



Business angels in NL

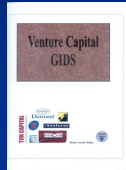
The good, the bad and the stakeholders

Short Bio

- 1987. MBA and Master psychology
- 1987. Started a company
- 1988. Severe family problems
- 1989: Exhausted, end of company
- 1989 – 1992: Valley of death
- 1992 – 1998: 2nd company: Business and ICT journalist
- 1998 – 2010: ICT industry analyst, VC analyst/publisher

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Productions



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1995

- Comparative academic study: NL has venture capital, but there is no social capital (meaning expert advice from types like business angels)
- Estimate pioneer network Nebib: several hundred business angels in NL

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2010: How things have changed

- **Business Angel Networks**

- ABN Amro Participaties
- Adfundum Participaties
- Antea Participaties
 - Berk Partners
 - BiD Network
- Dintelhaven Exploitatie
 - e2 Cleantech
 - Ecart Invest
- Erasmus Business Angel Network
- Flevoland Investment Network
- Informal Capital Network
 - Maxwell Group
- Meesters van de Toekomst
 - Mindhunter
- Money meets Ideas
 - Nebib
- Newion Investments
 - Oost NV
 - Renpart
- Smart Capital Network
 - TIIN
- Value Creation and Company
- VentureNed

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2010: Number of business angels

- . Minimum: several thousands in the networks
- . Upper limit: around 100 000.

- CBS data. Number of euro millionaires that sourced its wealth through their own company: 40 000.
- Minimum wealth business angel: 500.000,-.
- Number of ba half millionaires: 100 000
- (based on statistical distribution of wealth)

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Does it help?

- NVCA: VC negative results 2000 - 2010
- Causes according to NVCA:
 - Stock market
 - Economy
 - Legal regulations concerning IPOs, equity protection, etc.

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Analysts: Other possible causes

- VC investment managers play it safe
- Background in finance, not entrepeneuring
- Limited vision: unable to see disruptive innovation
- VC is not exclusive anymore to top business builders
- Venture capital has attracted mediocre people

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Can business angels do better?

- Assumption:
- Successful entrepreneurs
- Ideal coaches for young, innovative and imaginative entrepreneurs

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Source of wealth

- Reality 1: Majority are affluent, but source of wealth varies
- E.g. inheritance, stock market shares, bonuses, IPO, selling partner shares, other sources
- Result 1: Majority has superficial or no experience with startups and innovation. They are investors, but not entrepreneurial investors

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No experience business creation

- Reality 2: Vast majority (90 %) of entrepreneurial business angels did not create the company that made them rich
- Result 2: Vast majority does not know the crucial stage of starting up a company

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Sector differences

- Reality 3: Significant number of business angels invest in sectors they have no experience with.
- Business rules vary across industries. Business success in one industry or sector is not a prediction for business success in another
- Result 3: Bad advice to startups.

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Technology

- Reality 4: Technology business angels almost confined to ICT
- Why? Scalable biotech and clean tech solutions require too high seed stage and early stage investments for business angels. (Several millions)
- Result 4: hardly any succesful startups in these areas

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Technology 2

- Reality 5: Majority of business angels have no experience with technology
- Why? Tech is a relatively recent phenomenon for investors
- Result 5: business angels shun technology

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Technology 3

- Reality 6: Majority of tech business angels have no vision about technology
- Information Technology is developing further, but ba's seem insufficiently aware of that
- Many ICT ba's still unfamiliar with RFID, social media, Web 2.0
- Almost alle ICT ba's have no clue about e.g. robotics, AI, augmented reality.
- Result 6: Europe keeps lagging behind US in commercializing innovation.

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Be aware of limitations BA's

- Stakeholders:
 - Entrepreneurs
 - Business angels themselves
 - VCs
 - Consultants
 - Government
- All stakeholders should be aware of the limitations of business angels

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