



# Feedback From ACA COVID-19 Pandemic Survey and Early Results of the ACA Angel Funders Report

May 12, 2020

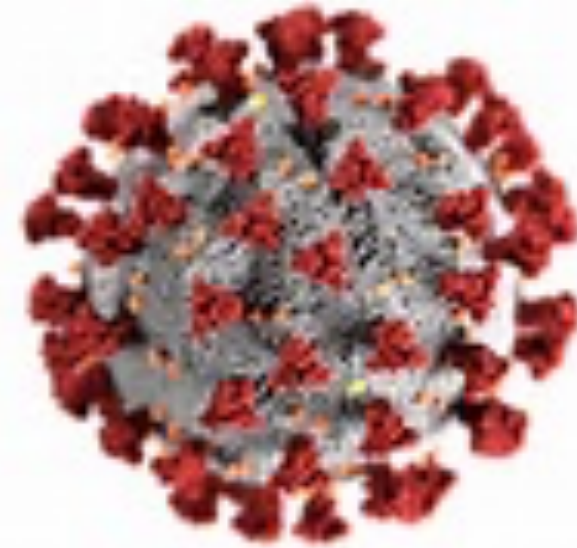
Rick Timmins  
ACA Board Member  
Chairman, Data Analytics Committee  
Member, Central Texas Angel Network



# Material for This Presentation—Two Sources



## Angel Funders Report



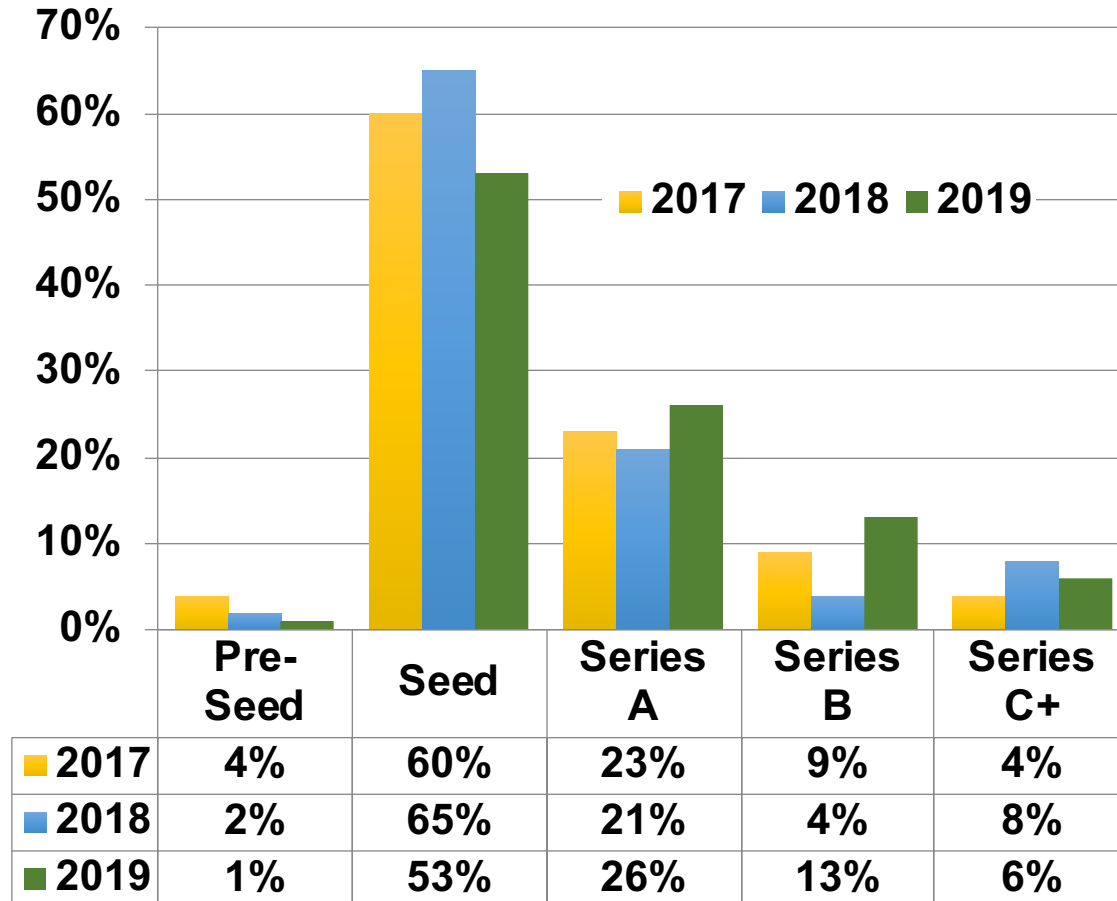
## ACA COVID-19 ANGEL GROUP SURVEY



## Source 1 -- 2020 Angel Funders Report (AFR)

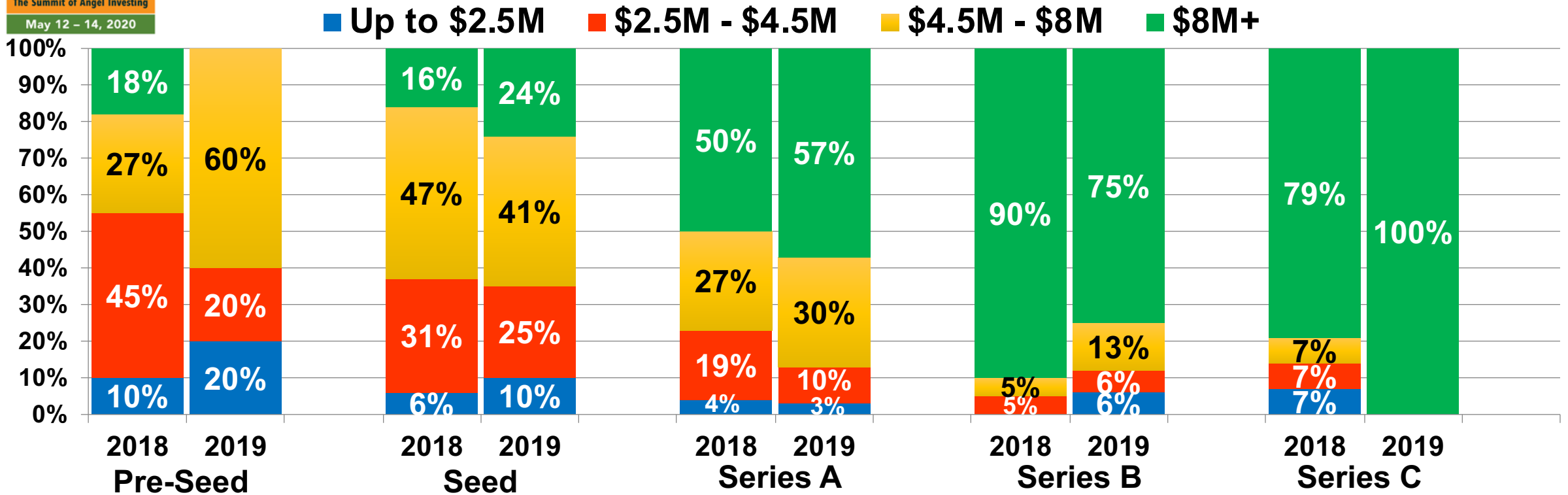
- 3<sup>rd</sup> year the ACA has prepared the AFR in conjunction with our data partner, Hockeystick
- Investment data from 64 angel groups in 2019
- 900 deals, >\$200M invested and >\$2.0B raised by start-up companies
- AFR tracks 26 items on each investment
- Exit and out of business data obtained for the 1<sup>st</sup> time and will be shared in June

# Dollar Investments by Round Type 2017 - 2019



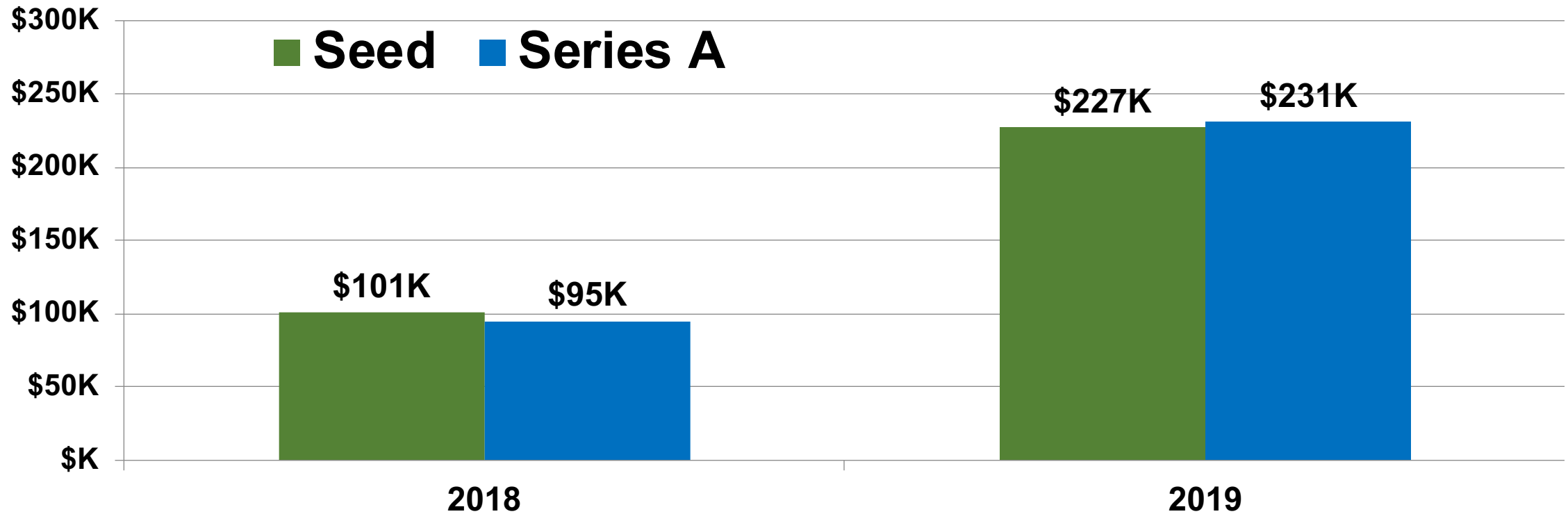
- Angel investors continue to focus largely in the seed-stage
- Slight movement to both A and B rounds from 2018 to 2019

# Valuation Breakdown by Round Type 2018 - 2019



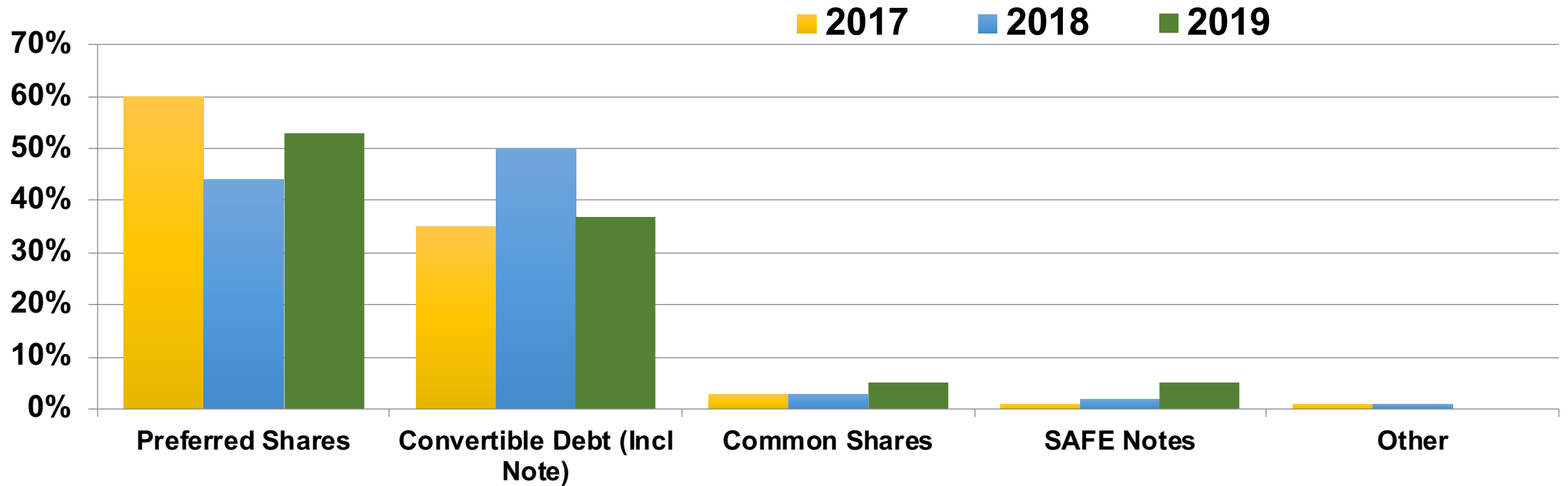
- Pre-Seed are only a limited amount of deals
- Seed rounds experienced valuations both up and down
- Series A experienced an overall shift to higher valuations

# Average Deal Sizes 2018 - 2019



- Round sizes for both Seed and Series A more than doubled from 2018 to 2019

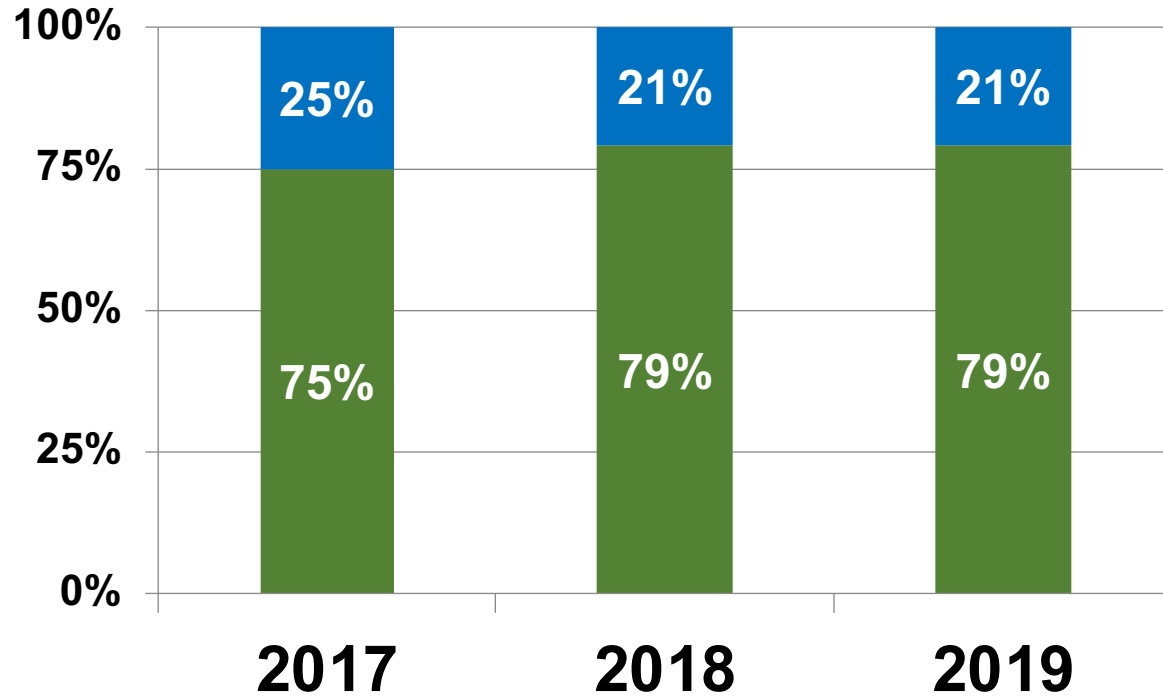
# Deal Structure Comparison 2017 - 2019



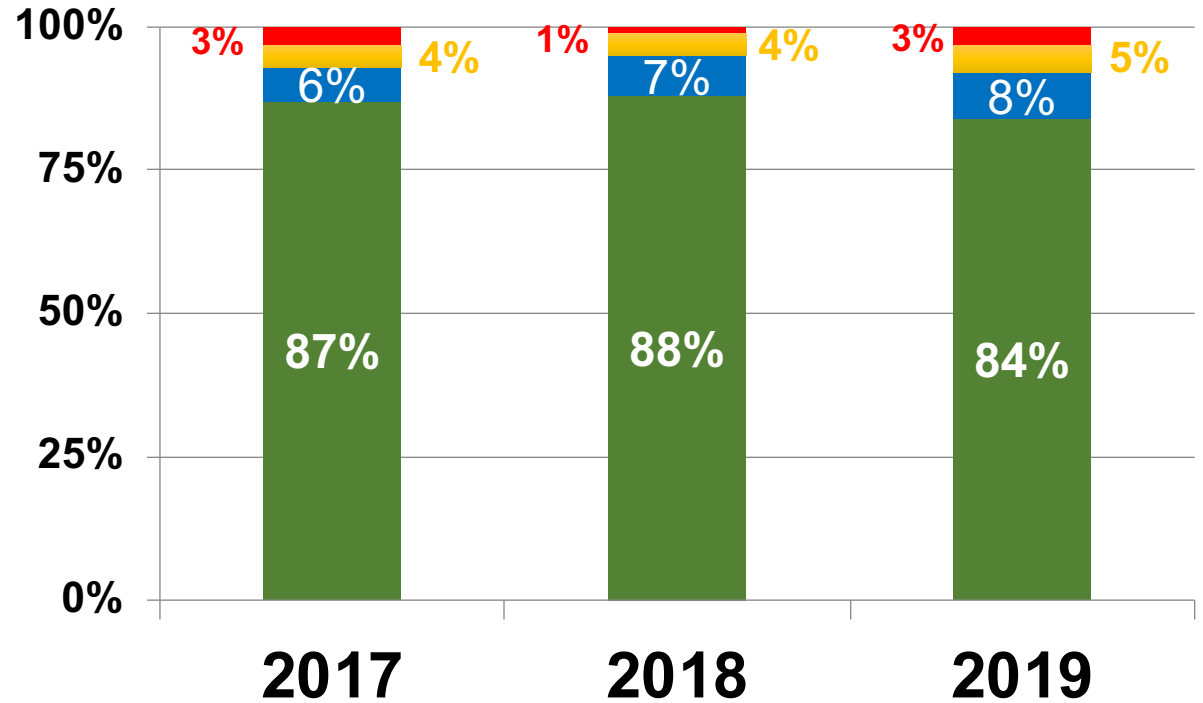
- Angel investors moved to more preferred equity rounds vs 2018 (44% to 53%)
- SAFE notes made a larger position for the first time in our data (still small at 5%)

# CEO Profiles by Gender and Ethnicity

■ Male ■ Female



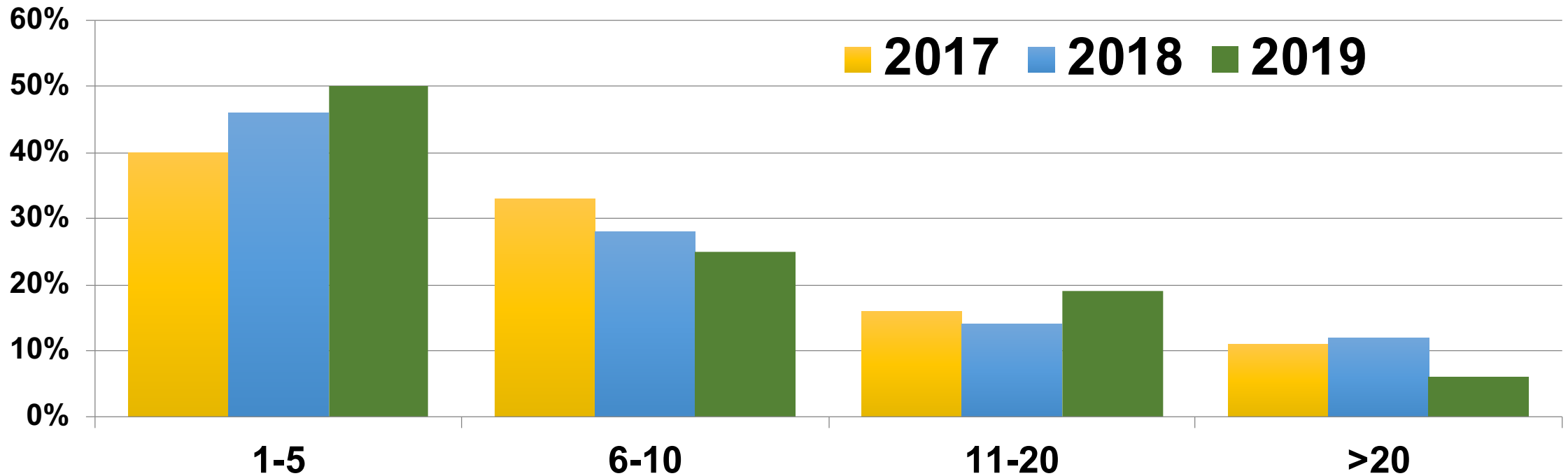
■ White ■ Asian ■ African American ■ All Other



- No change in CEO gender from 2018 to 2019
- Slight increase in non-white CEOs overall from 2018 to 2019



# Number of Employees at Time of Investment 2017 - 2019



- Angels continue to invest in companies “just starting” – 50% in 2019 were 1-5 employees
- 10 or less employees are 75% of all deals

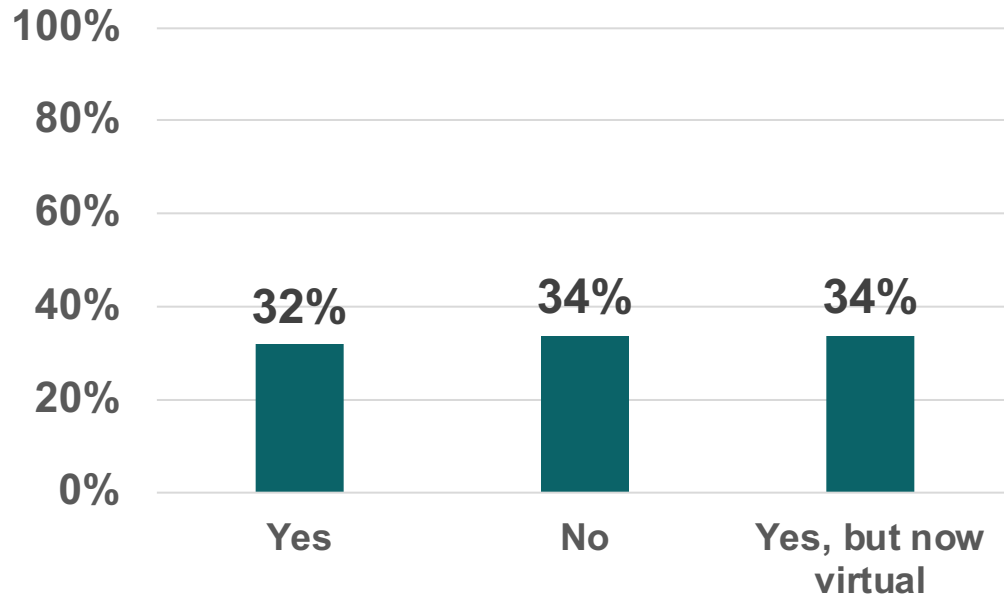


## Source 2 -- COVID-19 Pandemic Survey

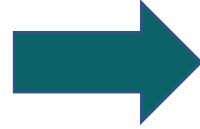
- Survey of angel groups between April 21 and May 1
- Assess early feedback of COVID-19 pandemic on angel groups and their portfolio companies
- Survey sent to 58 angel groups who participated in 2019 AFR (large and small groups)
- Greater than 70% responses received!
- In addition to answering survey questions many comments were also provided

# Angel Group Dynamics - Meetings

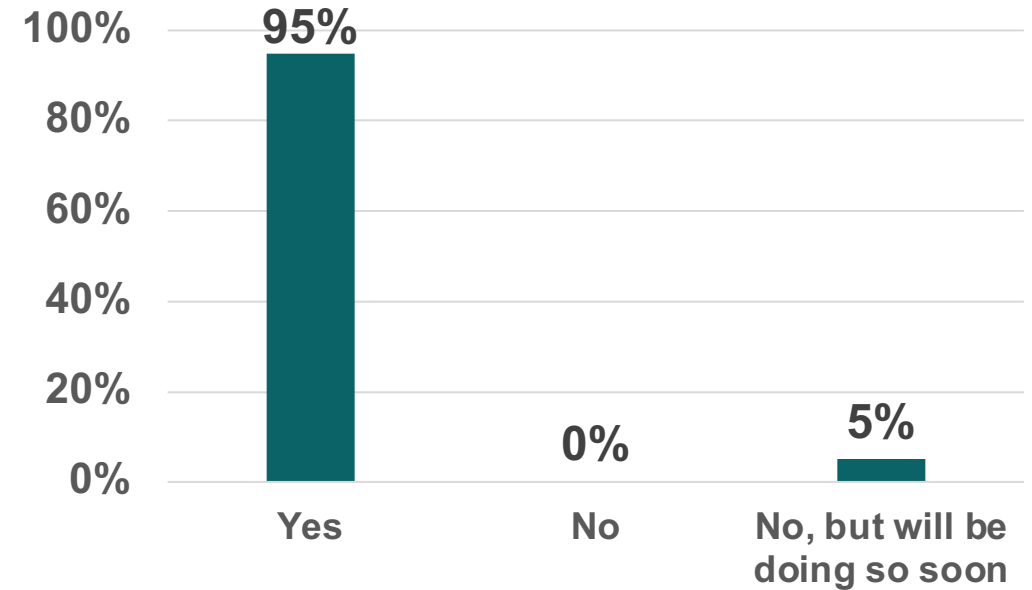
## Meeting / Events Cancelled



but...



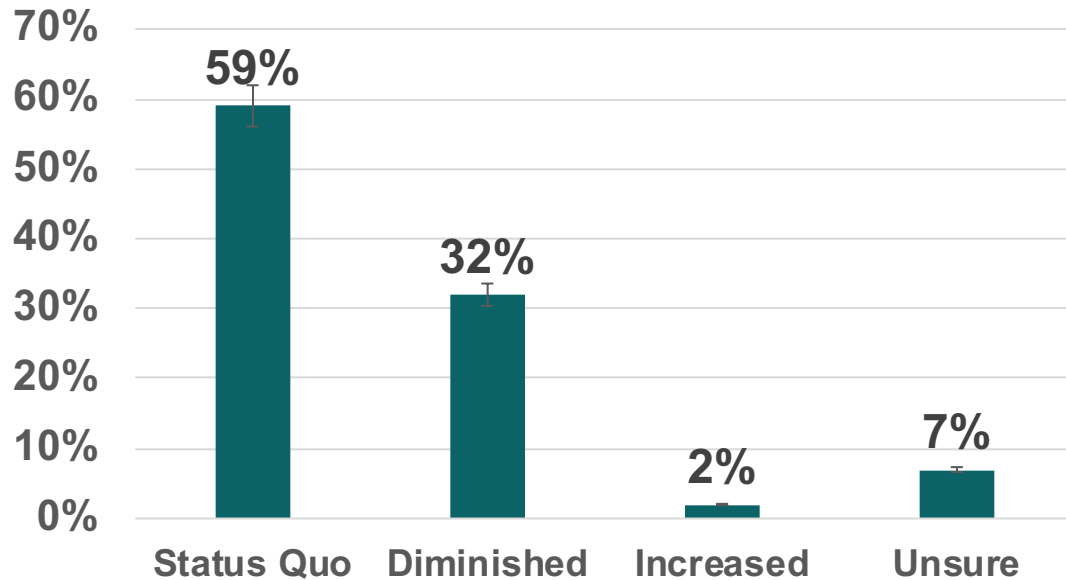
## Moved to Virtual Meetings



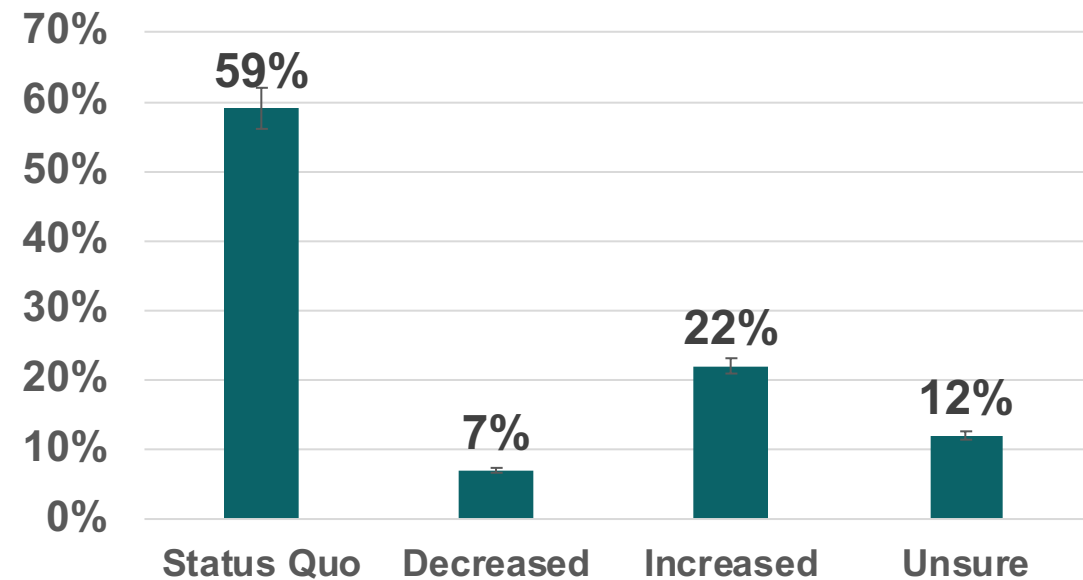
- No surprises here – all groups have already moved to virtual meetings

# Angel Groups Willingness to Invest in the Next 45-90 Days

## A New Start-Up Company



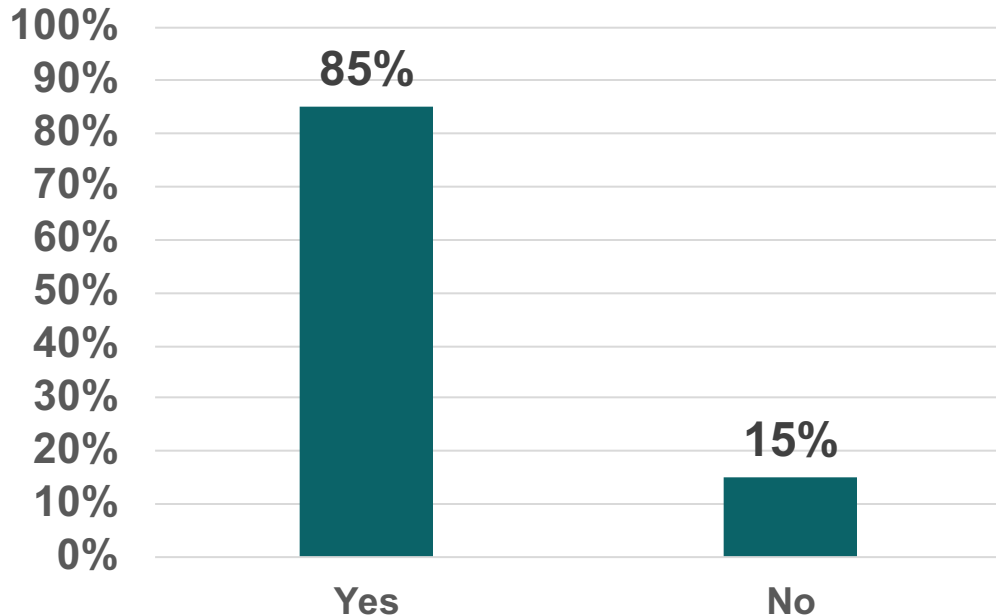
## An Existing Portfolio Company



- Majority of groups still want to invest in new companies and will definitely consider follow-on investing

# Portfolio Companies Reaching Out to Angel Groups

## Have portfolio companies reached out to angel group members?

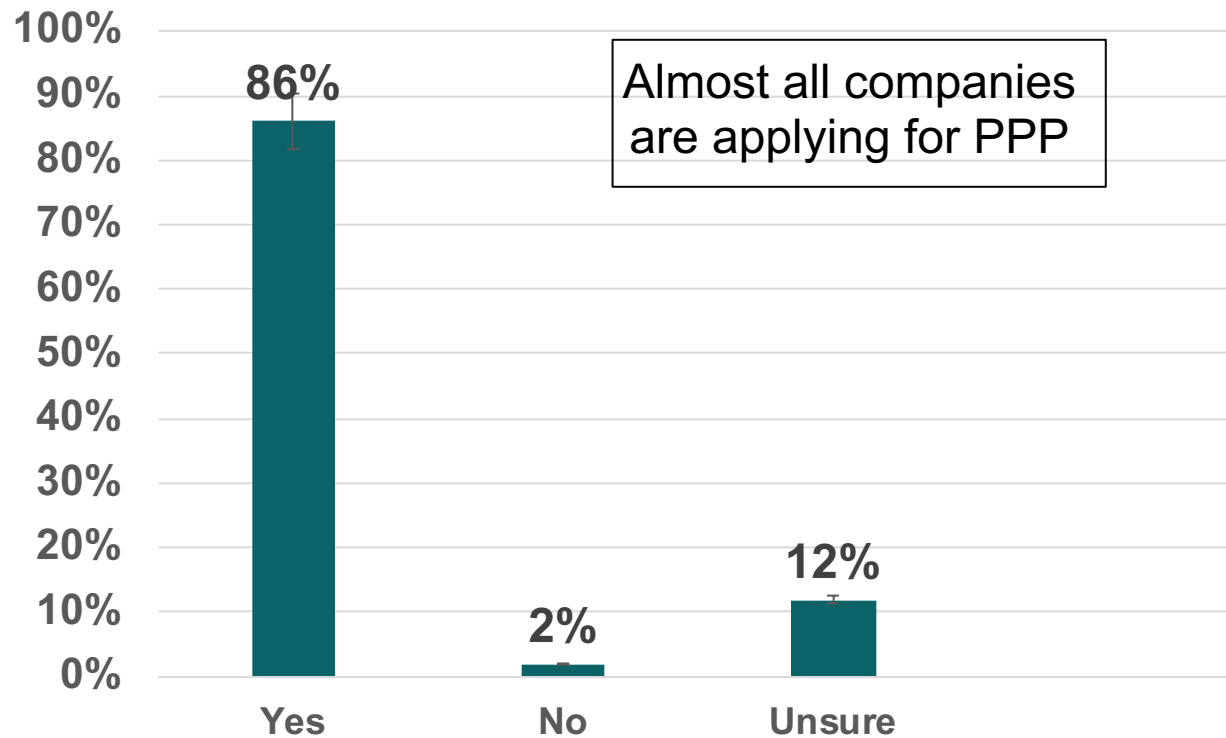


## The Top Five Requests (In Order)

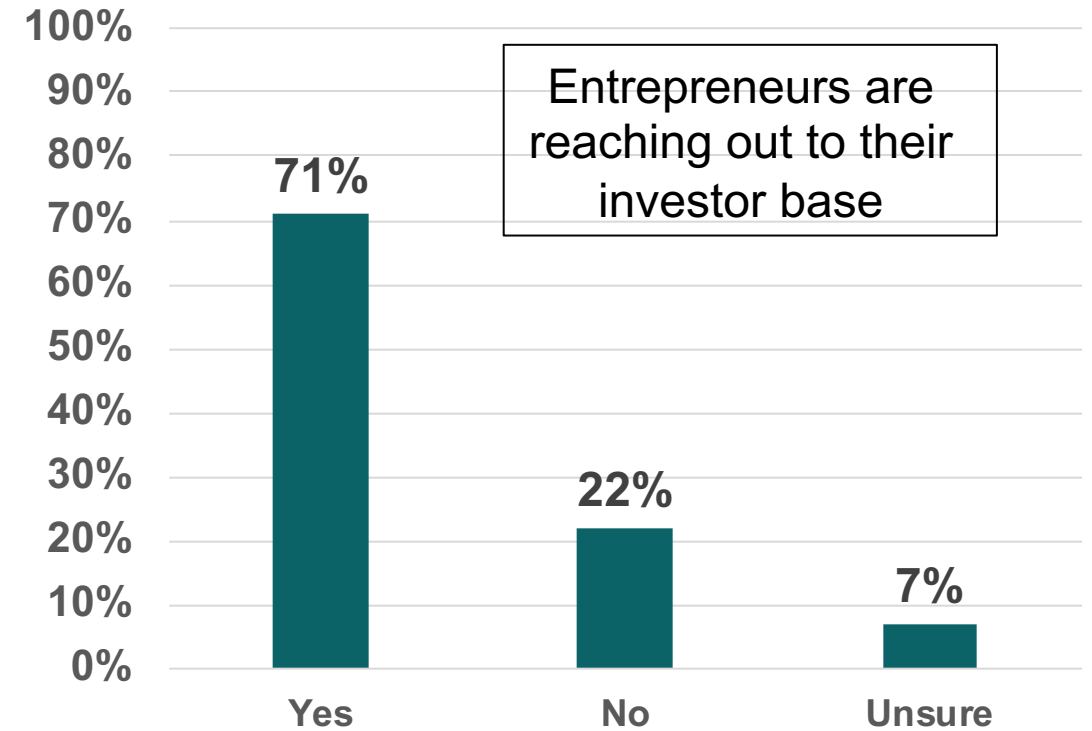
1. General mentorship and advice
2. Help with government funded programs (i.e. Paycheck Protection Program - PPP)
3. Advice on follow-on funding
4. Advice on reducing burn rates and cash flow analysis
5. Communication and frequency of messaging

# Portfolio Companies Are Adapting...Quickly (1 of 2)

## 1. Applied for CARES Act Funding

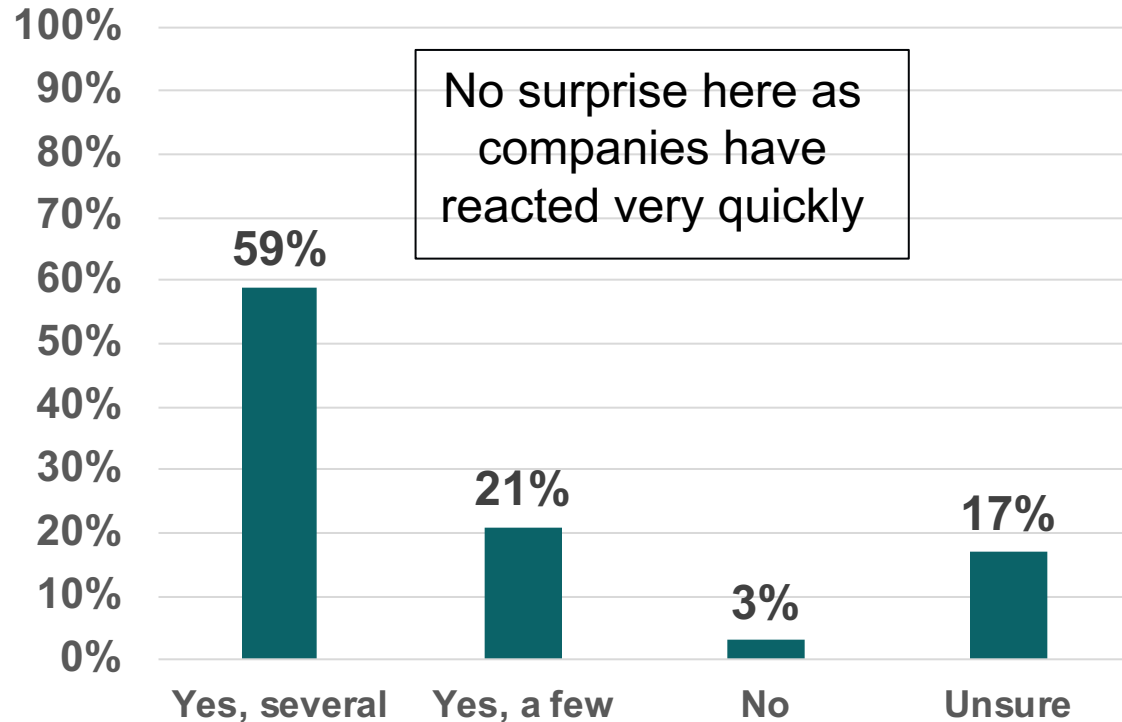


## 2. Reached Out for a Bridge Loan

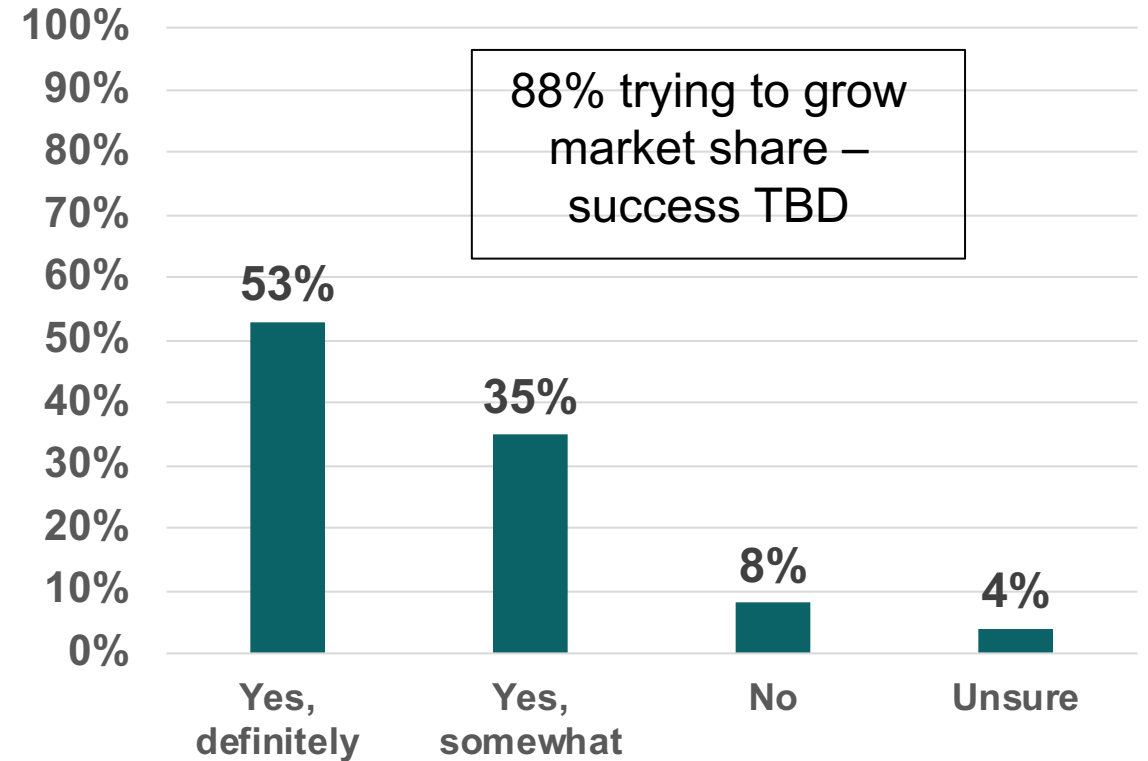


# Portfolio Companies Are Adapting...Quickly (2 of 2)

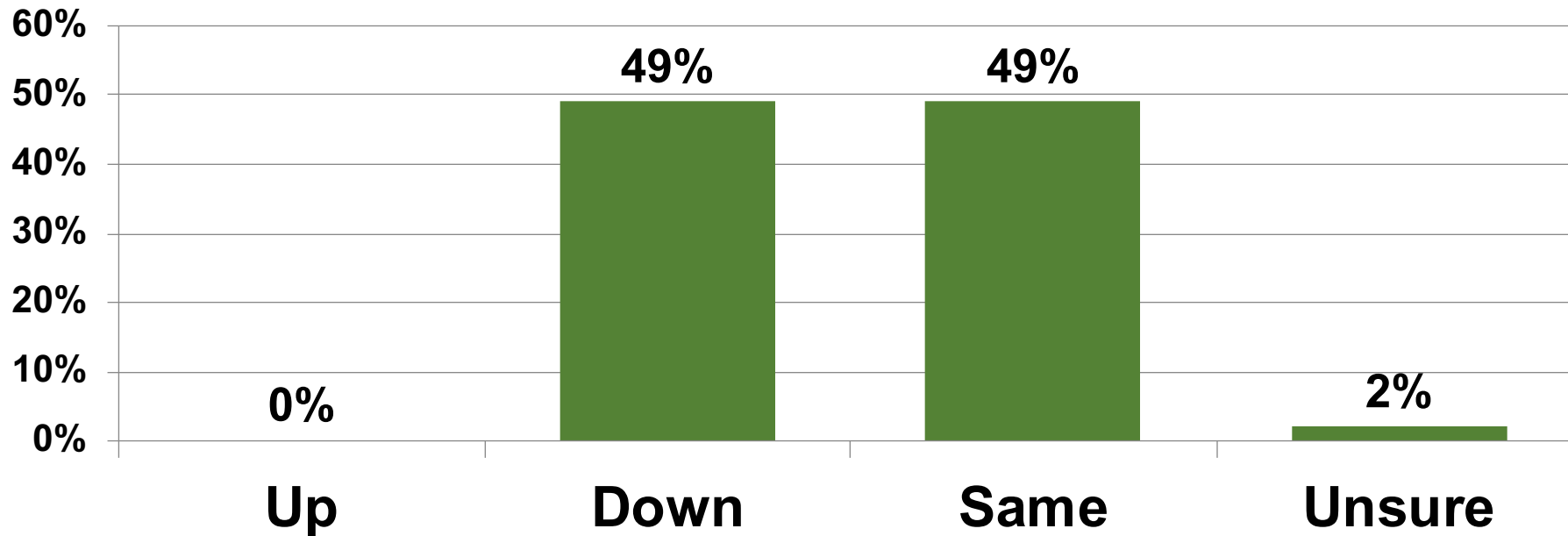
## 3. Let Go of Employees



## 4. Expanding Market Share



# Have You Seen a Change in Valuations Since This Crisis Began?

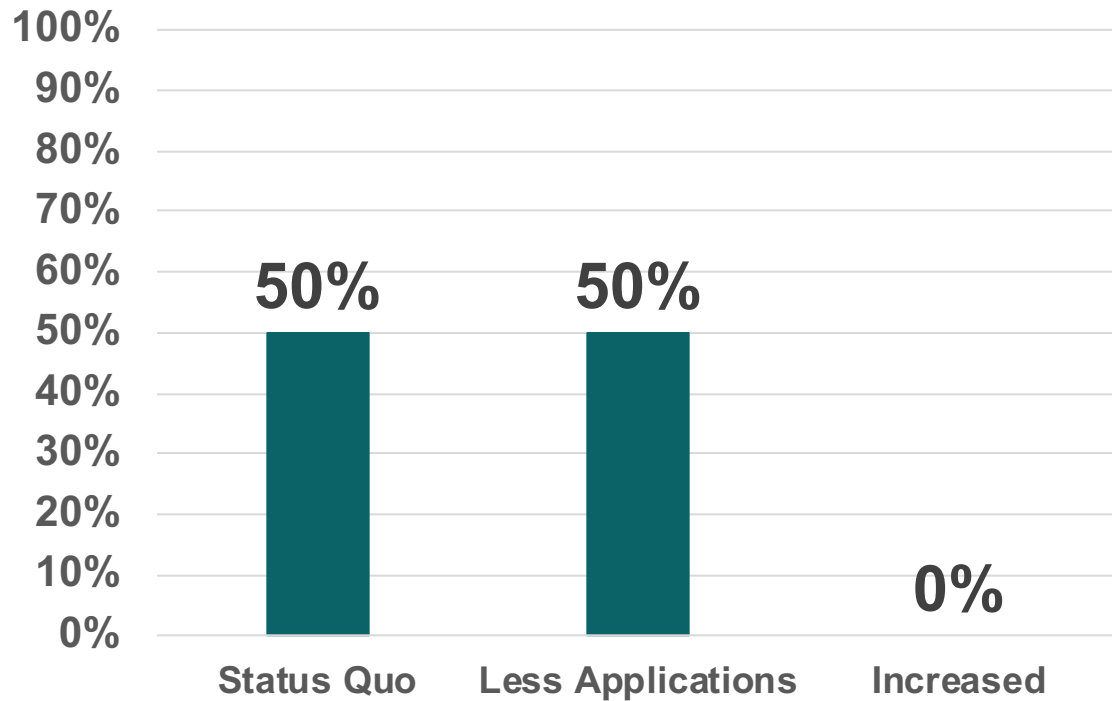


- Early valuations already look to be going down
- “Same” may also signal that it is too early to assess

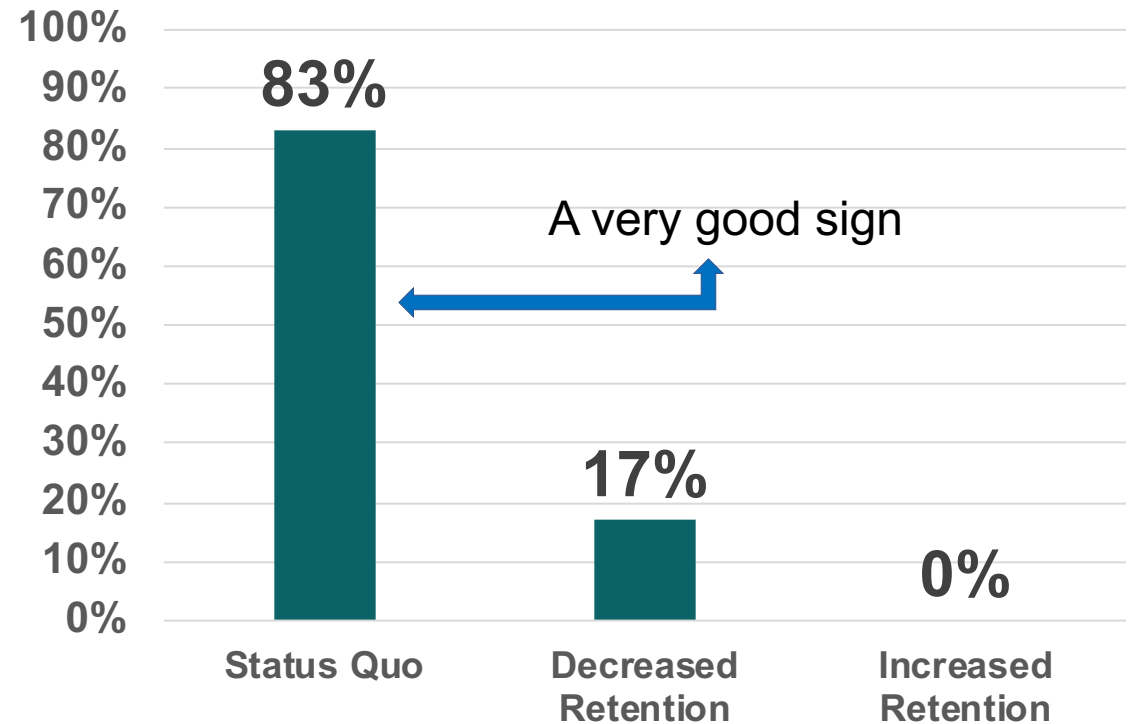


# Angel Groups Are Staying the Course (1 of 2)

## 1. Change in Member Recruitment

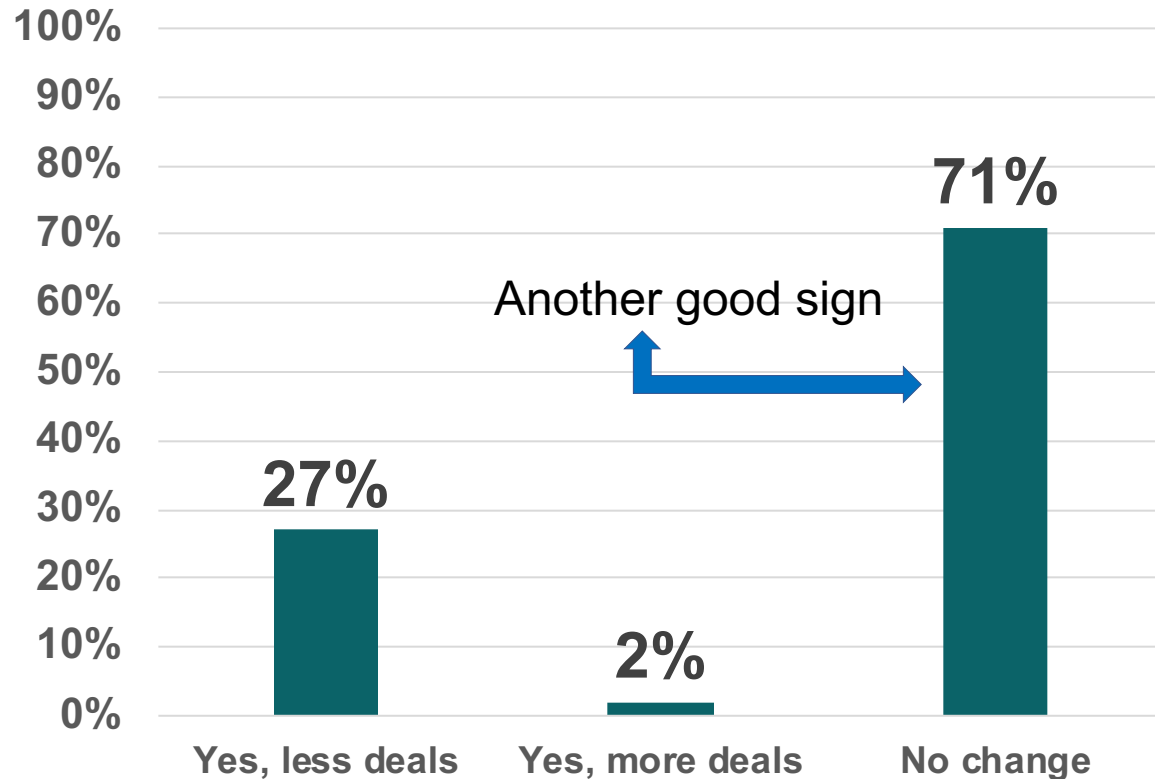


## 2. Member Retention

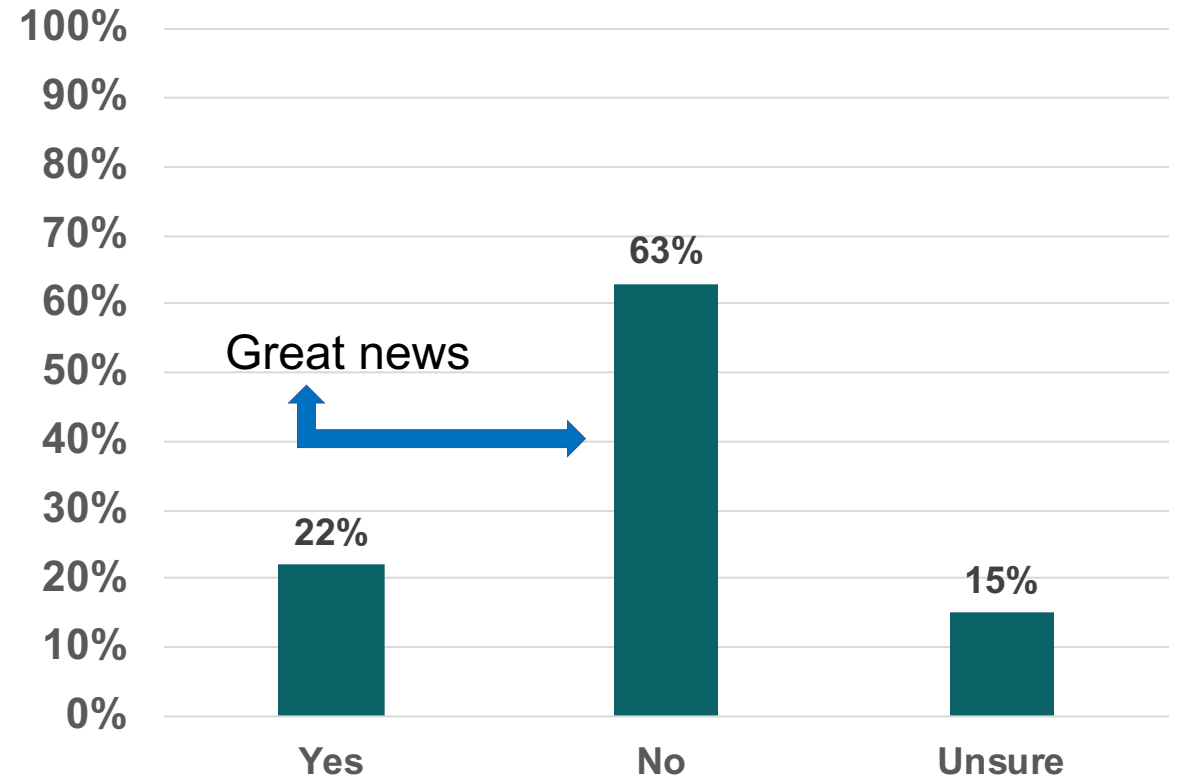


# Angel Groups Are Staying the Course (2 of 2)

## 3. Sentiment to Invest

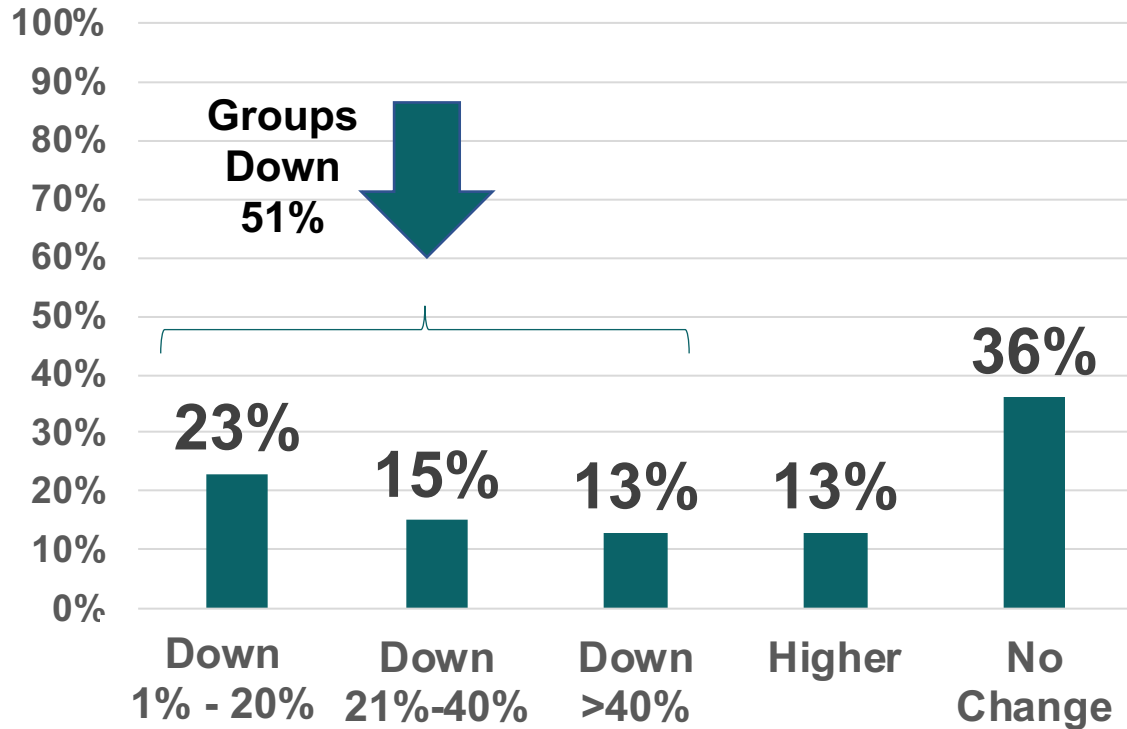


## 4. COVID-19 Threat to Group

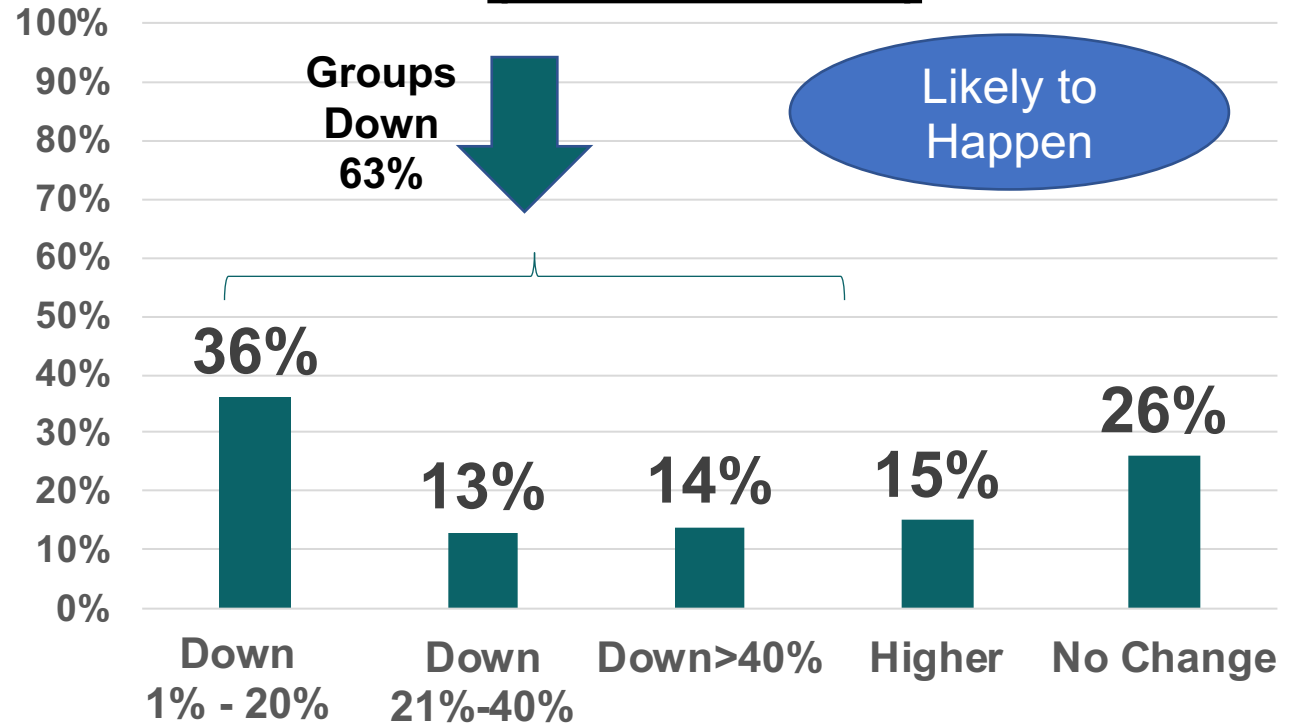


# Dollars Invested By Angel Groups Will Likely Decrease...

## Estimate of Dollars Invested Jan-April (2020 vs 2019)



## Estimate of Dollars Invested Total Year (2020 vs 2019)





# Thank You and Next Steps

- We are planning to release the ACA Angel Funders Report in late June
- The report will compare angel investing trends over the last three years
- It will also include for the first time data on exits and out of business
- The ACA is also planning on a broader release in the next few days of the COVID-19 pandemic survey and its immediate impact on angel investing and angel group interaction with portfolio companies

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