

JUDY GIORDAN

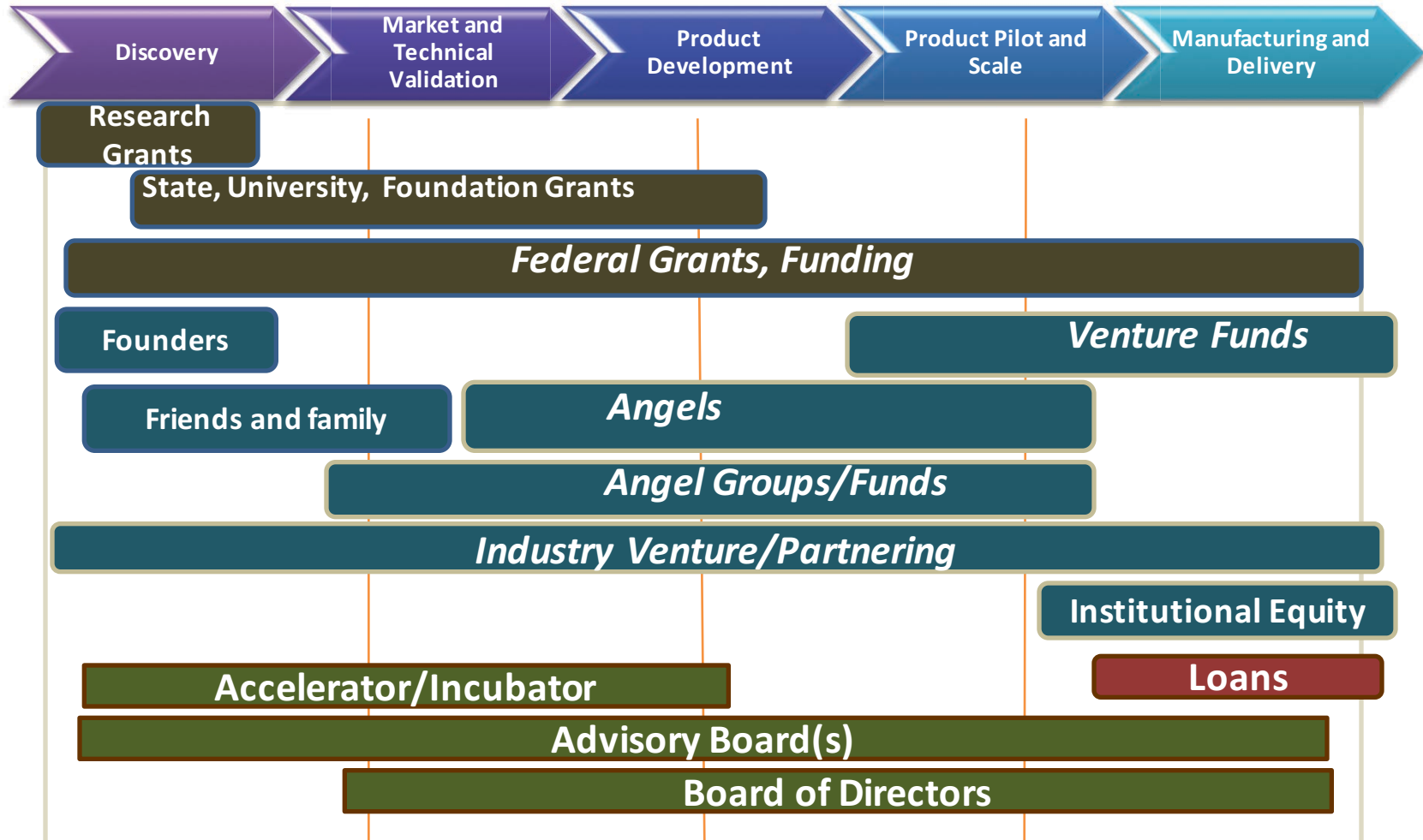
\$UNDING OVERVIEW

The Problem

Market aligned scientific solutions *and \$unding* are needed to address major global issues

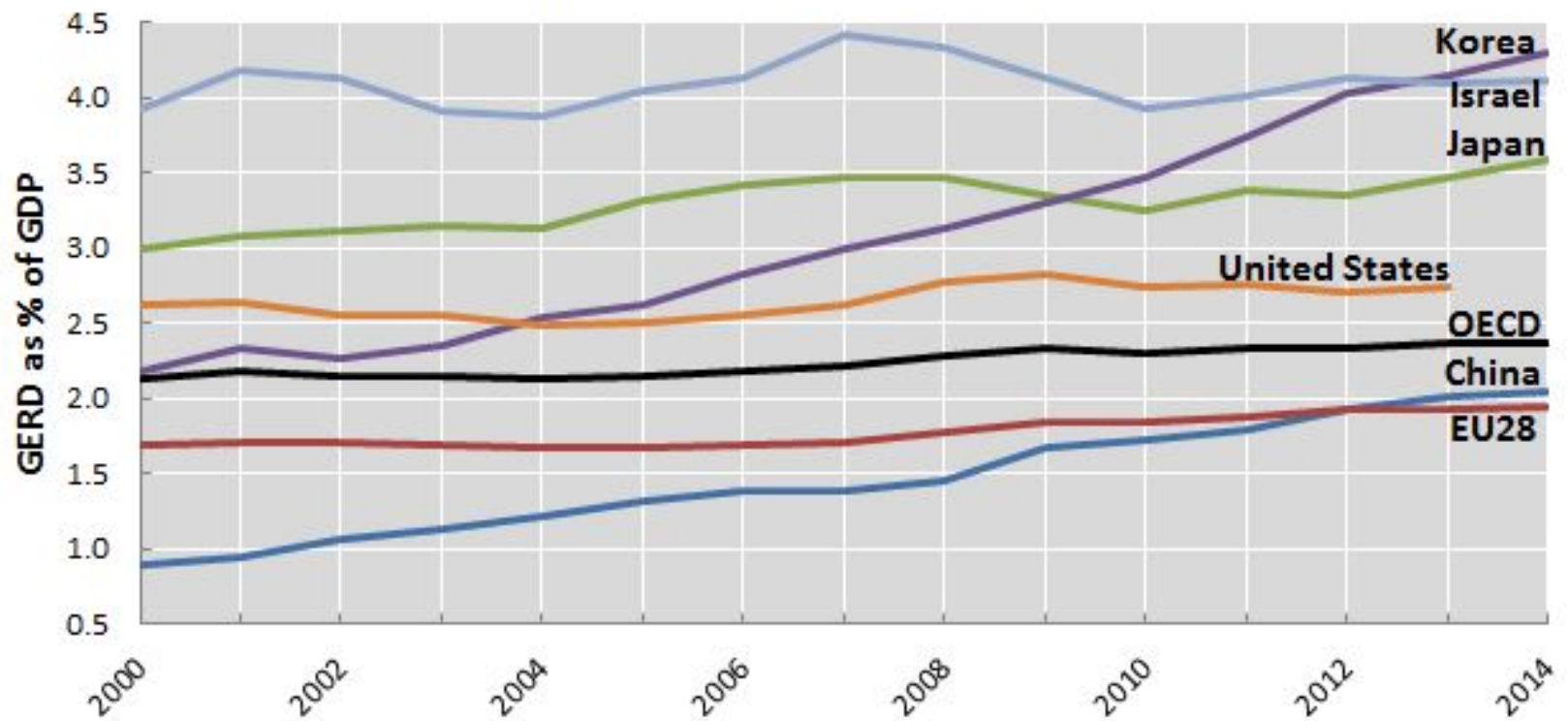


Investment Continuum

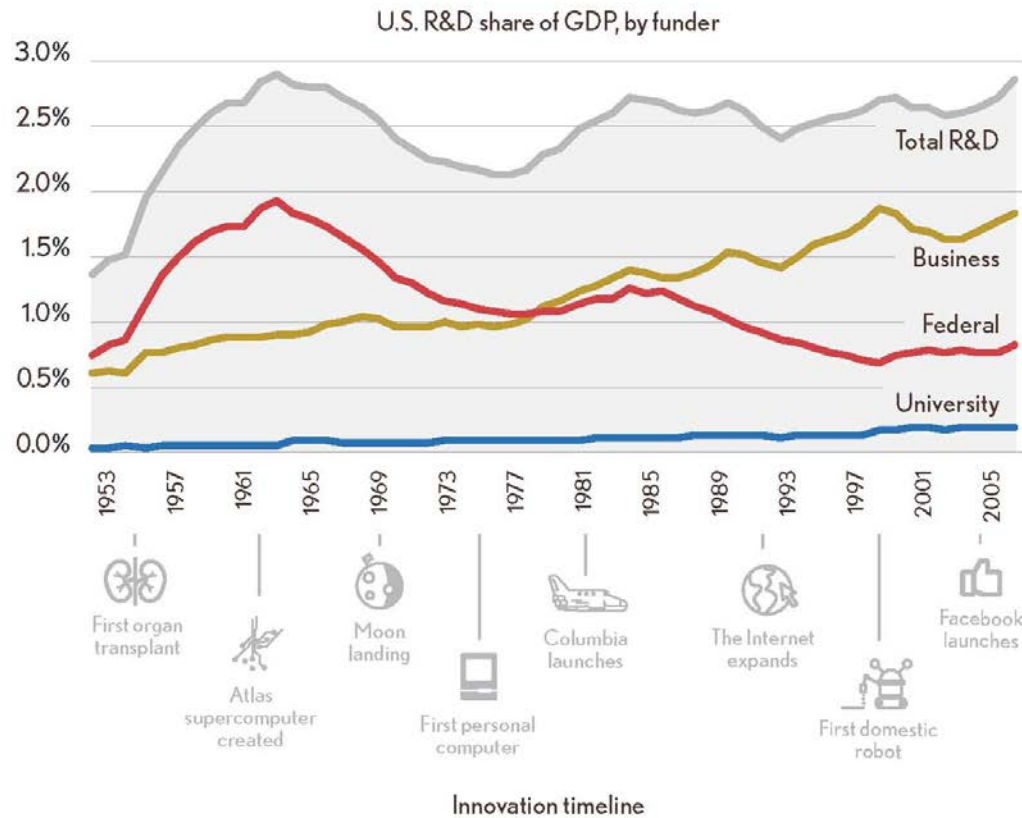


Global Positioning

R&D intensity: Gross Domestic Expenditure on R&D as a percentage of GDP, 2000-2014



BIG \$penders



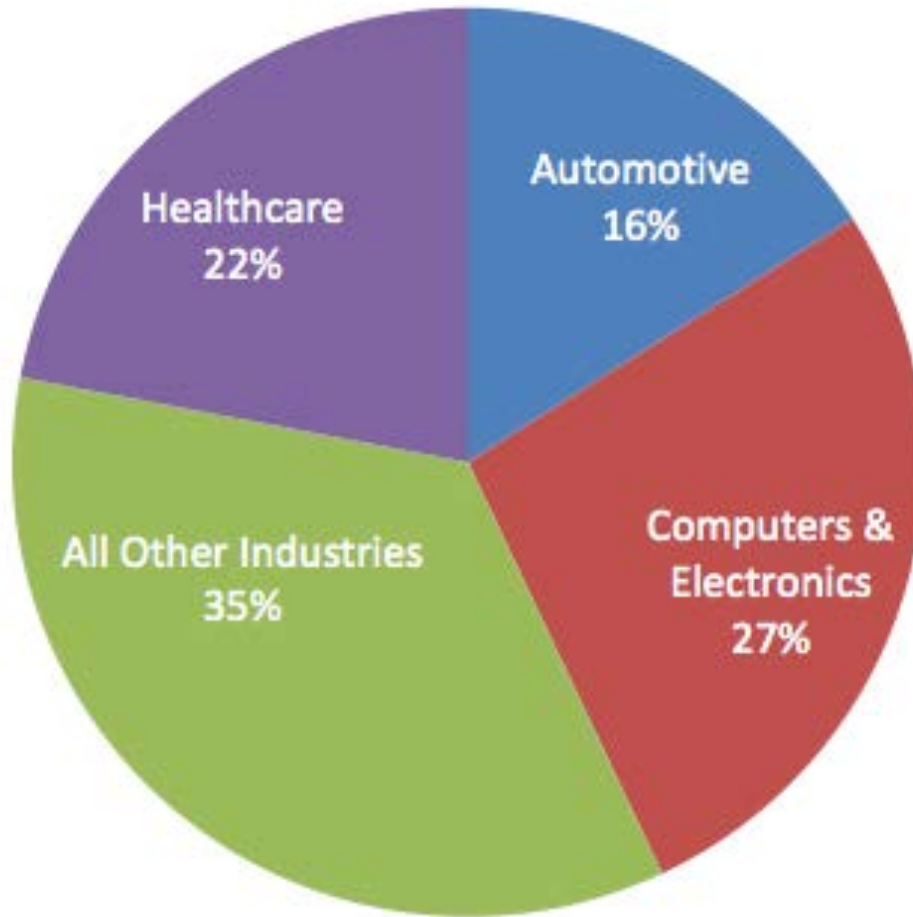
While government R&D as a percentage of GDP has declined over time, business R&D has been going up.

U.S. Must Invest in Scientific Research to Keep Innovation Edge, According to New CFR Report

Authors: [Edward Alden](#), Bernard L. Schwartz Senior Fellow, and Rebecca Strauss
October 29, 2015

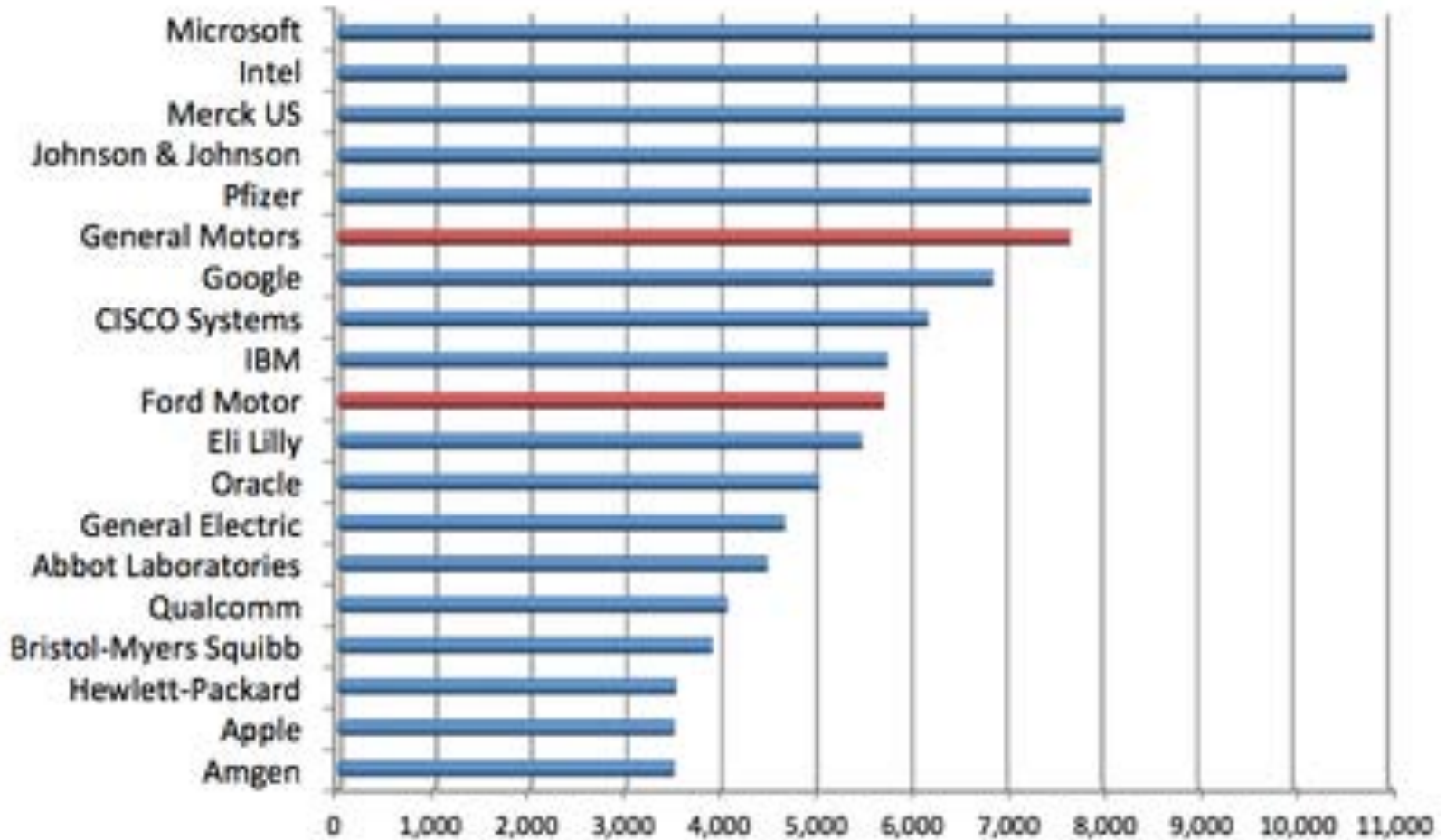
CORPORATE

Corporate



Percentage of Global R&D Spending by Industry, 2013. Source: Booz & Company "Global Innovation"; Battelle R&D Magazine; Center for Automotive Research 2012.

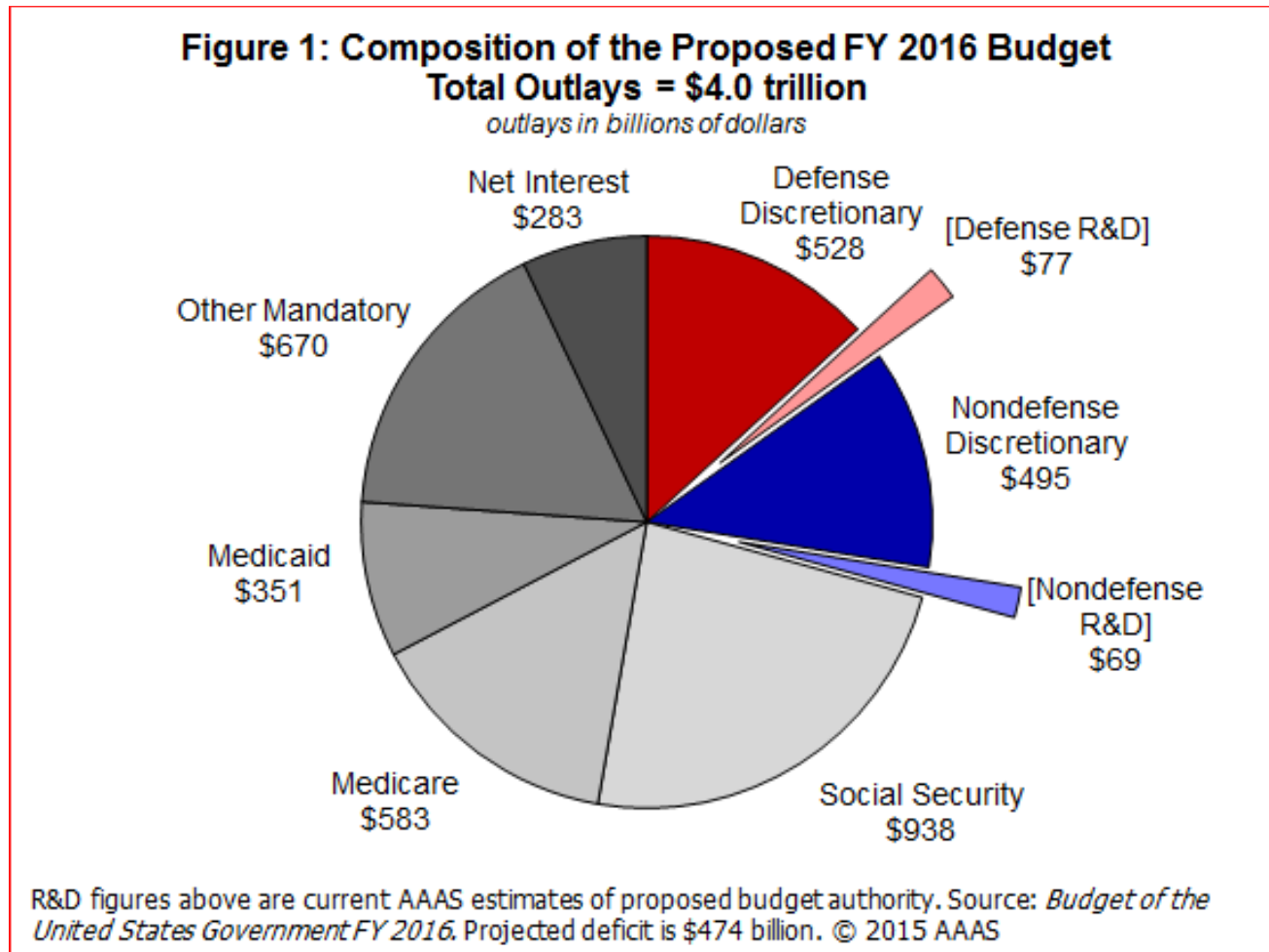
Big \$penders...



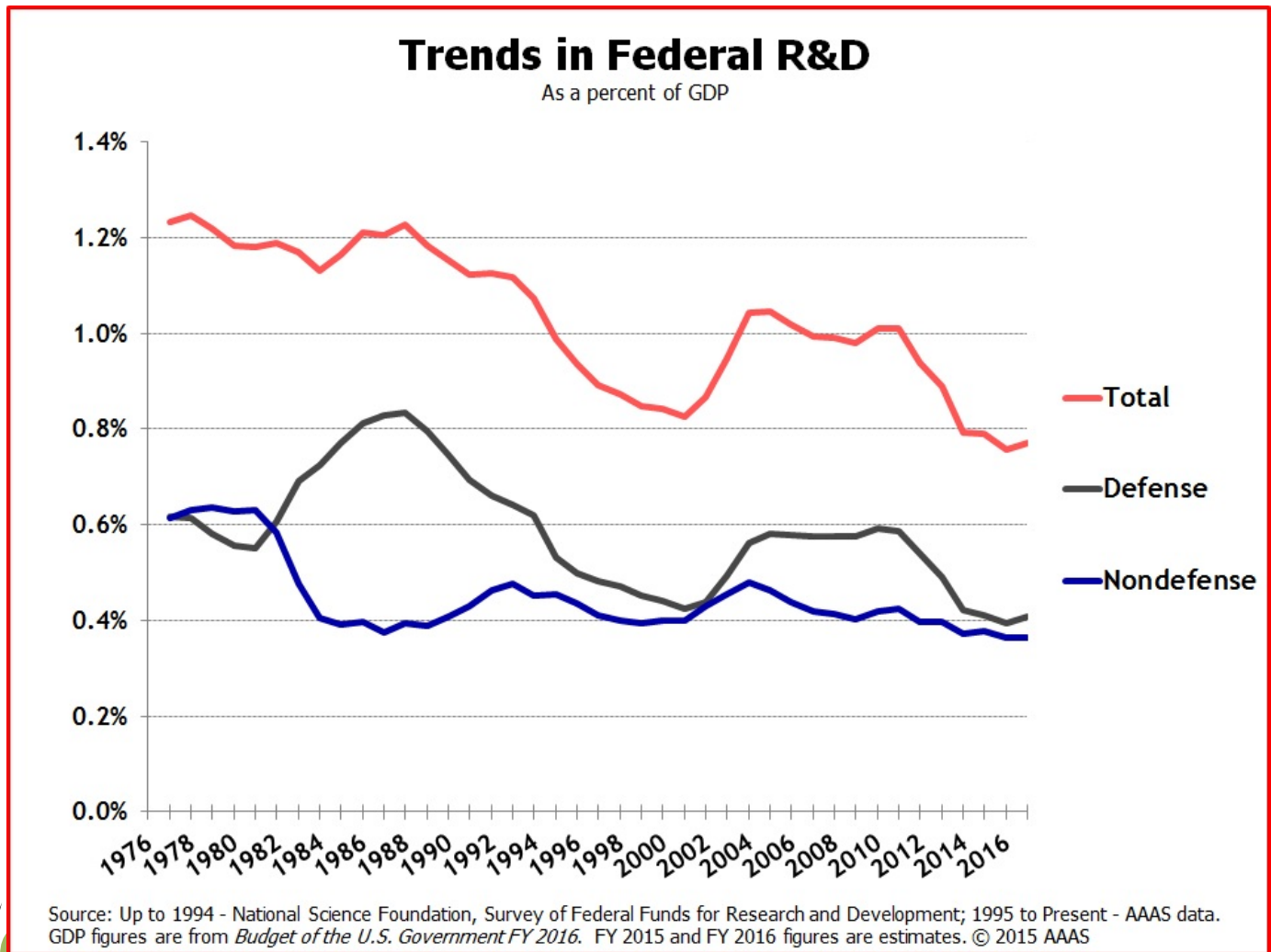
Sample of 2012 R&D Spending by Leading US Companies (in millions USD). Source: IRI 2013, CAR.

GOVERNMENT

Government R&D Funding Overall

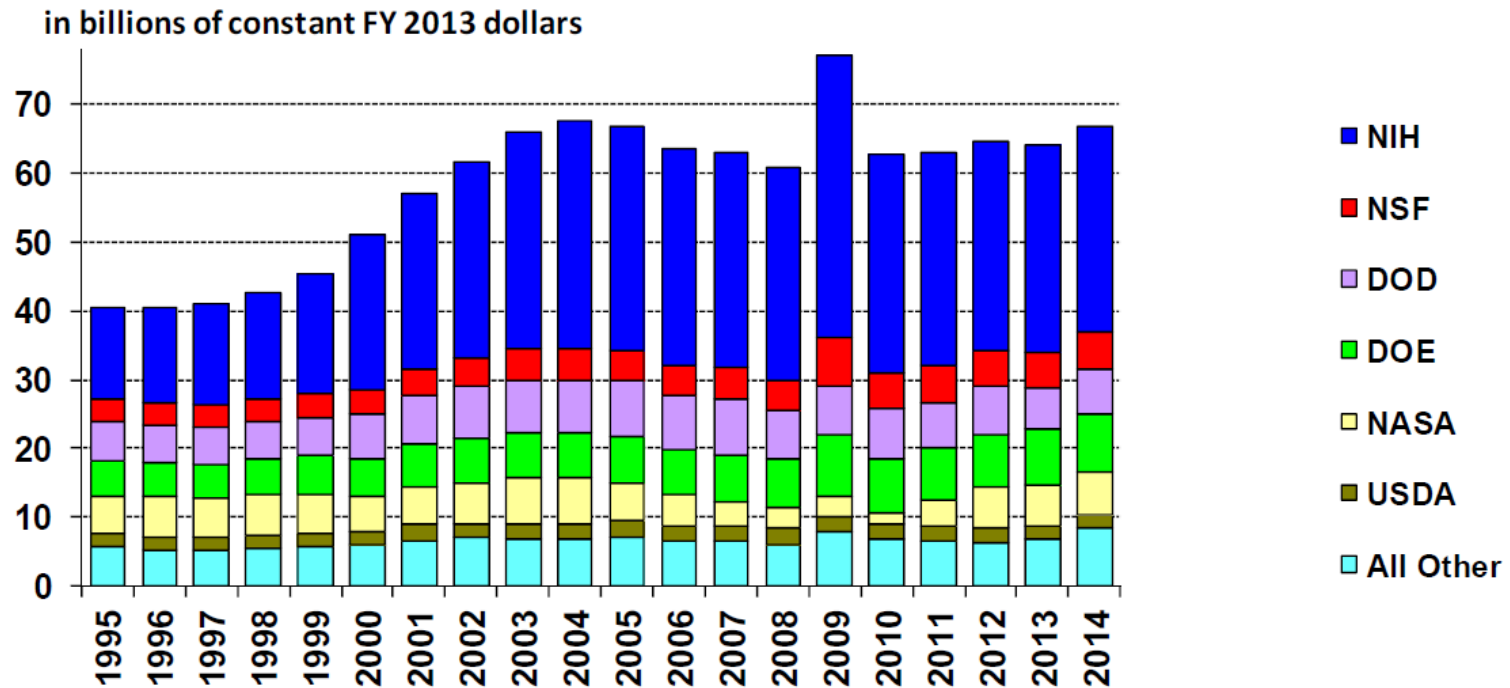


Trends in Government Funding

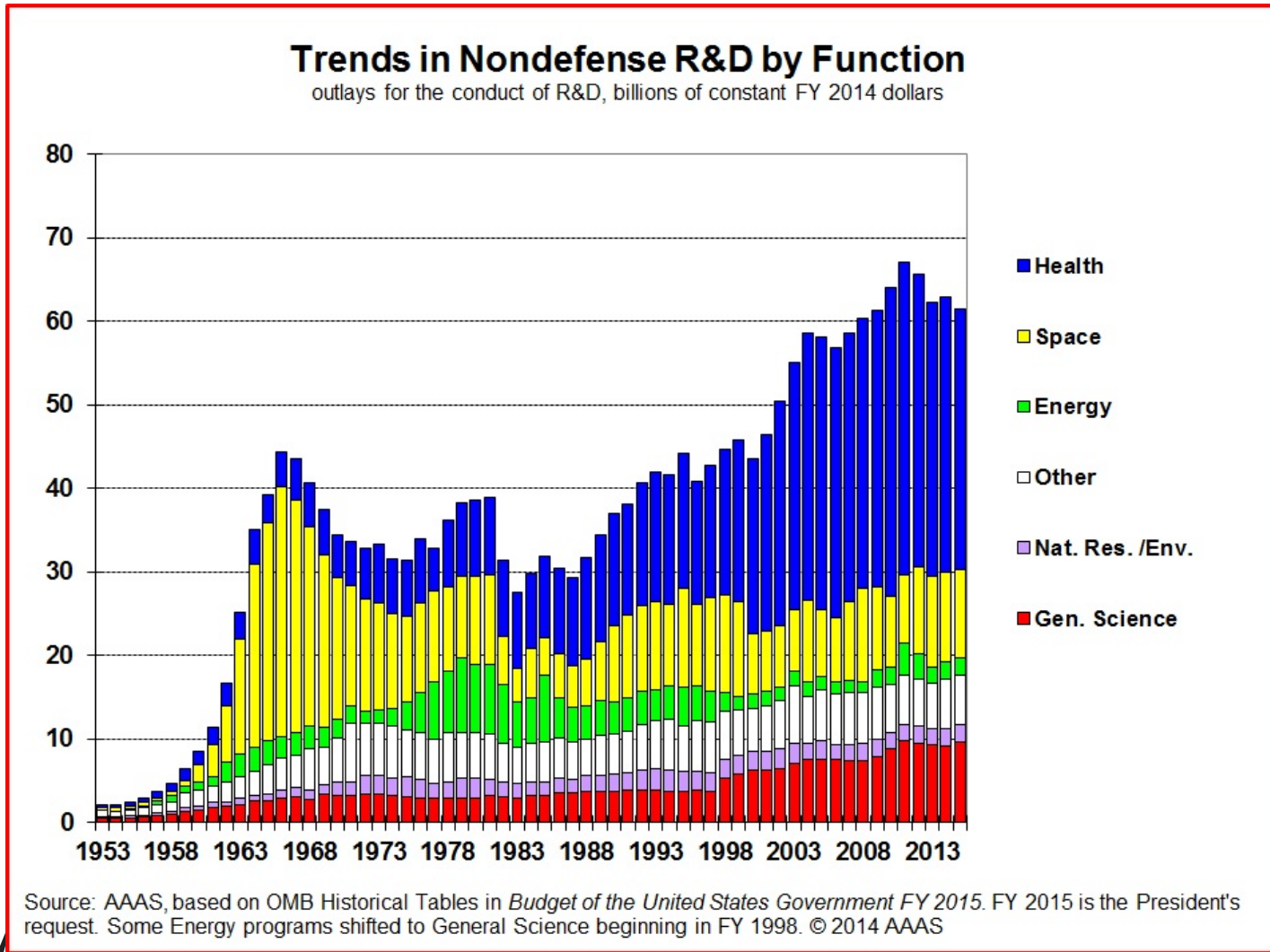


Who Gets FEDERAL \$\$\$

Federal Research by Agency, FY 1995-2014



TRENDS are to HEALTH...



ANGEL INVESTORS

What do we invest?

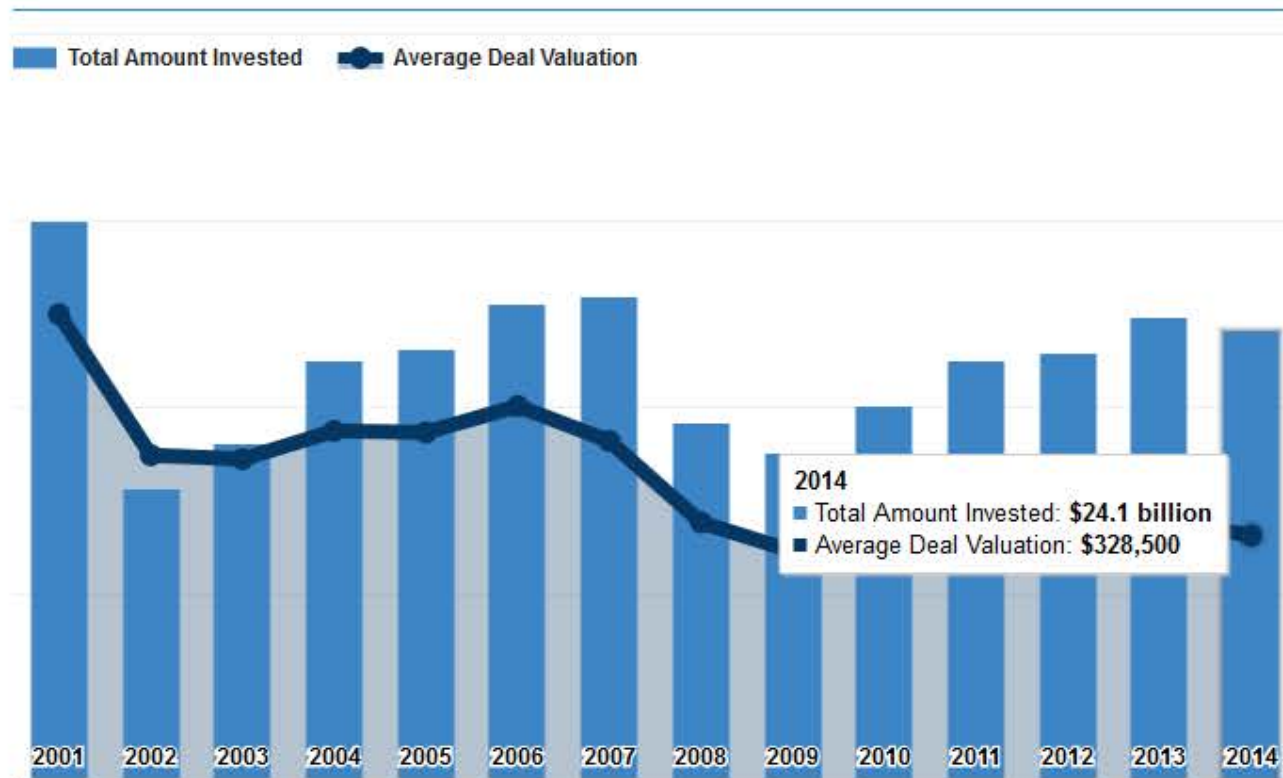
FUNDIVO

OUR EDGE

TIPS & INSIGHTS

FIND LOAN

AMOUNT INVESTED BY ANGEL INVESTORS



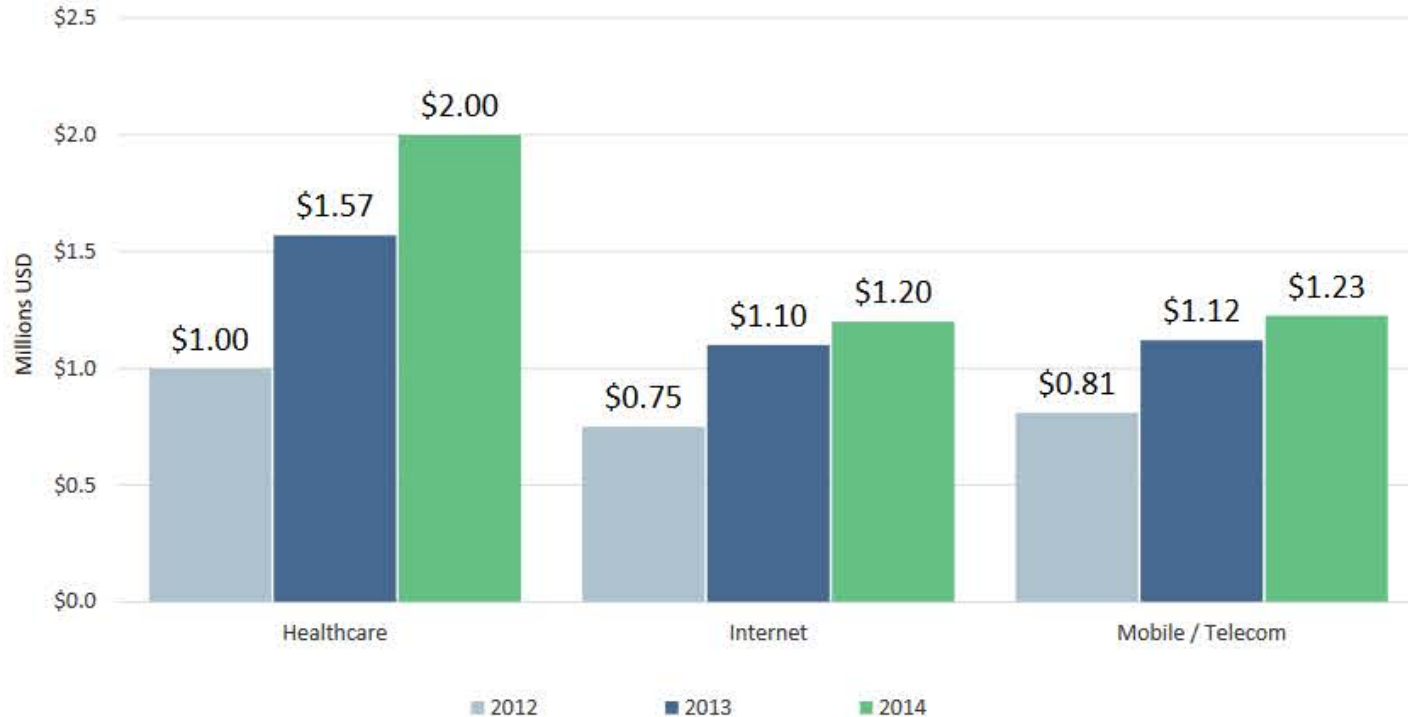
Quarterly Share of Angel Group Deals by Sector

Software continues as top industry by deal flow



Median Round Sizes Up Across Industries

Deal Size Up Across The Board, Healthcare Deals Show Largest Increase

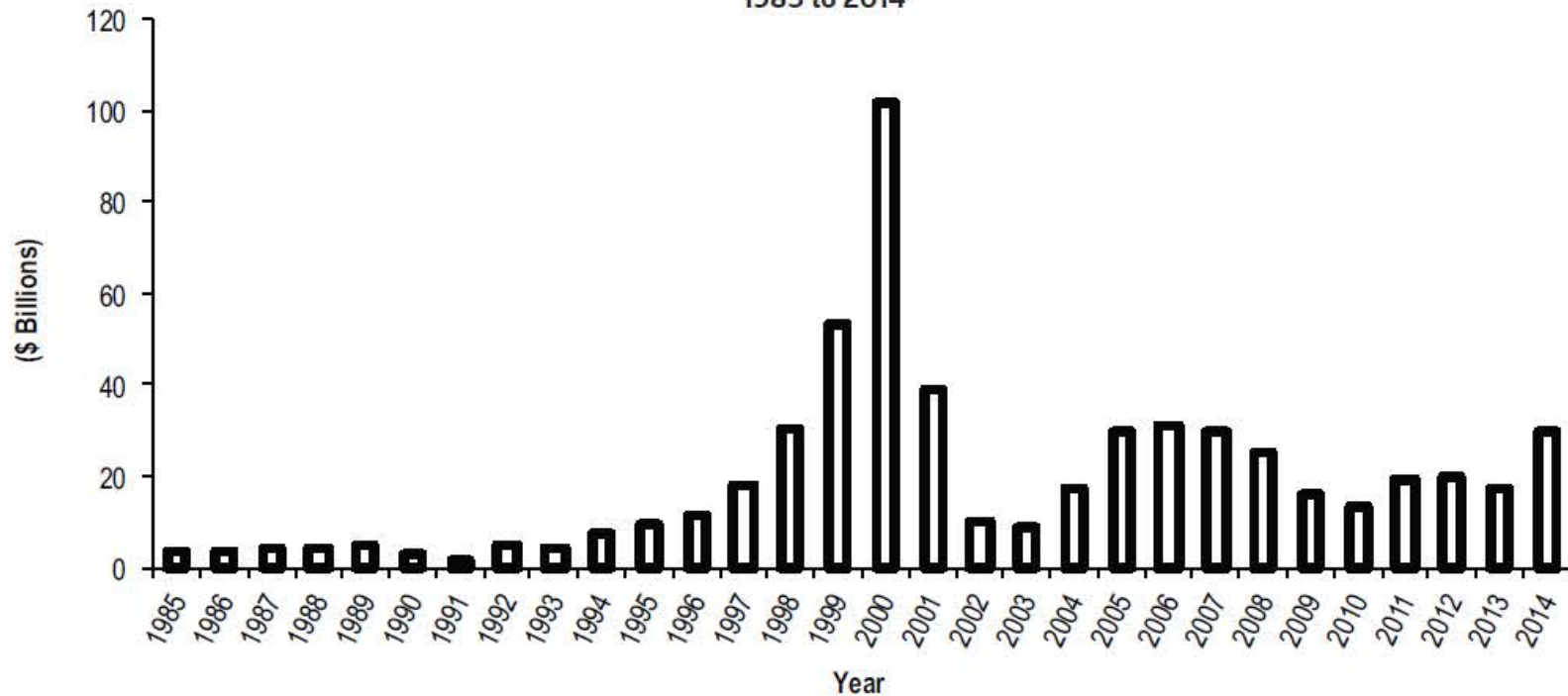


VENTURE CAPITAL

Investors of other people's \$\$\$\$

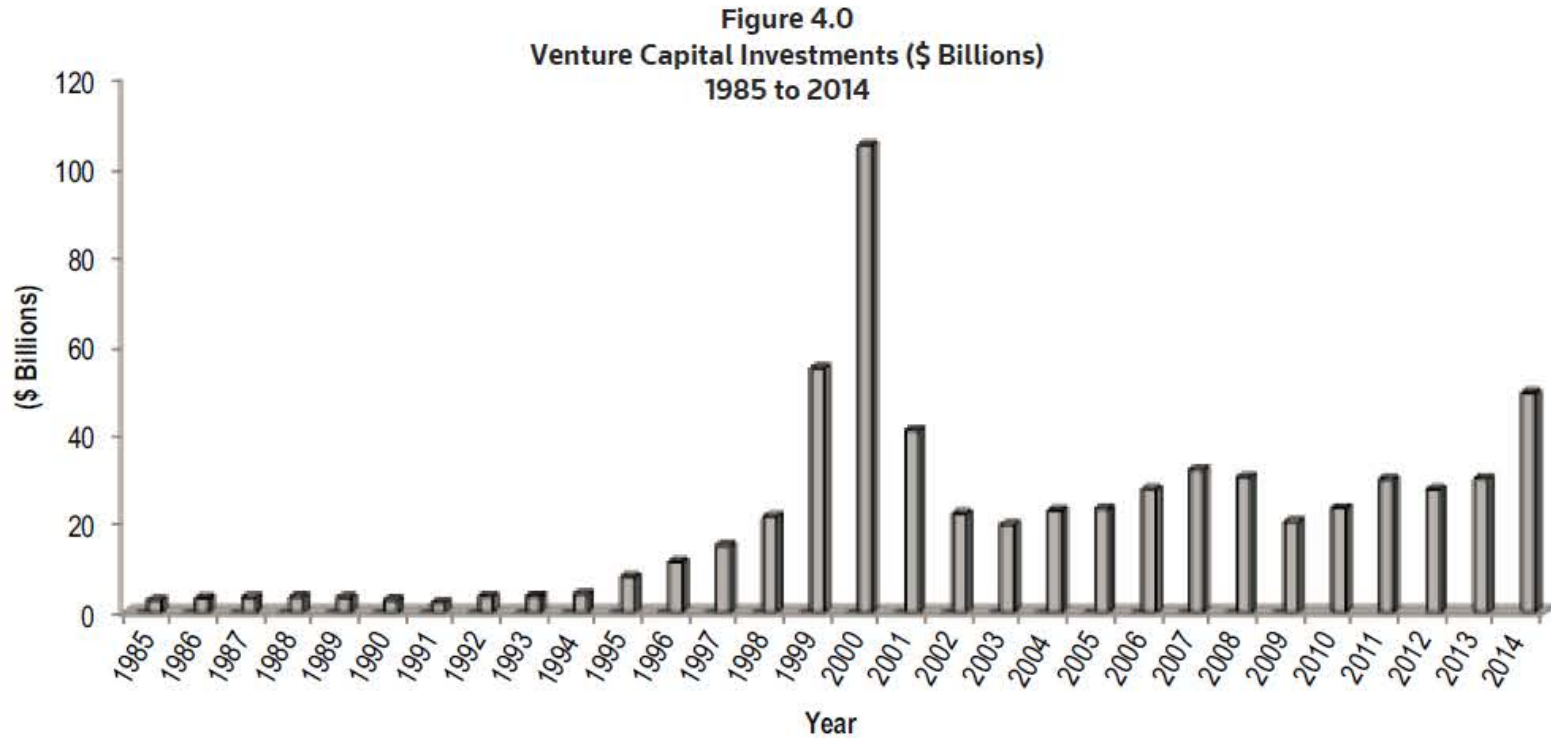
Venture capital firms are professional, institutional managers of risk capital that enables and supports the most innovative and promising companies.

Figure 3.0
Capital Commitments
To U.S. Venture Funds (\$ Billions)
1985 to 2014



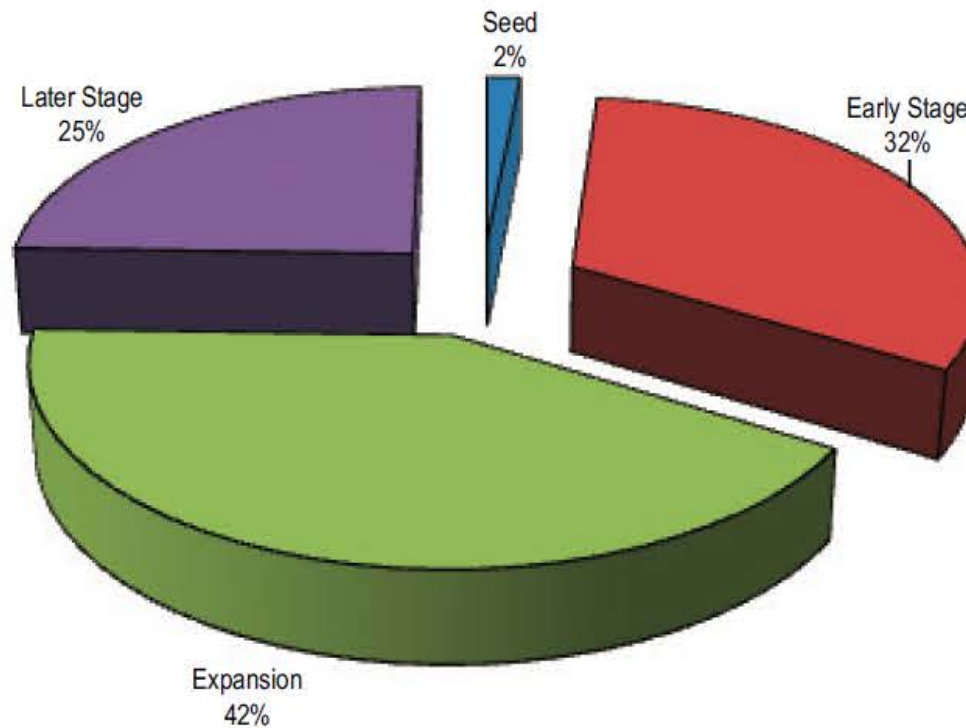
How much did they invest?

12 | 2015 National Venture Capital Association Yearbook



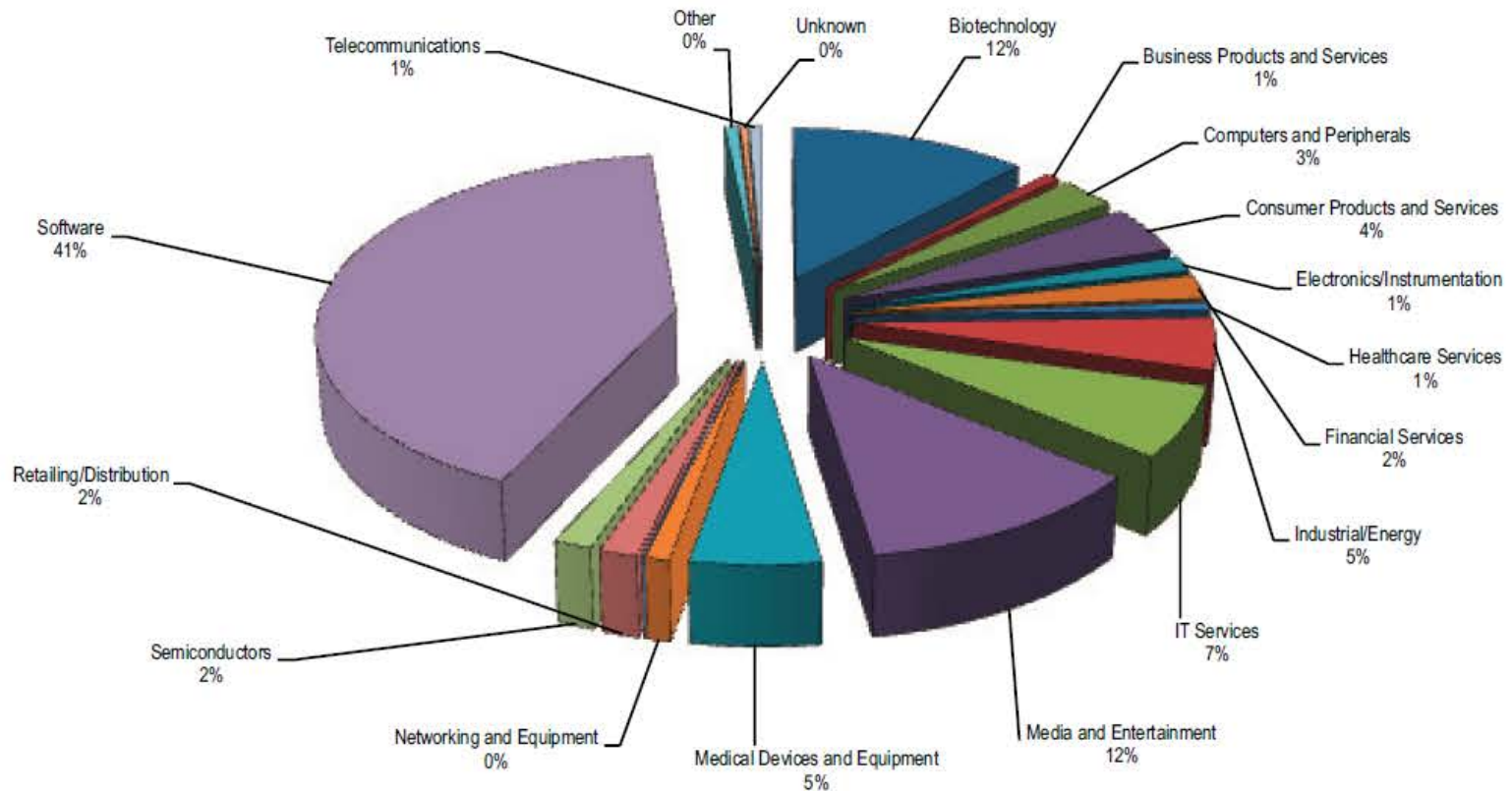
Where Do they Invest?

Figure 6.0
Venture Capital Investments in 2014
By Stage (Dollars Invested)

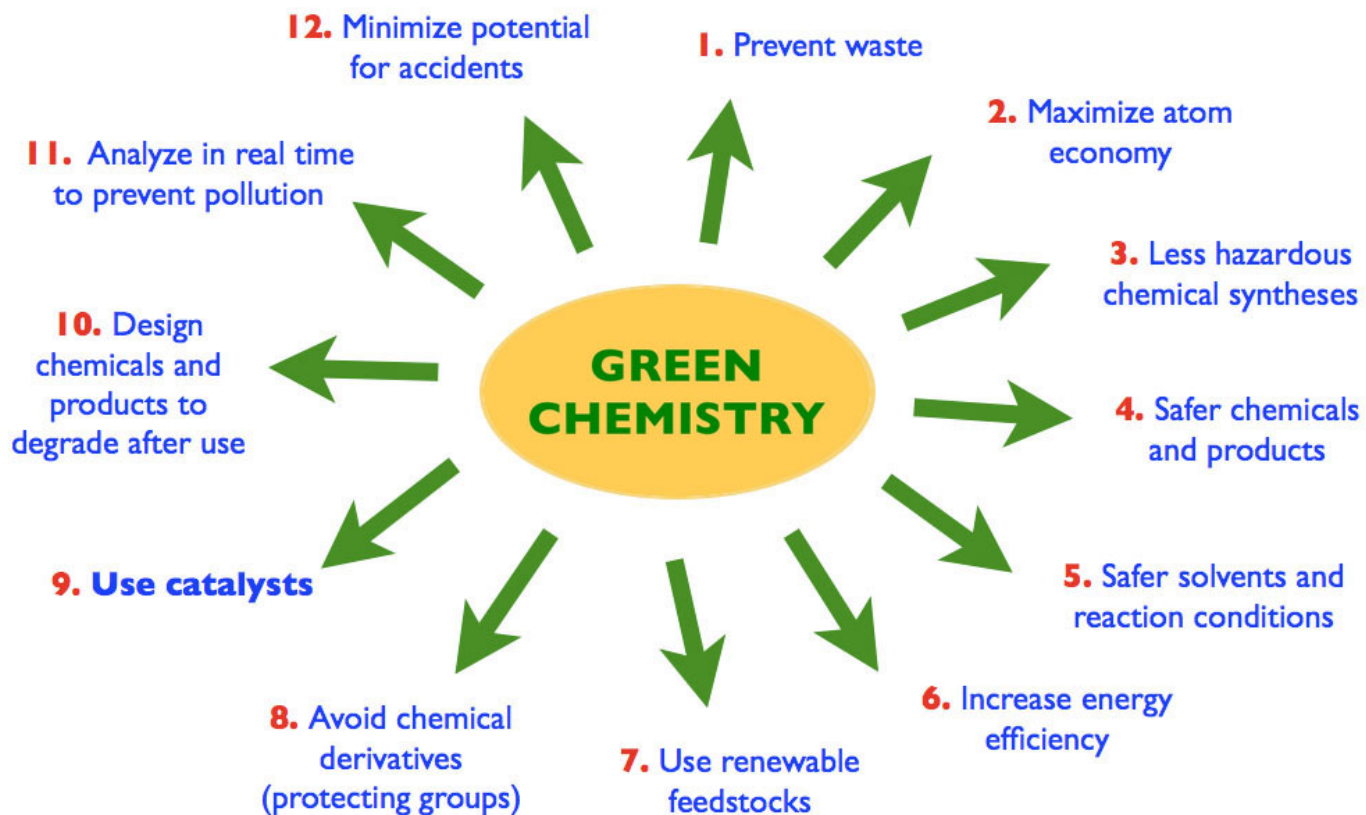


Where Do they Invest?

Figure 7.0
Venture Capital Investments in 2014
By Industry Sector (Dollars Invested)



BOTTOM LINE..



Anastas and Warner (1998)

Key Decisions

- Investors
 - Do you have the skills, stamina and connections to make dreams a reality...or are you sticking with APPS!



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Key Decisions

- Ventures
 - Do you REALLY know the rules of the road for successful commercialization...

“Everything BUT the Squeal”



- REAL SOLUTIONS require more than “invention”



Key Decisions

- The Public
 - Change is NOT free. Are you willing to help pay for the cost of what you say you want...

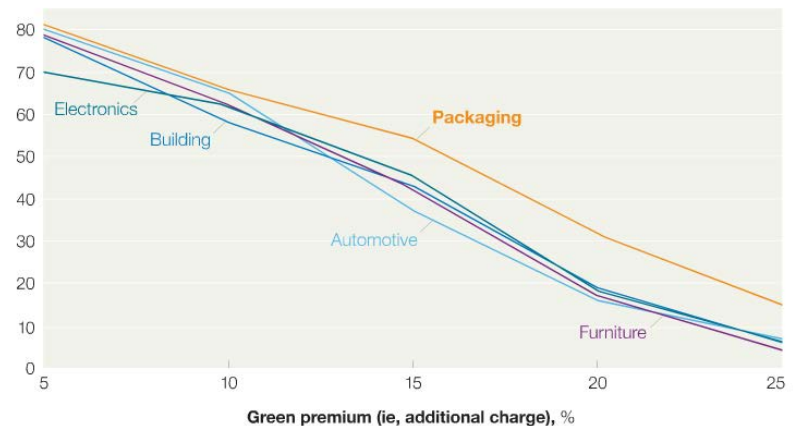
Wednesday, June 05, 2013

SHARE

U.S. Consumers Increase 'Green' Purchases; But Are They Willing to Pay More?

PHILADELPHIA – (June 5, 2013) – U.S. consumers continue to go green, as 78 percent say they buy green products and services, a steady increase over 69 percent last year, according to the 5th Annual Tork Sustainability Study. The study was conducted by Harris Interactive on behalf of SCA, makers of the Tork® brand of away-from-home paper products and one of the world's most sustainable and ethical companies.

Share of consumers picking green, %



http://www.mckinsey.com/insights/manufacturing/how_much_will_consumers_pay_to_go_green

Key Decisions

- Governments
 - Globally can you make decisions and provide long term incentives that corporations and investors can trust and *stick with them*?



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Study: Statutory 2014 RFS Levels Can be Met Through Increased E85 & E15 Consumption, Carryover RINs

January 24, 2014

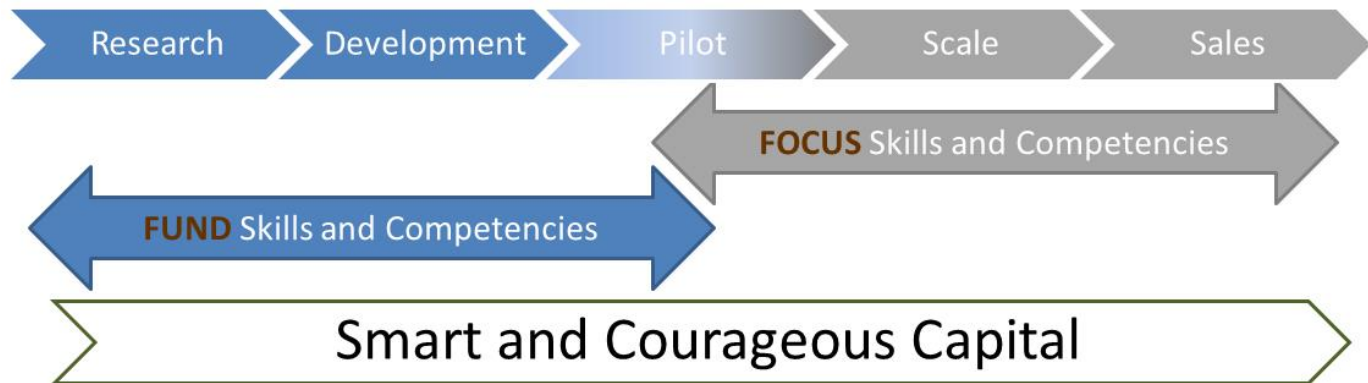


(January 24, 2014) WASHINGTON — A new study by Informa Economics entitled “Analysis of the Potential Use of Biofuels toward the Renewable Fuel Standard in 2014” shows the originally intended Renewable Fuel Standard (RFS) 2014 blending requirements can be reached through expanded consumption of E85 and E15, as well as judicious use of carryover RIN credits. The study clearly demonstrates why the Environmental Protection Agency’s proposal to reduce RFS blending requirements is unnecessary and imprudent.

<http://www.ethanolrfa.org/news/entry/informa-statutory-2014-rfs-levels-can-be-met-through-e85-e15-rins/>

Key Decisions

- Corporations...
 - Will you step up to the plate? And If so, then WHEN and HOW?



Judith Giordan: Chemical Angel Network
(www.chemicalangels.com) and Desert Angels

ANGEL INVESTORS



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Who are Angel Investors?

- **Often successful entrepreneurs or retired business persons**
 - Active investors providing money, expertise, and their network
 - Contribute to their local ecosystem (mentoring, judging, educating)
- **Accredited investors – SEC definition (*US & a few others*)**
- **Invest their own money (*not money managers*)**
- **Generally invest in local companies with high-growth potential**
- **Invest in businesses not run by family**

In 2012, 268,000 investors funded ~\$22.9B in about 67,000 deals
(2/3rds early-stage)



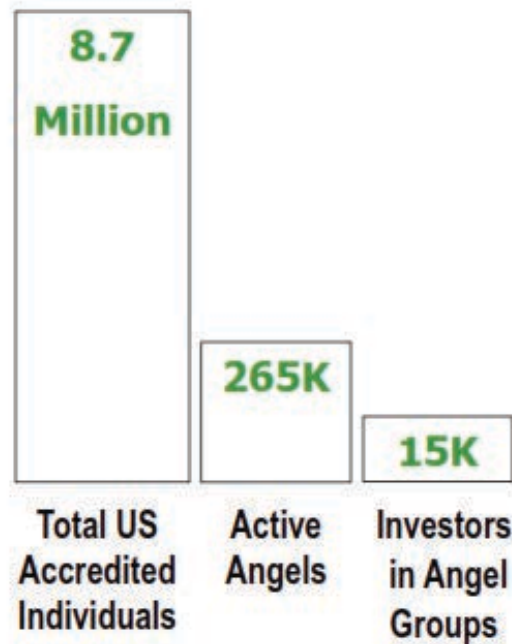
What Motivates Angels?

- Help entrepreneurs
 - Stay engaged – use skills and experiences to help build a business
 - Give back to community or university
 - Active form of investing – not just watch markets
 - Find their next opportunity
 - Network and learn
 - Return on Investment is the metric
-
-



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Angel Groups Take Professional Approach



- **Experienced, Accredited Investors**
 - Successful Entrepreneurs/Business People
 - Median Years Investing – 9
 - Median Number of Investments – 10
- **Invest Where We Live & In What We Know**
 - Main Street – Not Wall Street
 - 300+ Groups – In Every State
 - Work as a Team
- **Focused on Best Practices**
 - Deal Screening
 - Due Diligence
 - Term Sheets
 - Valuation
- **Support Companies We Invest In**
 - Board Seats and Advisory Boards
 - Contacts, Advice, Recruiting, Strategy
 - Follow-on Funding and Exits

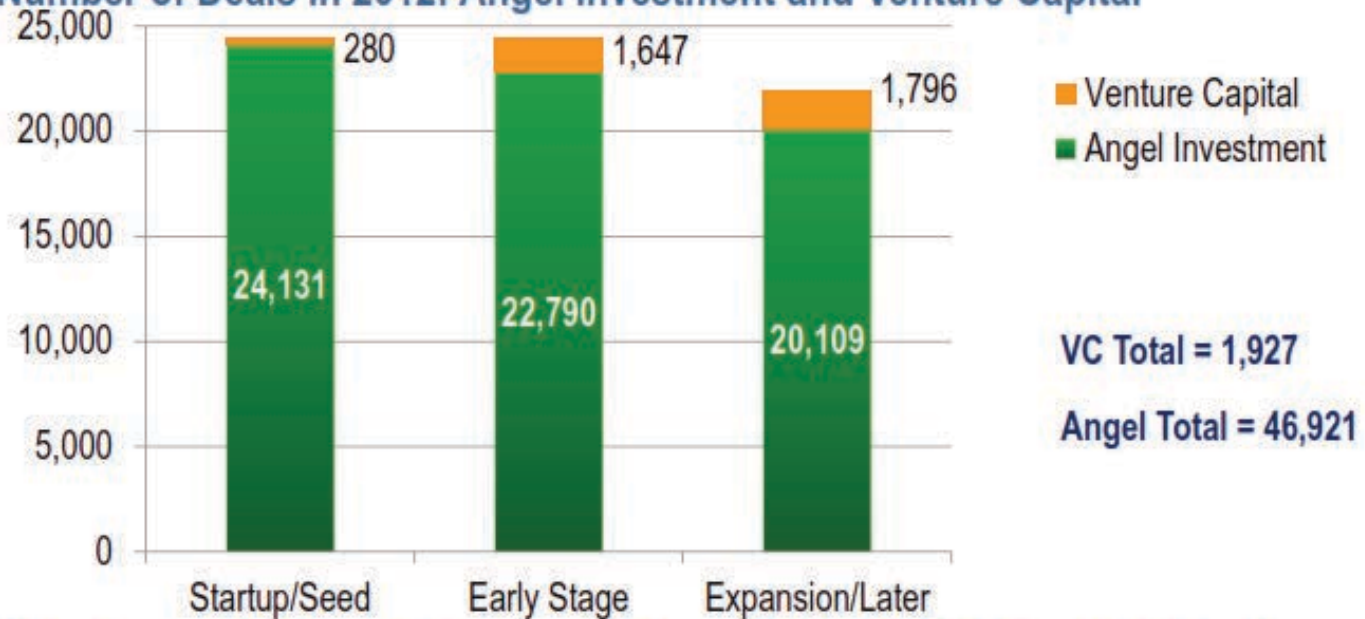
Sources: SEC proposed rule, Center for Venture Research, academic studies, 2012



ANGEL CAPITAL ASSOCIATION

Angels Fund Nearly All Seed/Early-Stage Deals...

Number of Deals in 2012: Angel Investment and Venture Capital



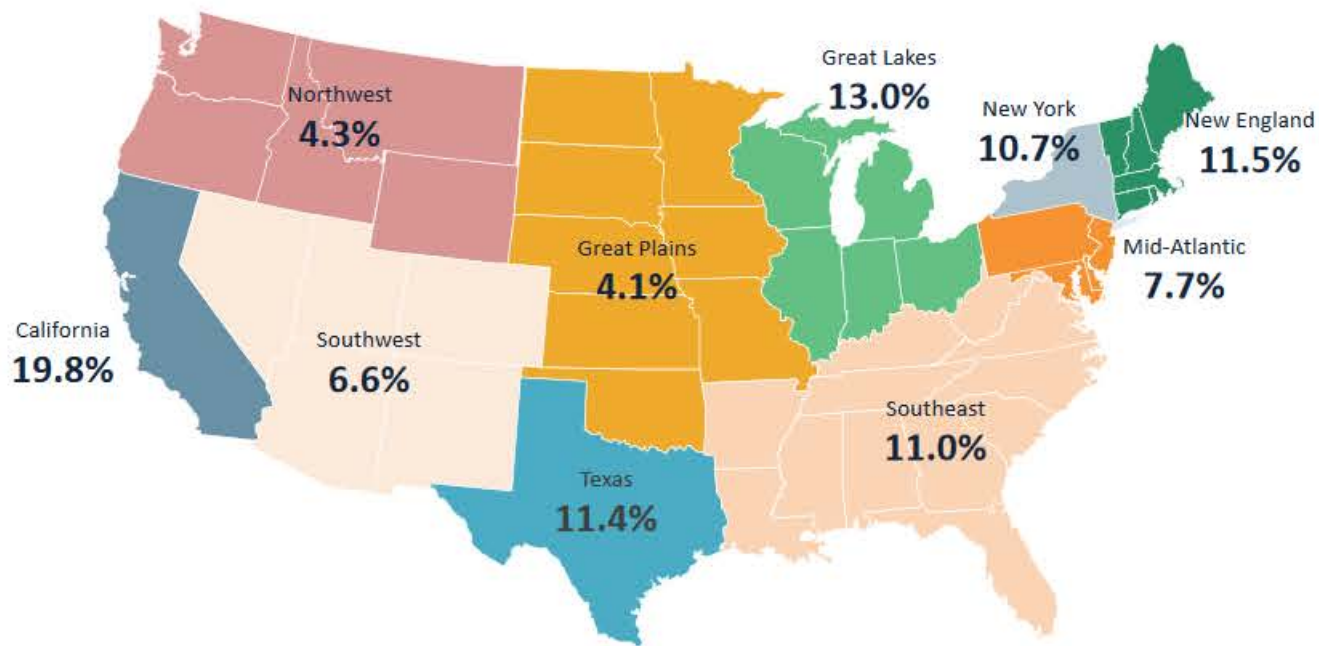
Without angels few startups would make it to VC, PE or IPO funding

Source: Jeffrey E. Sohl, Center for Venture Research and 2013 NVCA Yearbook

Raising \$\$\$ is a CONTACT SPORT

- **KNOW** who you are approaching, why and when they invest.
- **ARTICULATE** who you are, what you are providing, does the market care (NOT THE SCIENCE!) and whether the \$\$ you are seeking are in alignment with investor goals.
- **BUILD** a great team... people get funded, NOT ideas!

2014 Share of Angel Group Deals by Region





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For Angels

Resources for new and experienced angels and angel group leaders

- ▶ New Angels Education
- ▶ Angel Group Resources



For Entrepreneurs

Information to support entrepreneurs



Research

Access valuable data and analysis through research, white papers, and new databases like the Halo Report



Newsletters

- ▶ Angel Insights (public)
- ▶ Member-only



Blogs

What are angels talking about now?

- ▶ ACA Blog
- ▶ ACA Member & Industry Blogs



Timely Reads

ACA columns in Forbes and Inc plus recommended books



Resources

Useful links for angels and entrepreneurs

- ▶ FAQs
- ▶ Presentations to Share
- ▶ Useful Links



Webinars

Take advantage of timely insights from industry experts



Start & Manage an Angel Group

- ▶ Operating Documents

20 Things All Entrepreneurs Should Know About Angel Investors

- How much do angel investors invest in a company?
- What are the six most important things for angel investors?
- What do angel investors like to initially see from an entrepreneur?
- How long will it take to raise angel financing?
- What financial questions should the entrepreneur anticipate from angel investors?
- What questions should the entrepreneur anticipate about marketing and customer acquisition?
- What questions should the entrepreneur expect concerning the management team and founders?
- How risky is angel investing?
- How can you find angel investors?
- What questions should a CEO ask of potential angel investors?
- What are typical terms for convertible note seed financings?
- What are the key factors in determining the appropriate valuation in a seed round of financing?
- What should an email introduction to an angel investor contain from an entrepreneur?
- How often should an entrepreneur give updates to his or her angel investors?
- What are typical reasons angel investors will reject an investment?
- What legal documents will the angel investors expect to review for a company prior to investing?
- What mistakes are made by entrepreneurs in a pitch meeting with angel investors?
- What benefits can an entrepreneur get by taking on an angel investor?
- What should an entrepreneur do to prepare for a pitch meeting with an angel investor?