

Taking the pulse of the business angel market

Be Angels 2000 - 2015

This document has been produced by Be Angels in close collaboration with Deloitte. The main objective is to give a synthetic view of the Business Angels (BA) world today in Brussels and the Walloon Region, and more particularly of the economic impact of one of Europe's most mature Business Angels networks, Be Angels, since its inception.

The first part of the report is devoted to providing a better understanding of what a Business Angel is, and the importance BA play in the support and financing of entrepreneurship and innovation in Europe, Belgium, Brussels and Wallonia.

The report further describes the general environment of the Business Angels network in order to have a deep understanding of how Business Angels networks operate and their role in the ecosystem. What they are involved in and what they do. Some key figures on their economic impact as critical regional development actors will be illustrated.

Finally, some examples of success stories related to Business Angels and some tips and tricks to become a Business Angel will be presented.

Claire Munck
CEO Be Angels



Deloitte is a key partner for SMEs and several Business Angels groups and associations around the world. Its cornerstone relationship with high growth SMEs makes it a privileged partner for the startups which raise seed financing near our members, providing access to a comprehensive range of added value services including when they cross borders.

Our partnership has enabled the preparation of a long awaited report on the impact of the activities of our regional economic development tool from 2000 to 2015.

Vincent Trevisan
Partner Deloitte



We initiated a partnership with Be Angels in order to support the development of start-ups in Brussels & in Wallonia.

We are convinced that Be Angels is a very strong network and creates real opportunities for entrepreneurs. For instance, taking part of Be Angels enhances the connections with potential investors who have a willingness to add value next to their capital investment, in a wide variety of sectors and providing access to wide contacts.

What is a Business Angel?

A Business Angel (BA) is a person who invests his/her own money into unquoted start-ups and is available to share his own skills (marketing, finance, human resources, ..) and/or networks contacts with early stage companies.

A Business Angel has typically one of the following profiles:

- ❖ Executive coming from a corporation
- ❖ Ex-entrepreneur who sold a company
- ❖ Individuals in professional transition

The Business Angel becomes a shareholder of the company. On average, Business Angels invest between 5% and 10% of their wealth into these kinds of projects.

The reason why a Business Angel invests in such projects is mainly because of his/her interest in the entrepreneurship dynamic. Moreover, despite the high level of risk associated startups, he/she is obviously motivated by the potential return on investment offered by those high growth companies.

Business Angels invest primarily in fields of innovation like: ICT, MedTech, Biotech, Mobile, Manufacturing, Energy. This diversity means that investors tend to have a diversified portfolio and dare to get involved in non-traditional investments area. 94% of Business Angels investors invest in their local market as they have the intention to add value on top of the capital invested (board position for example).

The Top 3 BA skills available to entrepreneurs



Finance



Sales and Marketing



Management



The Women Business Angels Club is the first Women BA network in Belgium. In Europe, only 5% of the Business Angels Network members are females (even if they have an interest for investments in the real economy and to take part in the equity of a start-up).

In order to attract more women investors and diversify its membership, in 2012, Be Angels decided to create the Women Be Angels Club. Be Angels now counts circa 15% female members.

Raising funds in Europe and in Belgium

Raising funds in Europe

According to a European study, getting financed is steadily less of a concern for SMEs. Conditions are clearly better than in the past. Nevertheless, a few micro-enterprises (12%) claim that it is still a problem to raise money to finance their activities. This is particularly true for high growth SMEs in disruptive fields of technology or business models. The latter is the prime interest for Business Angels.

Belgium's Business Angels market is dynamic and organized, with two strong Business Angels networks created at the end of the 1990s. In 2015, both networks gathered 400 Business Angels, investing in 42 companies 8 million euros.

Risk-Capital investments are also strongly encouraged since mid-2015 by tax incentives (tax shelter for start-ups) and a strong Start-Up ecosystem is growing in Belgium.

Raising funds in Brussels and in Wallonia

Financing needs are covered by many different complementary actors (Private or Public) in Wallonia and in Brussels which offer a complete range of solutions for the financing needs of startups. Each development stage during the company lifecycle matches with specific investors, markets and financing instruments.

Business Angels are primarily involved in the early stages of the startups. Two thirds of the investments are made during this specific phase of the lifecycle.

Be Angels history and operations

Be Angels is one of the largest and leading angel investor networks in Europe. It results of the merger in early 2008 of two networks (Business Angels Connect and Business Angels Matching Services) which have been fuelling the growth of innovative companies and entrepreneurs in Belgium since 2000.

Be Angels identifies and coaches early stage companies to help get their ideas to market and attract investors to devote time, expertise and funding to grow and succeed.

585 individual investors have been members of Be Angels between 2000 and 2015

Be Angels investors number today more than 180 and consist of experienced CEO, senior executives, current and former entrepreneurs and other professionals. Members not only invest but serve on boards, share their expertise and prior experience and assist companies with networking, strategy, supply chain, team

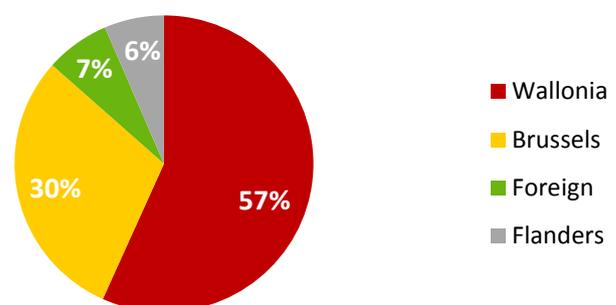
building and additional fundraising.

Be Angels is a catalyst in helping build regional (Wallonia and Brussels) economies into thriving centres of innovation and entrepreneurship.

The members are very active in the entrepreneurial community, participating in conferences, networking events and entrepreneurial competitions. Be Angels maintain good relationship with the major universities, incubators, competitiveness clusters and economic development agencies which are often a referral source of investment opportunities. All of these contribute to a good deal pipeline which is critical in creating a high quality but diversified pool of projects and investment opportunities for the members.

Be Angels has an outstanding deal flow of innovative opportunities in all sectors of the economy and a simplified yet formal process for screening projects, organizing their presentation to its members and facilitating the deal making.

Regional distribution of projects financed (2000-2015)



Not limited to the new technologies, Be Angels members are very active and invest in a wide range of industries including biotech and health industry, consumer products, digital/ICT and greentech among others.

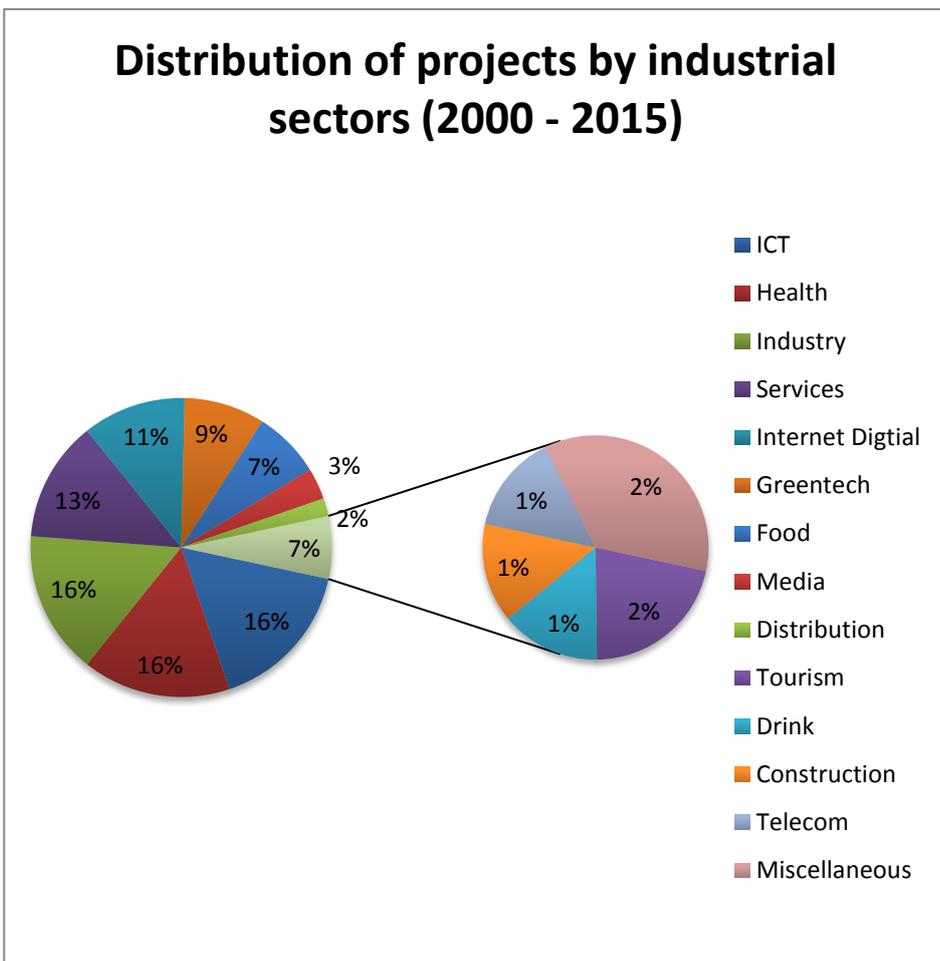
Be Angels recently created specialized clusters in the Health, Digital and Fashion sectors and is currently actively increasing its presence in the Impact Investing field.

Among the different sources of financing, Business Angels step in during the creation and early development stage of innovative companies with high growth

potential. The members invest rather in capital for a duration of at least 3 years and expect a capital gain occurring at the exit 5 to 7 years after investment.

Be Angels helps Startups that faces 3 major challenges during early stages of their development:

- Problem to attract traditional actors in order to get financing for their development stage. (Prototyping, development, product launch, ...)
- Lack of expertise and coaching to strengthen the success perspectives
- Need to access a powerful network



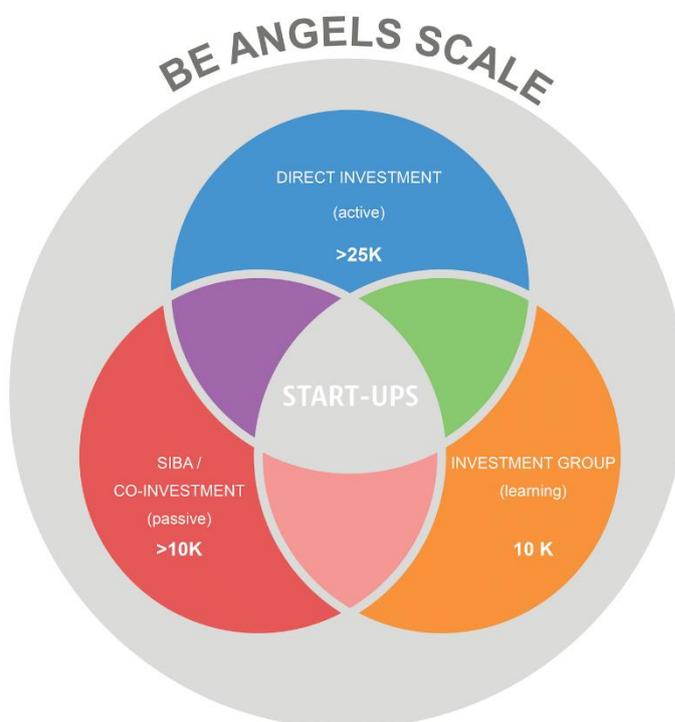
180 members / investors are active and consist of experienced CEOs, Senior Executives, current and former entrepreneurs.

Be Angels: an innovative company itself

Since 2013, Be Angels created syndication structures such as the Investment Groups and the SIBA which enable new business angels to learn from the instruction and negotiation skills of other members of the network, but also to invest limited amounts and to create from the first year a portfolio of investments in early stage projects.

Be Angels proposes indeed three complementary ways to invest in start-ups.

Potential Business Angels can learn how to make informed investment decisions in groups from 10 k€ a year. Experienced angel investors invest directly in start-ups from 25 k€ per investment. Different profiles also joined the unique concept created by Be



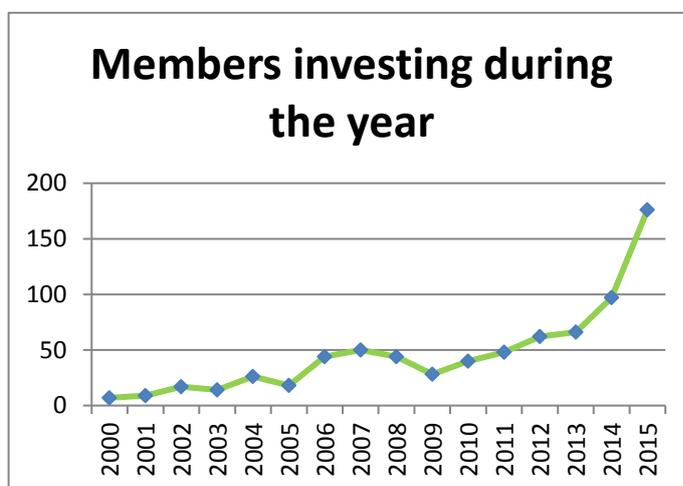
53.800 €

Average amount invested
individually by BA and by project
(2005 – 2015)

Angels, “Structures d’investissement de Business Angels – SIBA”, from 10 k€ up in order to co-invest with seasoned investors and benefit from the tax shelter for start-ups.

In 2017, Be Angels will launch a fund to scale up the growth of companies which have already benefited from financing from its members in earlier rounds. SCALE I will benefit from a proprietary and unique deal flow, securing entrepreneurs during different phases of growth as well as its member investors.

As a result of recent initiatives, many new Business Angels have joined the network. Be Angels experienced also, over the last three years, a drastic increase of the number of members investing on the projects presented.



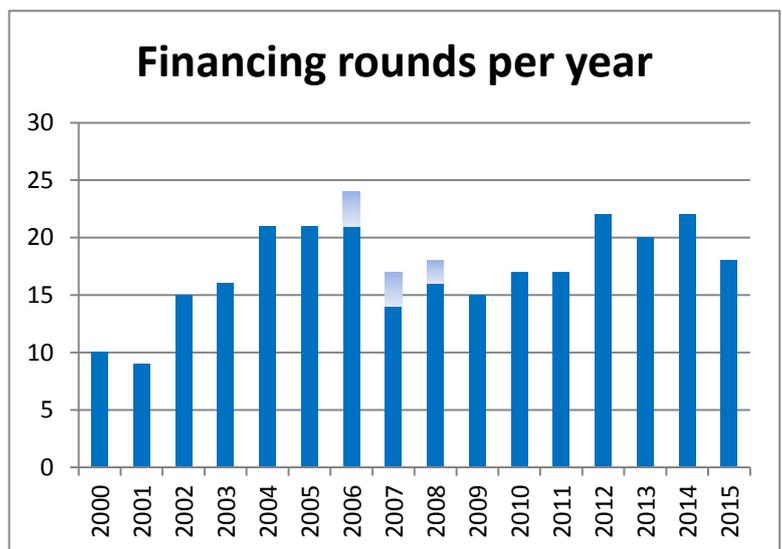
Be Angels financing activities and performance

Since the inception of the two original networks, Be Angels members have contributed to the development of more than 200 companies, through more than 280 rounds of financing. This represents more than 35 million € of financial support. The members have also helped attract and facilitate more than 3 times additional financing from Regional Invests, Bank loans and other investment Funds.

208 companies have been financed by Be Angels' members between 2000 and 2015

Many projects financed by the members of Be Angels have succeeded to be quoted on the Stock Market through IPO (Auriga, Bone Therapeutics,...) or have concluded licencing agreement or partnership with corporate entities (iTeos, Spring Wireless, ...)

Besides the co-investments on projects negotiated and managed by the BAF Fund independently from Be Angels, which attracted a fair amount of investments by the members of Be Angels in the years 2006 and 2007, the level of activity of Be Angels steadily increased over the years.



131.000 €
Average amount contributed by Be Angels members and by investment round
(2005 – 2015)

Since the last 10 years, the members of Be Angels contributed to 15 to 21 rounds of financing per year for total contributions ranging from 1.8 million € to more than 3 million € per year.

3,3 members
On average per investment round (2005 – 2015)

Some examples of investee companies.



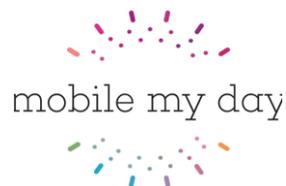
eFarmz.be offers a wide range of bio and handmade products all coming from Belgian farms and artisans. These products are local, seasonal and respectful of the environment. eFarmz.be applies new technologies to direct selling.

TOTAL FUNDRAISING: 310.000 €



Apptweak.com is a platform SaaS which aims to boost app sales on App store.

TOTAL FUNDRAISING: 425.000 €

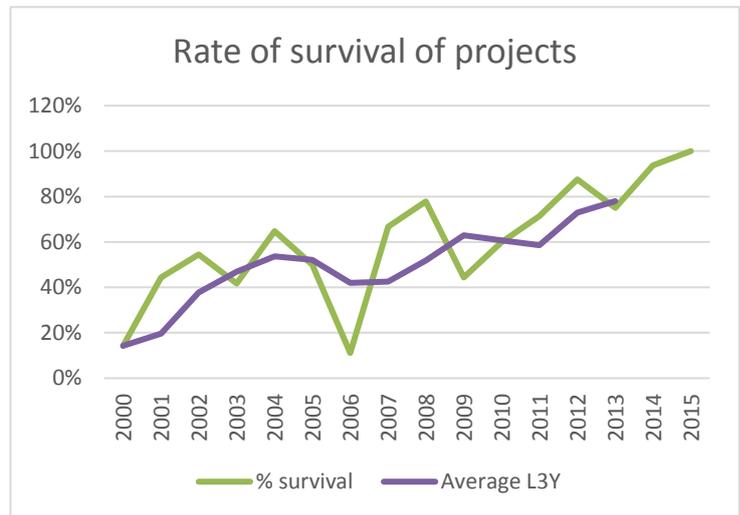


Be Angels growing economic impact

Since 2009, the formal process of Be Angels requires that the entrepreneurs present first their projects in front of a Selection Committee which decides on the appropriateness of each project to present in a plenary session in front of our members.

This selection process has helped increase the quality and the preparedness of the projects presenting to the members of the network.

The projects supported and funded by the members of Be Angels have a growing contribution to the economic environment of the two regions.



The **average value added** per company increased from **200 k€** in 2008 to **368 k€** in 2014 which represents a growth of **10 % per annum**, despite the years of crisis

In terms of value added (National Bank figures) the contribution of the projects has been growing year after year to reach at the end of 2014 38,7 million € (for the year 2014 alone). Over the years 2000 to 2014 the total added value generated exceeds 200 million €.



38,7 m€ contribution in 2014
200 m€ of total added value generated from 2000 to 2014

*National Bank of



596 full-time equivalents in 2014

*National Bank of Belgium figures based on the

In terms of employment the official sources do not account for independent contractors, freelancers and entrepreneurs themselves. However, the figures provided for the enterprises supported by Be Angels investors show a net increase of 596 full time equivalents at the end of 2014. (BNB figures based on the annual reports).

Tips and tricks of Angel investing



Building a portfolio	10% to 15% of the start-ups will experience bankruptcy before their second year of life. However, this high risk is counterbalanced by a potential high return on investment.
Average equity amount	On average the first round of investment amounts 50.000€.
Plan ahead	For every euro invested, set aside another euro to re-invest in the same company. Because they are going faster than expected or slower.
ICT project	Don't forget the Projects in ICT because annually 60% of the projects come from this sector.
Equity and skills	An important fundamental recipe to success of "business angeling" is to combine equity and skills. Invest where you can add value. If not, join a consortium within which someone else does.
Investment	On average, most of Be Angels members do not invest more than 5-10% of their own wealth.

Few words to conclude

During the company lifecycle, the different stages are associated with different sources of financing. During the creation and the **early development stage**, Business Angels are a fundamental source of finance.



Be Angels is one of the largest and leading angel investor networks in Europe. In fact, one main objective of Be Angels is to **build innovation centers** and to **boost entrepreneurship** in Wallonia and Brussels.



The founders of start-ups benefit from the **experience** and the **resources of the Business Angels** while the Business Angels **diversify their portfolio** of companies investments.



Nowadays, we observe a growing trend in the equity investments compared to the bank loans when it comes to SME financing. For smaller projects, **crowdfunding** could become an alternative method to raise financing.



In Belgium, investors are motivated by **tax incentives** on one hand, and by the strong **Start-up's ecosystem** on the other hand.





Vincent Trevisan
Partner
vtrevisan@deloitte.com



Claire Munck
CEO
clmunck@beangels.be



Office Park Alleur
46, Rue Alfred Deponthière
4431 Liège (Loncin)



Bâtiment EEBIC
12, Allée de la Recherche
1070 Anderlecht

Business Center Cercle du Lac
1, Rue de Rodeuhaie
1348 Louvain-la-Neuve