

Angels Around the World

New Zealand

November 5-6, [Angel Association of New Zealand Annual Summit](#). [Queenstown](#), birthplace of [bungy jumping](#), is a spectacular, inspirational setting known for its adventure theme and, as we found out, superb Pinot Noir wines. Around a 100 people gathered from around the country and from overseas to share ideas, discuss the markets and build relationships for angel investing. Participants heard about the [Halo Fund](#), a name that brought to mind a similar initiative in Ireland, the [Halo Business Angels Network](#).

Europe

A [recent study](#) by Professor Colin Mason from the [Hunter Centre for Entrepreneurship](#) at the [University of Strathclyde](#), Glasgow in Scotland provides a critical review of the development of the Angel investor community in Europe and the role of government support for that community. The report spans nearly 20 years of activity and highlights the substantial level of government support for Angel investors. Government support has included fiscal incentives, group development, securities legislation, capacity building and co-investment.

Fiscal incentives to increase the number of Angels and the amounts invested by Angels have sought to improve the risk-reward ratio. These have included front-end reliefs, capital gains tax reliefs, roll-over reliefs and equity guarantees. Australia has none of these incentives or reliefs in place or under consideration by the tax reform efforts.

Government support for the establishment and development of Angel groups to reduce informational inefficiencies in the market and

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enhance the ability of investors and entrepreneurs to locate one another.

Changes to securities legislation to enable entrepreneurs to circulate 'invitations to invest' without approval by an authorized body (like our Information Memorandum). However, our Sophisticated Investor definition remains a significant barrier to matching entrepreneurs with the right investors.

Training for investors to raise competence in making investments and thus increase capacity to invest. The AAAI delivers this training in Australia and has had support from [AusIndustry](#) for delivery.

Government-financed Angel Capital funds which leverage investments made by Angels to increase deal sizes and to enable Angel groups to make more investments and follow-on investments. There is no Australian program in this space and no current plans by State or Federal governments to implement an Angel co-investment fund in Australia.

In September [Portugal](#) announced its "**Business Angels (BA) Co-Investment Fund**". John May, President of the [World Business Angels Association](#) and Chair Emeritus of the [Angel Capital Association](#) (USA) said, "*Portugal is showing how important the Business Angels community is for the development of innovation and a new generation of entrepreneurial companies. Portugal is definitely in the forefront of the World BA community ...*"

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AAAI 2010 Conference

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Angels Around the World

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The features of this new Co-Investment Fund set world best practices in terms of:

1. Simplicity (very little bureaucracy)
2. Quick decision process
3. Driving Angel syndication

Under this new scheme, that follows the Netherlands [Techno Partner](#) program, at least 3 Angels must combine to make a risk investment. The Angels must bring 35% of the necessary funds, while the government will make a 10 year (maximum) loan of 65% of the necessary funds.

When an investment generates returns the distribution between Angels and government occurs in 3 phases:

- Phase A – Angel:Government 80:20 until Angels receive return of their investment capital,
- Phase B – Angel:Government 50:50 until government receives return of its loan capital,
- Phase C – Angel:Government 80:20 after government and angels have received return of their capital.

In 2010 Portugal plans to embrace the world best practices in terms of fiscal incentives for Angels through a 20% tax credit for Angel investments.

USA

Financial failures in the USA triggered the Global Financial Crisis which hit hardest where it all started. Angel investors in the USA lost a lot of conventional wealth and that had a marked impact on their investment activities.

The [Center for Venture Research](#) (CVR) at the [University of New Hampshire](#) is a world renowned leader in the study and analysis of venture investing, having been focusing in this sector for nearly 30 years. In recent years lead CVR Director, Professor Jeffrey Sohl, has included specific studies of Angel investing. The most recent [report](#) indicates that the Angel investor market in Q1,2 2009 experienced a considerable decline in investment dollars from last year but, exhibited a slight increase in the number of investments. Total investments in Q1,2 2009 were USD9.1 billion, a decrease of 27% from Q1,2 2008. However, a total of 24,500 entrepreneurial ventures received Angel funding in Q1,2 2009, a 6% increase from Q1,2 2008, and the number of active investors in Q1,2 2009 was 140,200 individuals, virtually unchanged from Q1,2 2008. The significant decline in total dollars, coupled with the small increase in investments resulted in a smaller deal size for Q1,2 2009 (a decline in deal size of 31% from Q1,2 2008). These data indicate that while Angels have not significantly decreased their investment activity, they are committing less dollars resulting from lower valuations and a cautious approach to investing. While the market exhibited a decline from Q1,2 2008, when compared to the market correction that occurred in the second half of 2008 these data indicate that the angel market appears to have reached its nadir in Q1,2 2009.

Angel investments continue to be a significant contributor to job growth in the USA. At the time of the Angel investment the average size of the company was 8 employees.

Despite the scholarly attention given to the venture capital industry, the reality is that Angels are the most significant source of risk capital for new and young entrepreneurial businesses. Indeed, financing trends in Silicon Valley (and elsewhere) indicate that the significance of Angels is increasing, e.g. Foremski (2008) notes that "*venture capitalists ... have outsourced much of the seed investing to Angels. The Angel investors are now a more important generator of the next wave of start-ups than ever before*" Mitra (2008), in a Forbes article, describes Angels as being "*the real venture capitalists of Silicon Valley*".

Colin M Mason, [The Real Venture Capitalists: A Review Of Research On Business Angels](#)

My Start as an Angle Investor

by Aysegul Kayahan

After the GFC hit my consulting business I realised I needed to work smarter and make better use of my available time, especially during the slow periods, if I wanted to have an early retirement and/or financial freedom.

The share market was not of interest and really out of favour at the time; my Superfund was not looking great! I did not want to buy another business, which was really too much commitment. What I really needed was the opportunity to invest small amounts of capital in a variety of businesses that were of interest to me. I also wanted to be more hands-on with my investments and knew I was prepared to wait 5-10 years for returns.

I stumbled across Angel investment literature and realised I wanted to be in this space but, was concerned that I may not fit the profile as I initially supposed investments needed to be of the order of \$50-100K. A conversation with Stewart Gow led me to make contact with John Mactaggart, attend a [Brisbane Angels](#) lunch and soon after I joined Brisbane Angels and AAI.

During that first lunch, I listened to two investment opportunities. The one that caught my attention was Signage Central. Within a short while, I had seriously researched the digital signage industry, getting to know the team at [Five](#)

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WA ANGELS

Coming in 2010, contact the editor to be referred to the founders.

Events

AUSTRALIA

Brisbane Angels

November 26th, 7am, Angels@Breakfast (Sidecar funds) Riverside Reception Centre
November 26th, 7pm to late, End of Year Dinner, Bretts Wharf

BioAngels

December 9th, 5:30-8pm, Combined mtg with SA Angels, Bionomics Ltd, Thebarton

Capital Angels

December 2nd, End Of Year Cocktail Party

Melbourne Angels

November 27th, 12-2pm, Lunch, Fiorini's, Toorak
December 9th, 4:15-6:15pm, Deal Meeting, ICN, Melbourne

ANGEL CONFERENCES – AUSTRALIA & OVERSEAS

World Business Angels Association

December 4th-6th 2009, Beijing, China

AAAI National Angel Conference

February 17th-19th 2010 Glenelg, SA

My Start as an Angle Investor by Aysegul Kayahan [CONTINUED]

Faces (the developers of Signage Central). When John suggested I become "deal lead" I was nervous but, I knew that if I wanted to learn all I needed to know about Angel investing, becoming deal lead was going to ensure I came by that knowledge quickly and first hand.

Seven months on, Brisbane Angels have just invested in Brisbane based digital signage software developer Five Faces. The team at Five Faces have spent the last couple of years developing their Software as a Service (SaaS) offering - Signage Central. Signage Central has been rigorously tested at various installations including [ilab](#) and in the past month several sales have been made to customers as diverse as pubs and car washes. Digital Signage has a multitude of applications for improving business performance:

- dynamic advertising on retail shopfronts
- providing information to clients about products and services in reception areas, staff rooms, foyers, outside buildings
- simply providing entertainment or news

e.g. in situations like waiting rooms you have an opportunity to entertain and inform clients and help improve their perception of the time they are waiting. It has been shown that well presented digital advertising can encourage certain purchases and is more easily and quickly delivered than paper-based advertising; allowing businesses to respond more promptly to time sensitive business opportunities.

There are many digital signage solutions already out there that are difficult to customise, others are very expensive for most small to medium sized businesses to contemplate. Signage Central has shown itself to be easy to use, robust and has a low cost entry point with a pricing model that has the software licence and maintenance rolled into one low monthly fee.

The best part of Angel investing is that you get to do it as part of a group, sharing knowledge and experiences, making reasonably informed investment decisions. The value of this in terms of risk mitigation is enormous and along the way, your personal knowledge of different industries and technological advances is enhanced.

AAAI 2010 Conference

FULL DETAILS

Register Here

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