



2017 Annual Research Report

Michigan  
Angel Activity



RALPH C. WILSON, JR.  
FOUNDATION



# Introduction

This is the first “Michigan Angel Community” Annual Research Report. The Michigan Angel Community represents and serves all of Michigan’s angel investors and groups, and is a new initiative designed to help strengthen and accelerate entrepreneurial investment in the state. Michigan has a proud tradition of entrepreneurship, and the Michigan Angel Community (“MAC” or “Community”) intends to support its continued revival.

This initiative would not be possible without support and funding from the Ralph C. Wilson, Jr. Foundation. We would also like to thank all the angels and entrepreneurs that participated in this study and helped in producing this report.

The goal of this research is to uncover important metrics and trends in Michigan’s angel investment market and community. It is intended to provide a foundation, or launchpad, off which the Community can further collaborate, grow, and together achieve greater success as investors and contributors to Michigan’s economic prosperity. Data was collected in the first months of 2018 through surveys sent out to angels and entrepreneurs.

Among the key 2017 metrics compiled were:

- Total angel investment in MI in 2017
- # of companies receiving investment
- Investments by sector and geography
- # of angels investing
- Angels by group
- Investments by type

It should be noted that this report only reflects investments in Michigan technology companies, and does not include investment in other traditional, non-tech sectors like real estate, retail, professional services, or restaurants.

## Methodology

This study aimed to capture as much data on the relevant metrics as possible. To do that, we surveyed angel groups, individual angels investing independently, as well as companies. There were three different surveys, one for individual investors, one for angel groups, and one for companies. The surveys made requests for the following data:

### *Individual Investor Survey*

- Company name
- Month of investment
- Investment type
- Whether through an angel group
- Name of angel group (if any)
- # of angels investing from group (if any)
- Investment amount
- Other angel group affiliations (if any)

### Angel Group Survey

- Contact information
- Company name
- Month of investment
- Investment type
- New or follow-on investment
- Was group the lead
- Co-investors
- # from group participating
- Group investment amount
- Total round size

### Company Survey

- Contact information
- Company name
- Industry
- Total funding received in 2017
- Angel funding received in 2017
- % of angel funding from outside MI
- Investment type
- New or follow-on investment
- # of FTEs of company
- # of female FTEs
- # of minority FTEs

One of the main challenges in conducting this research was in identifying all the companies receiving angel investment in 2017. This is difficult given the private nature of angel investing, particularly for investments made by independent angels outside of a group. Therefore, a significant portion of the companies receiving investment were discovered through the angel group surveys, as expected. However, extensive research was done in attempts to identify other independent investors and companies receiving non-group investments as well. And many of these were in fact identified. We believe there are likely many others of which we're still not aware, but that we'll gradually improve each year as research continues, and awareness of and participation in the study grows.

## Summary of Findings

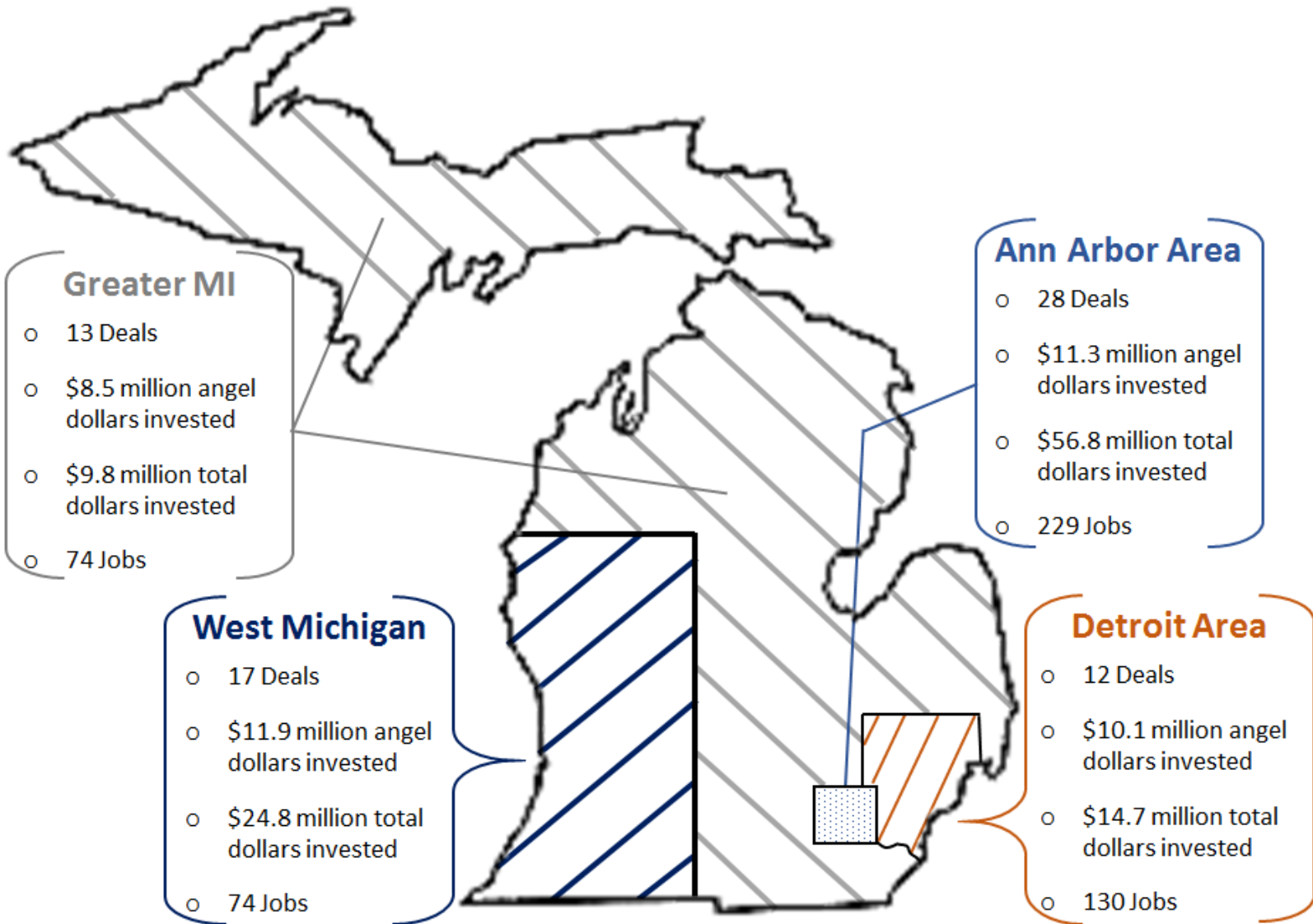
Here is a summary view of the study findings:

Overall Findings for 2017	
<b>Angel Funding in Michigan Companies</b>	\$41,861,475
<b>Total Funding in MI Companies (<i>in same rounds</i>) *</b>	\$106,060,349
<b># of Companies Receiving Funding</b>	70
<b><i>Women Owned</i></b>	10
<b><i>Minority Owned</i></b>	4
<b># of Jobs at Investee Companies</b>	507
<b># of Angels Investing</b>	797
<b>Median \$'s Invested Per Angel</b>	\$55,476

\* Figures do not include grants or bank loans. May include venture and strategic funding.

The following pages provide a more detailed picture of 2017 angel investment in Michigan.

# There was a good distribution of angel deals and dollars throughout the state



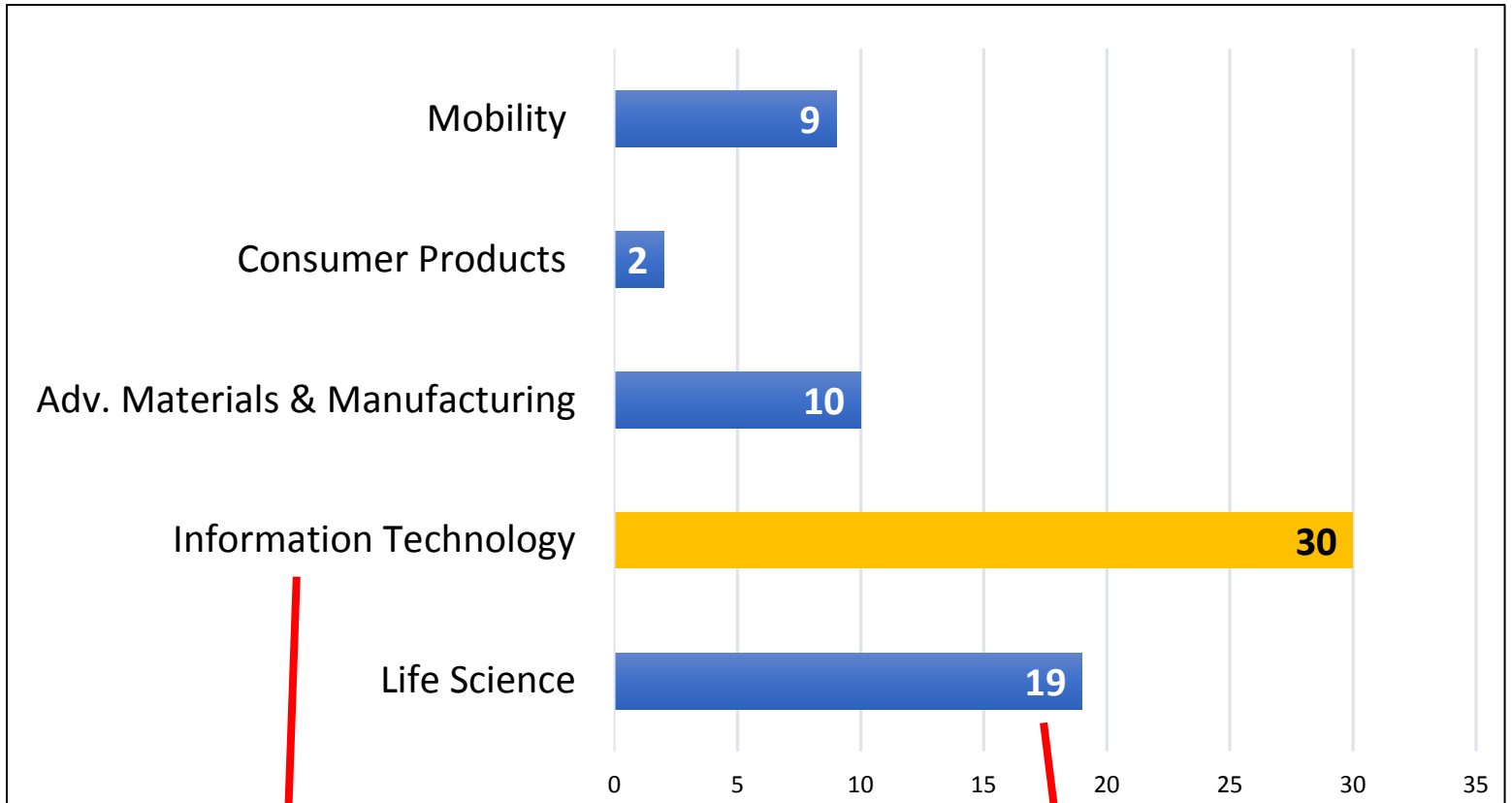
Statewide

**\$42 M**  
Angel Dollars  
Invested

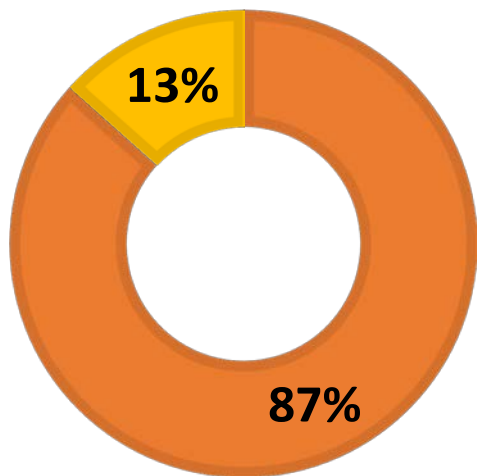
**70**  
MI Companies  
Funded

**\$106 M**  
Total Dollars  
Invested

# IT led all sectors with angel investments in 30 companies

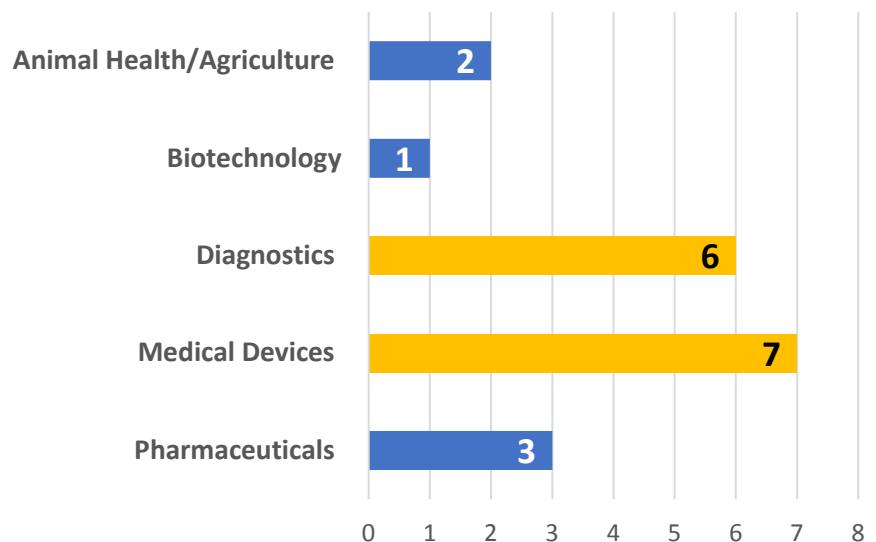


As expected in IT, software dwarfed hardware deals

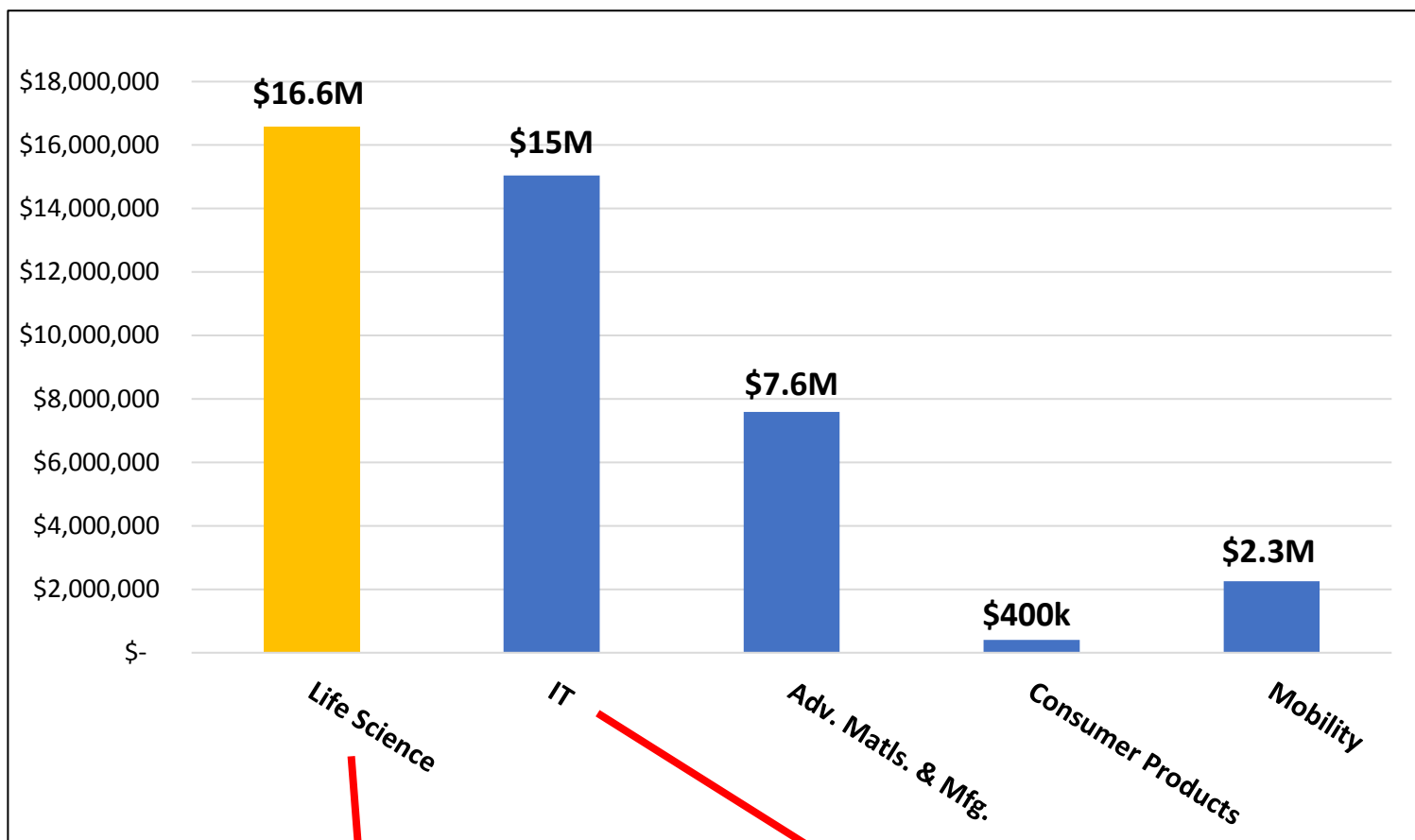


Software Hardware

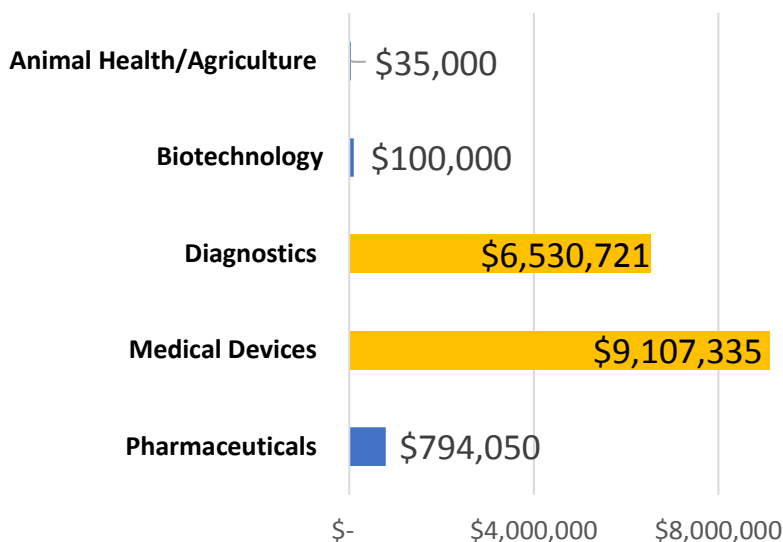
Devices & Diagnostics led all life science sectors



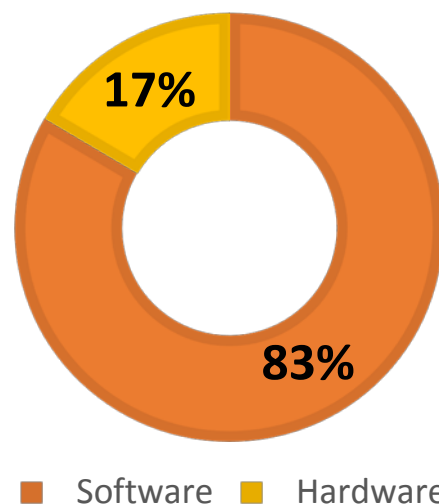
# However, life science surpassed IT in angel dollars invested



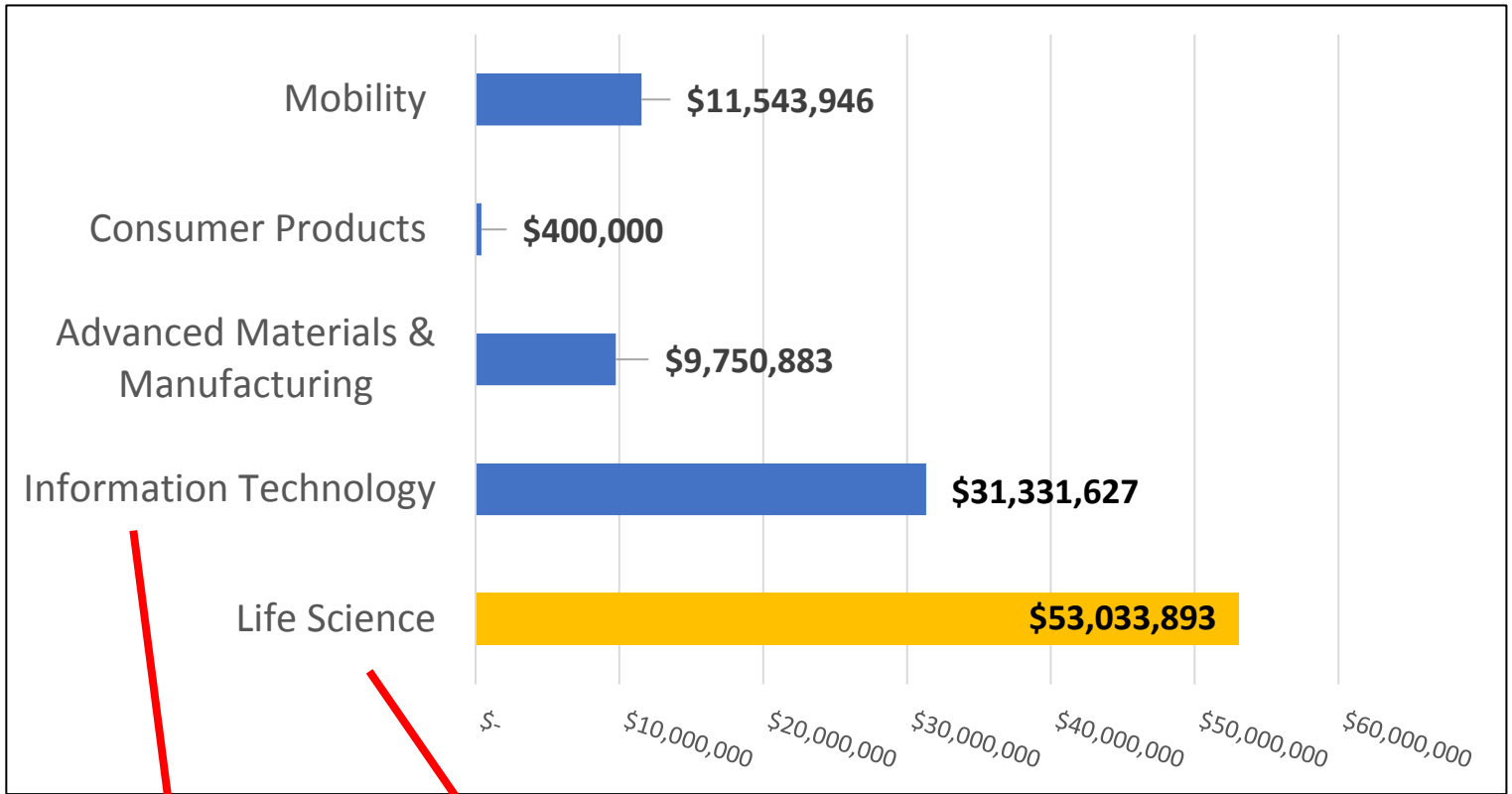
**Devices & Diagnostics dominated all life science sectors**



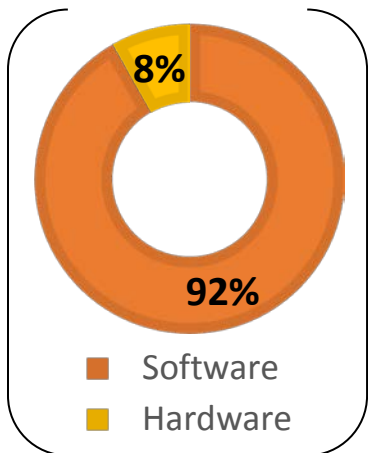
**Again, software trumped hardware in dollars invested**



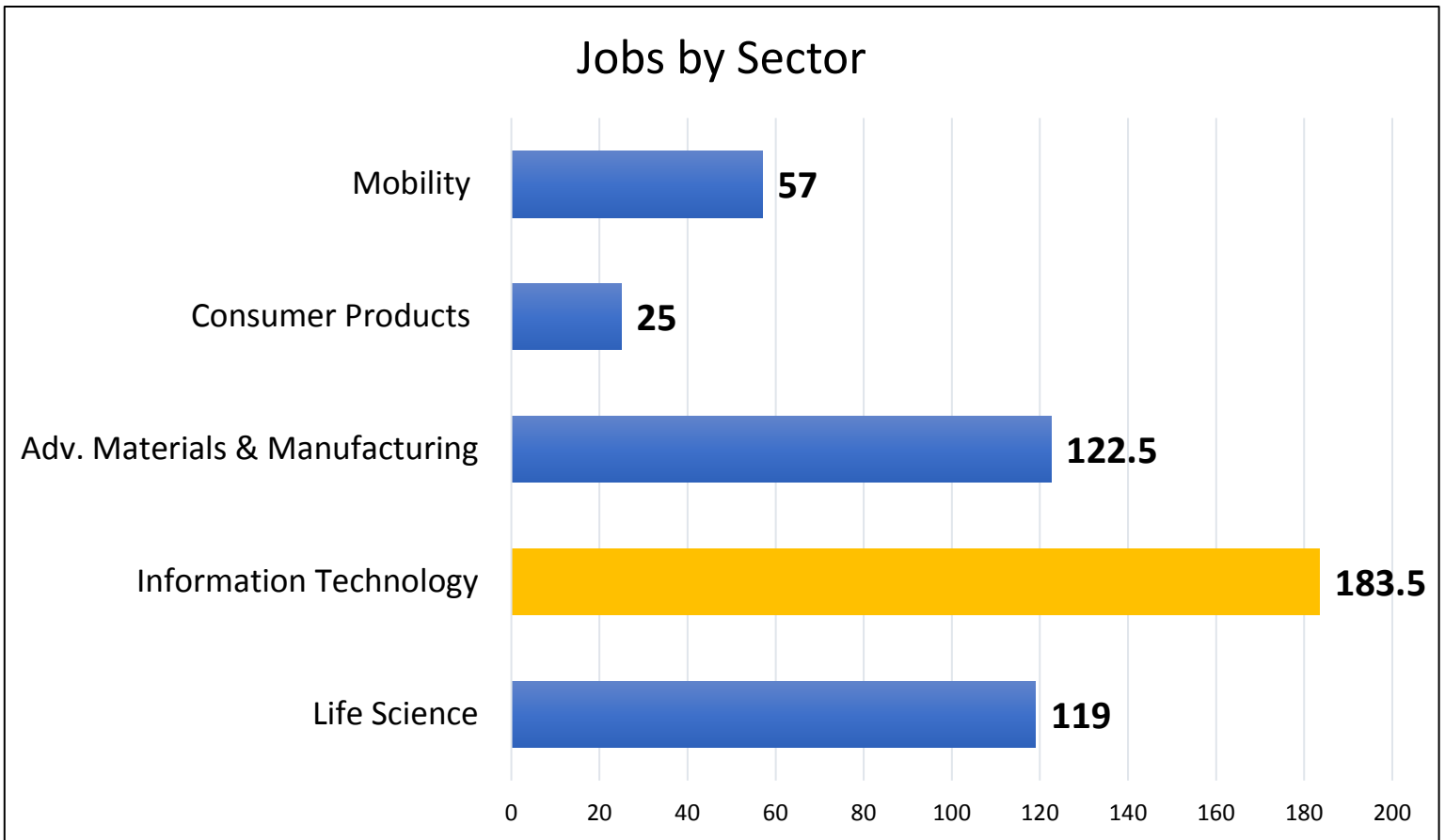
# Life science also exceeded IT in total dollars invested



## Devices & Diagnostics led in total dollars as well



# IT led in statewide jobs with 183.5



**507**

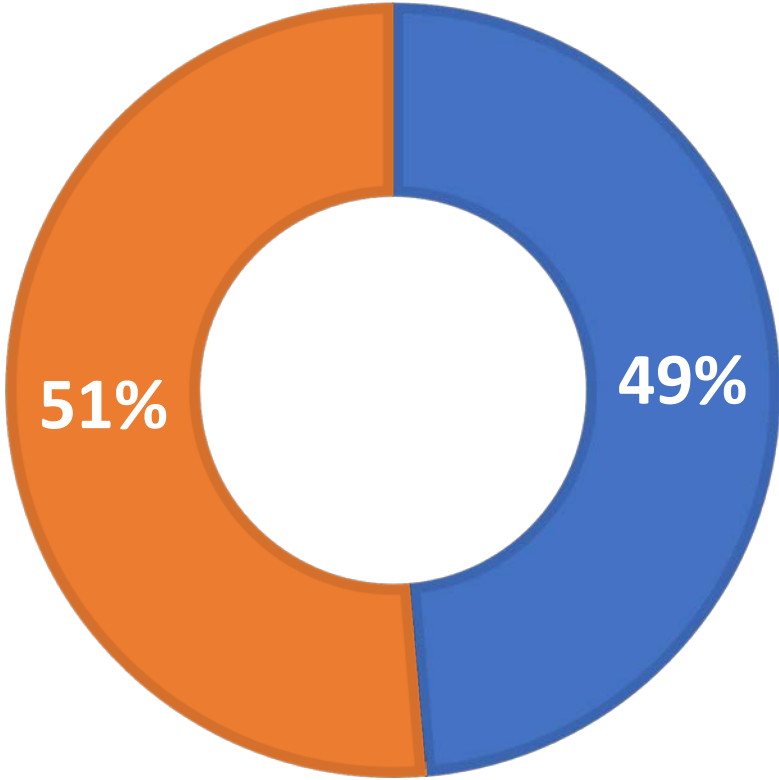
**High Paying  
Jobs Total\***

Angels help seed local economies for growth, diversification, and talent retention & attraction

\*That's an average of 7 jobs per investee company, all early stage, with high job-growth potential.



# There was nearly an even split between convertible note and preferred stock investment



■ Convertible Note    ■ Preferred Stock

This ratio is consistent with the Midwest as a whole. The Angel Resource Institute’s [2016 Halo Report](#) showed that Midwest angels invested 51% in preferred stock and 49% in convertible notes (and other debt structures like SAFE notes). By comparison, California angels invested only 36% in preferred stock versus 64% in convertible notes and other debt structures.

# There were 797 angels that invested in MI companies in 2017!

As we continue to research the Michigan angel market over the next several years, we intend to learn more about the members of the Michigan Angel Community, including our geographic and demographic distribution and our investment profiles. In the meantime, we are at least familiar with the most publicly well-known angel groups in the state and their respective membership numbers, as seen below.

Angel Group	# in Group
Ann Arbor Angels	11
Belle Michigan	29
Blue Water Angels	44
Capital Community	19
Grand Angels	62
Great Lakes Angels	12
Innovation Shore Angels	20
Kalamazoo Angels	15
Michigan Angel Fund	120
Muskegon Angels	25
Northern Michigan Angels	34
<b>Total</b>	<b>391</b>

Please reach out to us directly if you're a member of this great Community, so we can learn more about you, as well as add you to our mailing list and include your information in the future (at your discretion).

Contact Mike Flanagan, who was the Principal Researcher of this Annual Report, and a Vice President at SPARK: [mike@annarborusa.org](mailto:mike@annarborusa.org); 734-679-6370. Thank you!