)	EVCA Statistics	EBAN Statistics (1 network/4 chapters)	EVCA Statistics
Number of deals/Investments	5	8	5	0
Amount invested	550.000€	1.966.000€	2.200.000€	0
Average size of the deal	110.000€	245.770€	440.000€	0

²⁹ Only 5 networks out of 8 mentioned the average amount invested. The activity of one network (NetzwerkNordbayern) accounts for 6.048.000€ out of the total 6.598.000€ reported.

³⁰ 6 networks have reported the number of deals made and the amount invested. This amount includes deals which have received co-investment for NetzwerkNordbayern and eVentureCat.

	2005		2006		2007	
ITALY	EBAN Statistics (6 networks +activity recorded by IBAN near independent angels)	EVCA Statistics	EBAN Statistics (12 networks)	EVCA Statistics	IBAN Research	EVCA Statistics
Number of deals/Investments	35	8	71	15	102	0
Amount invested	8.050.000€	5.228.000€	11.800.000€	3.879.000€	19.500.000€	0
Average size of the deal	228.000€	653.500€	166.000€	258.600€	191.176€	0

	2006		2007	
Spain	EBAN Statistics (14 networks)	EVCA Statistics	EBAN Statistics	EVCA Statistics
Number of deals/investments	18	111	n/a	5
Amount invested	>604.000€	32.258.000€	n/a	4.720.000€
Average size of the deal	n/a	290.612€	n/a	944.000€
Of which Catalonia (8 networks)			8 networks	
Number of deals/investments	7	-	11	-
Amount invested	1.333.500€		2.526.000€	
Average size of the deal	190.500€		210.500€	

	2005		2006		2007	
SWEDEN*	EBAN Statistics (12 networks)	EVCA Statistics	EBAN Statistics (14 networks)	EVCA Statistics	EBAN Statistics (16 networks reporting activity)	EVCA Statistics
Number of deals/Investments	72	47	72	52	99	104
Amount invested	8.515.000€	8.185.000€	12.000.000€	14.154.000€	15.000.000€	17.672.000€
Average size of the deal	118.263€	174.148€	167.000€	272.192€	151.500€	169.923€

	2006		2007	
SWITZERLAND	EBAN Statistics (2 networks)	EVCA Statistics	EBAN Statistics (4 networks)	EVCA Statistics
Number of deals/Investments	20	1	30	27
Amount invested	13.500.000€	581.000€	20.490.000€	15.282.000€
Average size of the deal	675.000€	581.000€	n/a	566.000€

	2005		2006		2007	
THE NETHERLANDS*	EBAN Statistics (2 networks)	EVCA Statistics	EBAN Statistics (2 networks)	EVCA Statistics	EBAN Statistics (8 networks)	EVCA Statistics
Number of deals/Investments	22	0	23	7	75	13
Amount invested	3.125.000€	0	3.950.000€	15.298.000€	6.200.000€	2.931.000€
Average size of the deal	142.045€	0	171.740€	2.185.428€	83.000€	225.461€

	2005		2006		2007	
UNITED KINGDOM*	EBAN Statistics (BBAA + LINC Scotland figures)	EVCA Statistics	EBAN Statistics (BBAA + LINC Scotland figures)	EVCA Statistics	EBAN Statistics (BBAA + LINC Scotland figures)	EVCA Statistics
Number of deals/Investments	226	91	383	158	449	11
Amount invested	69.894.340€	21.980.000€	63.671.988€	1.554.102.000€	43.083.942,16	14.843.000€
Amount invested with co-investment	-	-	-	-	114.374.505,19€	
Average size of the deal	309.266€	241.538€	166.245€	9.826.088€	n/a	

For information:

SCOTLAND*	2005	2006	2007
Number of deals	38	56	61
Amount invested	11.790.690€	20.370.220€	20.453.600€
Amount invested with co-investment	-	-	41.304.000€
Average size of the deal	310.281€	363.753€	335.305€