

EIF Business Angels Survey 2019

Market sentiment, public intervention
and EIF's value added

Helmut Kraemer-Eis ■

Antonia Botsari ■

Julien Brault ■

Frank Lang ■



Helmut Kraemer-Eis heads EIF's Research & Market Analysis division.

Contact: h.kraemer-eis@eif.org

Tel.: +352 248581 394



Antonia Botsari is Research Officer in EIF's Research & Market Analysis division.

Contact: a.botsari@eif.org

Tel.: +352 248581 546



Julien Brault is Research Officer in EIF's Research & Market Analysis division.

Contact: j.brault@eif.org

Tel.: +352 248581 611



Frank Lang is Senior Manager in EIF's Research & Market Analysis division.

Contact: f.lang@eif.org

Tel.: +352 248581 278

Editor:

Helmut Kraemer-Eis,
Head of EIF's Research & Market Analysis, Chief Economist

Contact:

European Investment Fund
37B, avenue J.F. Kennedy, L-2968 Luxembourg
Tel.: +352 248581 394
http://www.eif.org/news_centre/research/index.htm
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Executive summary¹

This study presents the results of the first *EIF Business Angels Survey* (also *EIF BA Survey*),² a survey among Business Angels (BAs) who benefited from the European Angels Fund (EAF), i.e. an initiative that is advised by the EIF and provides equity to BAs for the financing of innovative companies in the form of co-investments.³ Due to the eligibility criteria and the EIF's selection process, this population represents a specific sub-segment, mostly composed of experienced BAs which invest higher amounts per funding round than reported industry averages,⁴ and does not therefore represent the overall BA market.

The *EIF BA Survey 2019* consisted of questions covering five main topics:

- The main characteristics of the BAs, in terms of human capital and investment activities
- The market sentiment of BAs,
- The role of the public sector,
- The added value of EIF activities under the European Angels Fund (EAF),
- ESG (Environmental, Social, Governance) considerations in BA investment decisions and impact investing.

This EIF Working Paper summarises the findings of the first four points, mentioned above, while the fifth topic, i.e. ESG considerations, will be part of a separate EIF Working Paper. The study provides a detailed overview of the respondents' state of business and market activity as well as their general perception of the European BA market and the required public intervention. In doing so, we look at the current situation, developments in the recent past and expectations for the future. Furthermore, the study provides detailed insights into the BAs' perception of the value added of the EIF activities under the EAF, including its impact on the BAs' investment strategy, the dealflow, network and reputation, as well as the overall EAF added value.

Sample and characteristics of the BAs

Overview of the sample

- More than half of the surveyed BAs come from **Germany**, the first country in which an EAF compartment was set up. Given this, Germany is also reported to be the **most important target country for BA investments**.
- Most of the surveyed BAs received **EAF support in 2017 and 2018**.
- The BA investments focus mostly on **seed and early stages**, mainly in the **ICT and Services** sectors.
- The surveyed BAs are also active in relatively **newer, technology-related sectors** such as Artificial Intelligence/Machine Learning, Digital Health, Fintech and Deep Technology.

¹ We would like to thank the anonymous respondents to the survey. Without their support and valuable replies this project would not have been possible. This paper benefited from comments and inputs by many EIF colleagues, for which we are very grateful; we would like to express particular thanks to Oscar Farres. We would also like to thank colleagues from the Trier University for their support. All errors are of the authors.

² The launch of the *EIF BA Survey* followed the successful implementation of the *EIF VC Survey*. The results are also published in the EIF Working Paper series, which is available at http://www.eif.org/news_centre/research/index.htm

³ See **Box 1** in the Introduction for more information about the European Angels Fund.

⁴ EBAN Statistics Compendium 2017.

Socio-economic characteristics and experience of the BAs

- Most BAs are between **45 and 54 years old**.
- The vast majority hold a **PhD, MBA or other master qualification**, mainly in **business/economics or STEM**.
- Aside from BA investing, most BAs have gained **prior industry experience in a technology/engineering-focused firm**.
- 9 in 10 BAs have **created their own venture in the past**.
- 4 in 10 BAs are **currently entrepreneurs/owners** in either a start-up or an established company.
- A large majority have **held a higher management (C-level) position** in an established company.
- Surveyed BAs have, on average, **12 years of experience in BA investing** and have invested, on average, in **19 companies in total**.

Investment characteristics of the BA activities: volumes, criteria and financing

- Regarding the volume of the BA activities, the **total amounts invested** (including commitments from the EAF or other parties) are typically between EUR 1m and EUR 8m. When considering funds coming from the **BAs' own wealth**, 60% of all BAs invest up to EUR 3m of their own money. The typical BA dedicates from **11 to 25% of their wealth to BA activities**.
- The BAs' **most important investment selection criterion is the quality of the management team**.
- Common and preferred equity as well as convertible loans are the most frequently mentioned **financial instruments used to finance BA investee companies**.
- Most BAs **do not invest or plan to invest in companies found through crowdfunding platforms**. They do not use crowdfunding as an additional fundraising instrument either, but might consider it in the future.

Market sentiment

Business environment and challenges

- The current **business environment** is perceived positive. The outlook for the next 12 months is stable.⁵
- The **biggest challenges in BA activity** are the lack of high-quality entrepreneurs and the high investee company valuations.
- Recruiting high-quality professionals and securing financing are the **biggest challenges faced by portfolio companies**.

⁵ For several questions, we report BAs' responses regarding their expectations for the next 12 months. In this context, it needs to be taken into consideration that the survey was conducted between 28 March and 10 May 2019.

Investments, portfolio development, exits and access to finance

- **Investment proposals received** as well as **new investments undertaken** have both increased in the last 12 months and are expected to remain stable in the future.
- **Portfolio development** during the last year has been (at least) in line with expectations; with further improvement widely expected in the next 12 months.
- **Exits** are dominated by trade sales to strategic buyers. Exit opportunities are expected to improve in the next 12 months.
- Fewer than half of the BAs perceive the **access to external finance for portfolio companies** to be good, while another 42% rate it as just average. On balance, the situation is not expected to improve in the near future.

Co-investors

- BAs find it **easier to co-invest with their peers** as opposed to co-investing with VCs or Corporates. However, 1 in 5 BAs expects co-investing with VCs to become easier in the next 12 months.
- Other BAs are the preferred co-investors for initial financing rounds, while VCs top the league for follow-on rounds.
- In general, **most respondents are not part of a stable BA syndicate**.

Developing into a VC fund manager

- 1 in 3 BAs would indeed **consider becoming a VC fund manager in the next five years**, while 23% are still undecided. The non-negligible percentage of BAs who would develop into VC fund managers suggests that supporting BAs can also foster the development of the European VC ecosystem.
- 7 in 10 BAs would at least **consider changing their investment stage focus** if they would become VCs.
- These would-be-VCs would most likely **move to a more matured stage** compared to their current investment focus.

Role of the public sector

- The **availability of government programs for BAs** is perceived more positively at the European level. In the case of the EAF, the respondents' distinction might refer to the visibility of the implementing players rather than to the funding organisation, as national compartments are typically co-funded by the European, national and sometimes regional level.
- Supply-side support, by providing financial or other support through BAs, support for scaling up start-ups into bigger firms and contributing to improved exit options are the top three **areas in which public intervention is mostly needed**.
- Among the **elements of the ecosystem helpful for BA investing** that are particularly underdeveloped, the issue raised most prominently is the introduction of more favourable tax systems for BAs. The second most underdeveloped element is the presence of VC funds for follow-on rounds.

- **Tax and regulatory incentives** should be given to make BA investing a more attractive activity.
- BAs call for **more harmonisation and greater simplification** of tax systems and other regulations across the EU.

Added value of the EIF activities under the European Angels Funds (EAF)

EAF's impact on the BAs' investment strategy

- Thanks to EAF, most BAs **increased their investments** in terms of both amounts and number of companies invested in. At the same time, the EAF does not crowd out their personal contribution to BA investments.
- Although cross-border investments are limited by EAF's mandate requirements under national compartments, a significant percentage of the BAs either increased their **cross-border activities** or expect this to happen in the future.

EAF's impact on the BAs' dealflow, network and reputation

- The EAF enables BAs to increase both their **reputation** among investees and their **network**.
- However, BAs are rather undecided if the EAF should more actively contribute to making their BA activities visible.

Overall EAF added value, process and procedures

- 3 in 4 BAs perceive the **EAF's overall added value** to be high or very high.
- The vast majority of the respondents would work again with the EAF.
- Most respondents report the EAF procedures to be appropriate, transparent and clear.

The insights from the *EIF BA Survey* will help to further improve EIF's product offer and the European BA ecosystem in line with markets' needs. Moreover, the project forms part of EIF's work to assess the impact of its activities and complements the recent and ongoing quantitative analyses of the **economic effects of EIF's VC operations**. It is envisaged to repeat this study on (at least) an annual basis. Moreover, based on this survey, a **Business Angels market sentiment index** (barometer) is in development and will provide the possibility to track the BA market sentiment over time. By improving the availability of information about this important market segment, this project contributes to the development of a sustainable ecosystem for BA investment in Europe in order to facilitate access to finance for young, innovative, high-growth SMEs – an important objective of the EIF.

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1 Introduction

Business Angels (BAs) are an important financing source for start-up and young companies to achieve growth and create value. The relevance of Business Angels financing, not only for young and innovative companies, but also for the economy as a whole, is very high.

The European Investment Fund (EIF) is a specialist provider of risk finance to benefit small and medium-sized enterprises (SMEs) across Europe. By developing and offering targeted financial products to its intermediaries (such as banks, guarantee and leasing companies, micro-credit providers and private equity funds), the EIF enhances SMEs' access to finance. The EIF is a leading institution in the European Business Angels market, focusing on the establishment of a sustainable BA ecosystem in Europe in order to support innovation and entrepreneurship.

The EIF works with Business Angels, which act as intermediaries and invest into innovative high-tech SMEs in their early and growth phases. The particular focus is on disruptive early-stage technology enterprises that typically face financing challenges but also provide outstanding investment opportunities.

EIF's Research & Market Analysis (RMA) supports EIF's strategic decision-making, product development and mandate management processes through applied research, market analyses and impact assessments. In order to facilitate EIF's activities in the European BA landscape and to provide additional benefit for market participants, RMA aims at gathering and providing relevant information that can shed more light on this important but still relatively opaque part of the SME financing market. This EIF Working Paper forms part of that exercise.

This paper presents the results of the first *EIF Business Angels Survey* (also *EIF BA Survey*), a survey among European Business Angels who benefited from the European Angels Fund (EAF), i.e. an initiative that is advised by the EIF and provides equity to BAs for the financing of innovative companies in the form of co-investments (see [Box 1](#) for more information on the EAF).

Box 1: The European Angels Fund (EAF)

The European Angels Fund (EAF) is an initiative advised by the EIF, which provides equity to Business Angels (BAs) in Europe for the financing of innovative companies in the form of co-investments. EAF works hand-in-hand with BAs and helps them to double their investment capacity by co-investing into innovative companies in the seed, early or growth stage. The activity of the EAF is adapted to the Business Angels' investment style by granting the highest degree of freedom in terms of decision-making and management of investments. Since the launch of the German compartment in 2012, the EAF has expanded to nine European countries and includes a new pan-European compartment for cross-border strategies with total assets under management of c. EUR 700m.⁶ As at the date of publication of this paper, the EAF has on-boarded 100+ BAs across eight countries and the portfolio has reached c. 600 companies. The EAF is proactively connecting its community of BAs from different ecosystems in Europe in order to share best practices and investment opportunities through an on-line platform and dedicated events. See https://www.eif.org/what_we_do/equity/eaf/index.htm for more information about the EAF.

⁶ An EAF compartment exists for Austria, Denmark, Finland, Germany, Ireland, Italy, Netherlands, Spain, and, since recently, for the Belgian region of Flanders. A pan-European compartment was set up at the end of 2018. At the time the survey was conducted, the EAF was not active in Italy and Flanders, and no BA was supported under the pan-European compartment. Hence, this study does not cover BAs supported under these three compartments.

Due to the EAF eligibility criteria and the EIF's selection process, the survey population represents a specific sub-segment, mostly composed of experienced BAs which invest higher amounts per funding round than reported industry averages, and does not therefore represent the overall BA market. See Chapter 2 for a more detailed overview of the population and the respondents.

The *EIF BA Survey 2019* consisted of questions covering five main topics:

- The main characteristics of the BAs, in terms of *human capital and investment activities*
- The market sentiment of BAs,
- The role of the public sector,
- The added value of EIF activities under the European Angels Fund (EAF), as well as
- ESG (Environmental, Social, Governance) considerations in BA investment decisions and impact investing.

This EIF Working Paper summarises the findings of the first four points, mentioned above, while the fifth topic, i.e. ESG considerations, will be part of a separate EIF Working Paper.

The study provides a detailed overview of the respondents' state of business and market activity as well as their general perception of the European BA market. In doing so, we look at the current situation, developments in the recent past and expectations for the future.

Furthermore, the study provides detailed insights into the BAs' perception of the value added of the EIF activities under the EAF, including its impact on the BAs' investment strategy, the dealflow, network and reputation, as well as the overall EAF added value. In this respect, the *EIF BA Survey* project forms part of the greater RMA work to assess the impact of the EIF's activities and complements the recent and ongoing quantitative analyses of the economic effects of the EIF's VC operations.⁷

The results of the *EIF BA Survey* are intended to feed into the internal consultations and to directly contribute to the improvement of the EIF's products and processes in line with market needs. As the *EIF BA Survey* is going to be repeated on a regular basis, up-to-date information about this important market segment will be available to both the EIF and its stakeholders. This will help support the development of a sustainable ecosystem for BA investment in Europe in order to facilitate access to finance for young, innovative, high-growth SMEs – an important objective of the EIF.

⁷ In this context, five studies have been presented so far. See for details Vol I to V of the series "The European venture capital landscape: an EIF perspective"; available at http://www.eif.org/news_centre/research/index.htm. Several studies related to the effects of EIF-managed EU loan guarantee schemes for SMEs have also been published; see Brault, J. and S. Signore (2019), The real effects of EU loan guarantee schemes for SMEs: A pan-European assessment, EIF Working Paper 2019/56, EIF Research & Market Analysis, available at https://www.eif.org/news_centre/publications/EIF_Working_Paper_2019_56.htm, for the latest issue. Similar work related to BAs, i.e. the EIF's activities under the EAF, is currently under way.

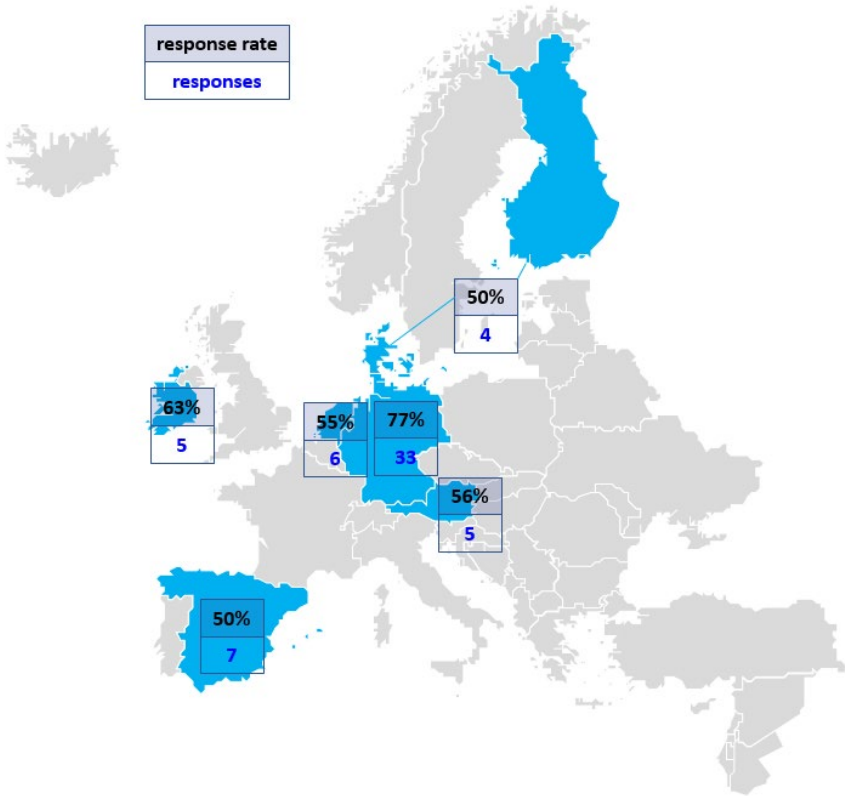
2 Overview of the sample and characteristics of the BAs

2.1 Overview of the sample

The *EIF BA Survey* was conducted between 28 March and 10 May 2019. The target population consisted of the BAs who benefited from the European Angels Fund (EAF), an initiative that is advised by the EIF and provides equity to BAs for the financing of innovative companies in the form of co-investments. The email invitation to participate in the online survey was therefore sent to the 93 BAs supported under the EAF compartments for Austria, Denmark, Finland, Germany, Ireland, Spain and the Netherlands.

We received, on an anonymous basis, 60 completed responses, which translates into a response rate of 65%. As Germany is the first country in which an EAF compartment was set up, it is not surprising that more than half of the responses come from BAs in that country (N=33, implying a response rate of 77% of the German EAF-supported target population), see [Figure 1](#). Next in line are Spain (N=7, 50% response rate), the Netherlands (N=6, 55% response rate), Austria and Ireland (5 responses each, response rates of 56% and 63%, respectively), and finally Denmark and Finland (4 responses for the two countries together, 50% response rate).⁸

Figure 1: Number of responses and response rates by EAF compartment

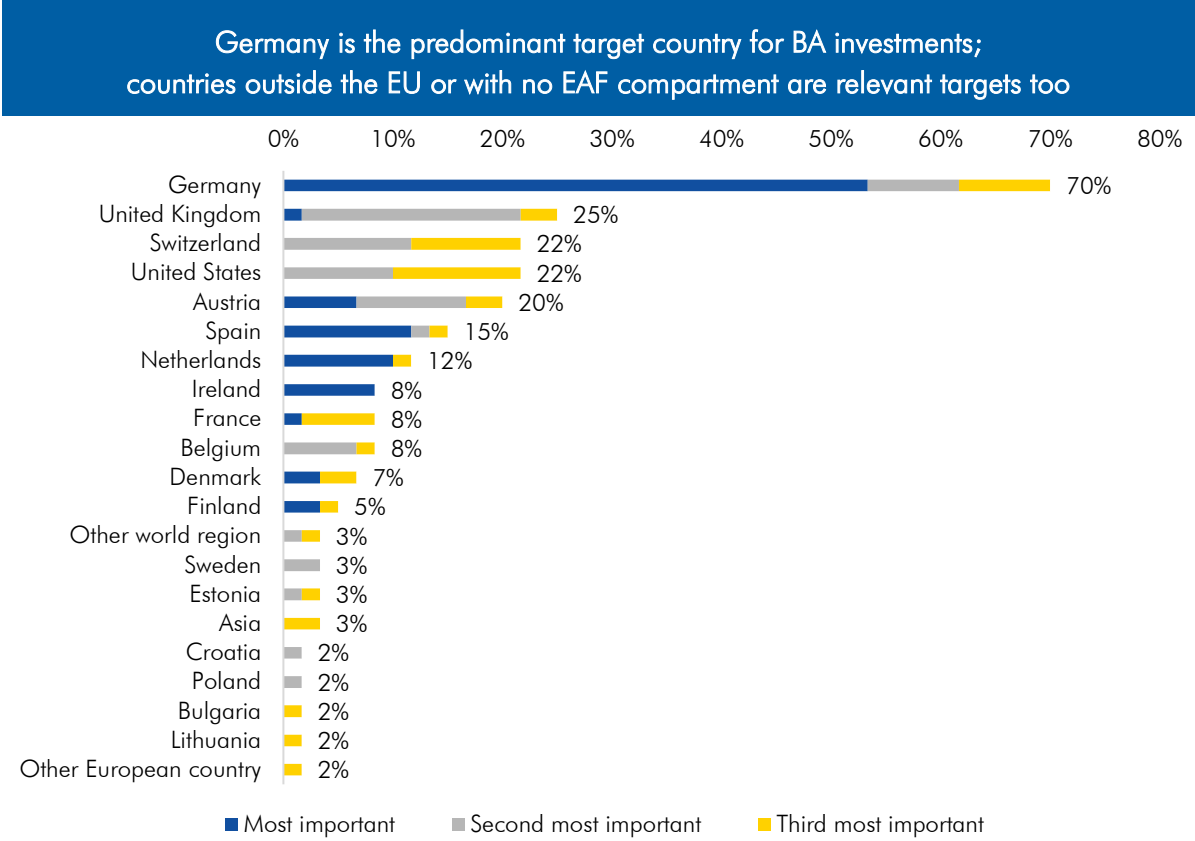


Q. Under which compartment of the European Angels Fund (EAF) have you been supported?

⁸ In order to reduce the possibility to identify respondents, Denmark and Finland were grouped together in the response options of the survey question "Under which compartment of the European Angels Fund (EAF) have you been supported?", as the number of EAF-supported BAs in these countries was relatively low at the time when the sample was compiled.

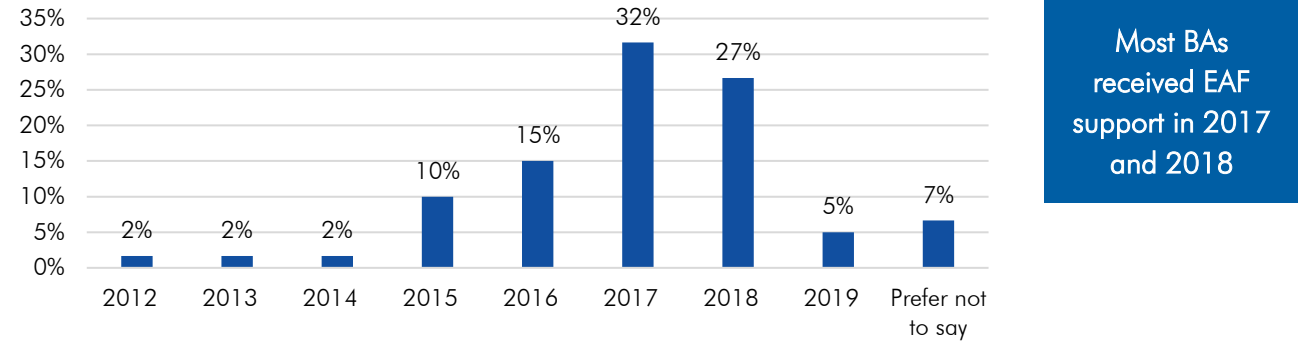
The countries mentioned as *the* most important target countries for BA investments reflect the EAF compartments under which the BAs have been supported, hence Germany being largely ahead, followed by Spain. When also taking into account each BA's second and third most important investment target country, geographies outside the existing EAF compartments rank high as well, in particular the UK, Switzerland and the US (Figure 2).⁹ The period of EAF financing spans from 2012 to 2019, although most respondents were supported in 2017 and 2018 (Figure 3).

Figure 2: Most important target countries for BA investments



Q. Select up to three of the most important countries in which you invest as a BA, in order of importance.

Figure 3: Year of EAF support

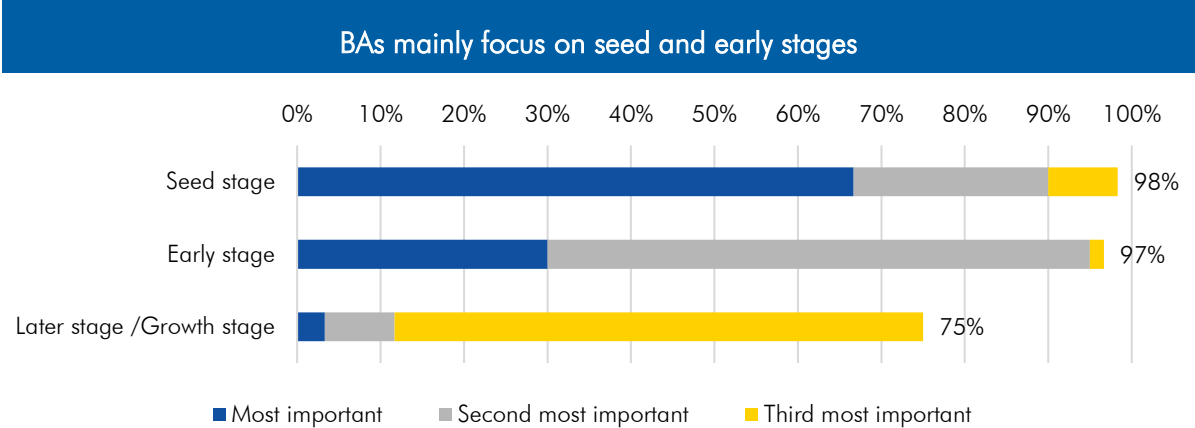


Q. In which year were you supported under the European Angels Fund?

⁹ Unless otherwise stated, the Figures show the percentage of BAs who selected the respective response options.

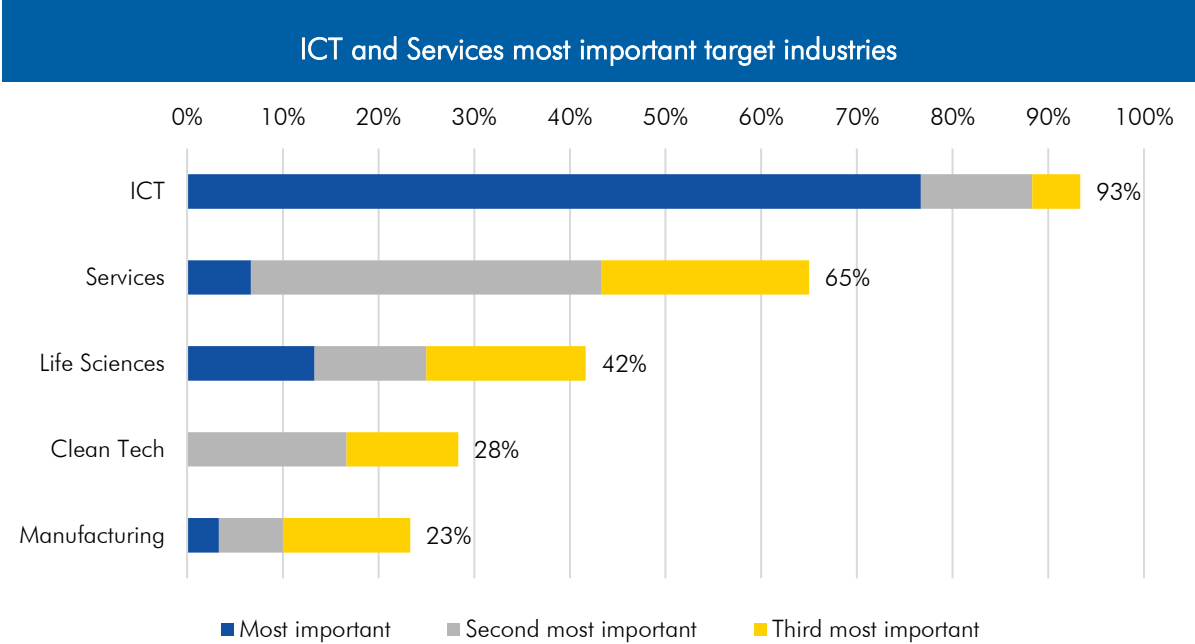
In terms of the types of BA investments, seed and early stages are predominant, while later and growth stages are less important (Figure 4). In terms of sectors, BAs were asked about their preferred sectors in two separate questions. When asked about the most important target industries for BA investments, ICT top the league. Next come Services (which likely also entail an important ICT component), followed by Life sciences (Figure 5).

Figure 4: BAs’ investment stage focus



Q. What is (are) the most important stage(s) in which you invest as a BA?

Figure 5: Most important target industries for BA investments

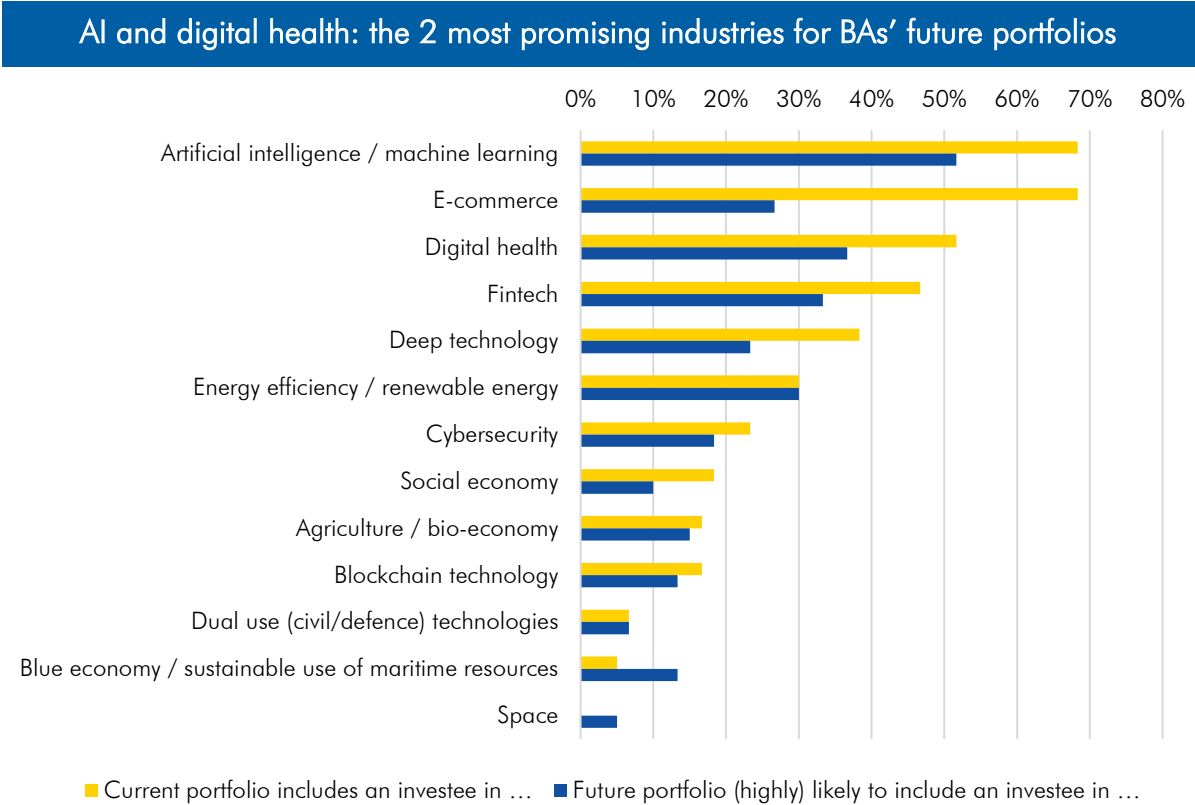


Q. Select up to three of the most important industries in which you invest as a BA.

Apart from the already established technology industries, BAs were asked about investments in relatively newer sectors that are currently in the public discussion and whose importance is on the rise. BAs are particularly active in Artificial Intelligence/Machine Learning and E-commerce (Figure 6). Digital Health, Fintech and Deep Technology follow, while a significant percentage of BAs also invest actively in sustainability and cleantech. Respondents were further asked to indicate the extent

to which their future portfolios are likely to include investee companies in these same sectors. Artificial Intelligence/Machine Learning once again tops the league, cited by more than half of respondents as (very) likely target industries for future BA investments. Digital Health, Fintechs and Energy Efficiency come next.

Figure 6: BA investments in specific industries



Q. Does your current portfolio include an investee in the area of ...
 Q. How likely do you consider it that your future portfolio will include an investee in the area of ...

2.2 Socio-economic characteristics and experience of the BAs¹⁰

The survey allows to brush a portrait of EAF-supported BAs regarding age, education, experience as a BA as well as other work experience. Aged from 30 years old, BAs concentrate on the 45-54 age layer (Figure 7). They are on average highly educated, holding in general either a PhD (27%), an MBA (28%) or another Master degree/postgraduate qualification (30%), see Figure 8. Overwhelmingly, they studied business/economics (48%) or a subject related to science, technology, engineering, or mathematics (STEM, 37%), see Figure 9.

Figure 7: Age distribution of Business Angels

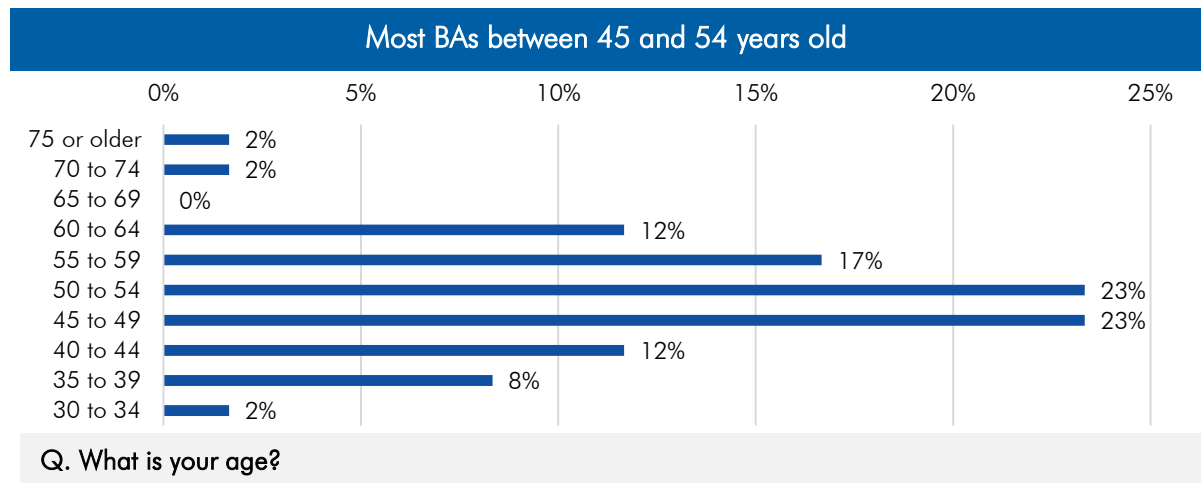


Figure 8: Highest degree of education

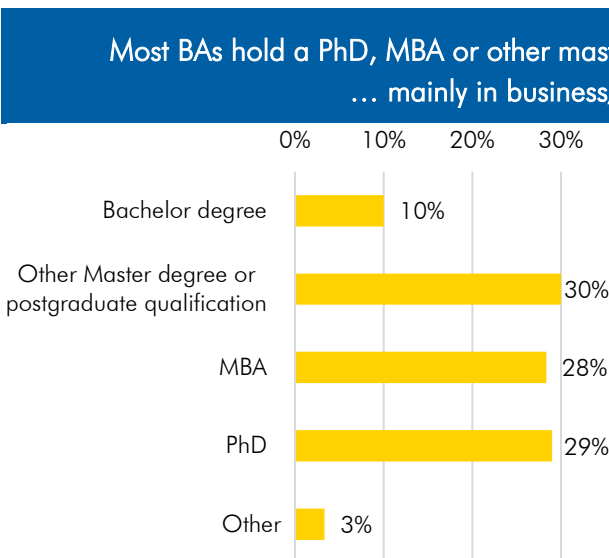
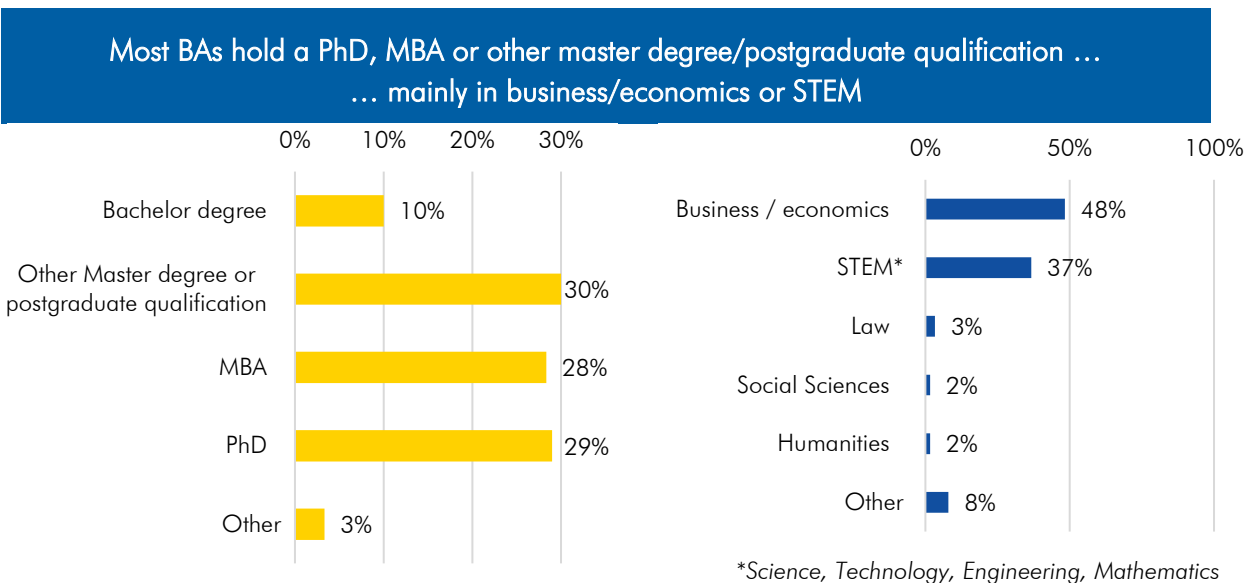


Figure 9: Main focus/field of education



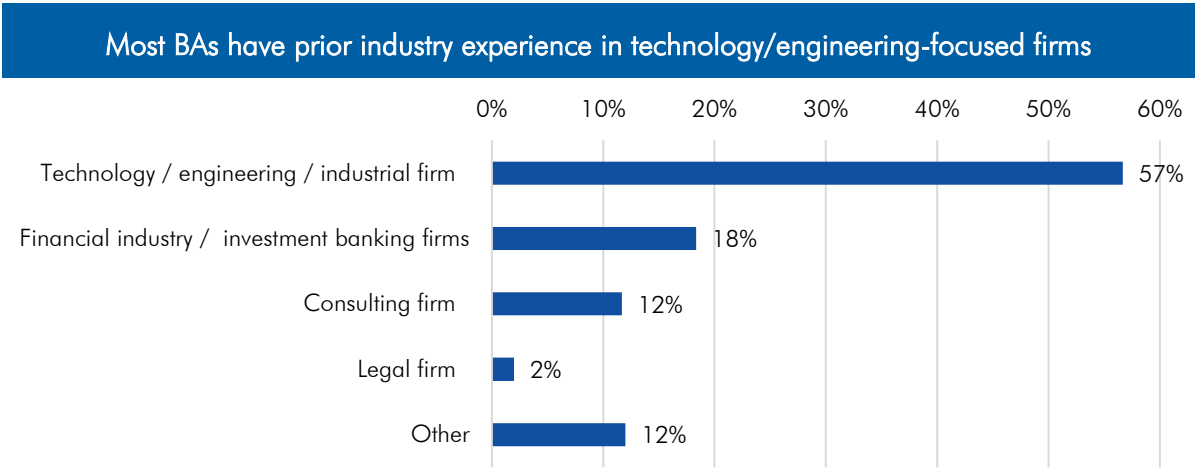
Q. What is your highest degree of education?

Q. What is the main focus/field in your education?

¹⁰ The results in this section, which are based on the respondents to the *EIF BA Survey*, may differ from those that will be presented in a forthcoming *EIF Working Paper*, which will analyse data that are available for all BAs supported under the EAF. Due to the anonymised approach of the *EIF BA Survey*, some survey questions asked for information that the BAs might have already provided to the EIF. This allows us to compare the results of the *EIF BA Survey* and the *EIF VC Survey* and to link survey questions with one another (e.g., to show survey results categorised by certain BA characteristics); further insights on this comparison will be published in a forthcoming *EIF Working Paper*.

Aside from BA investing, more than half of the respondents have gained prior industry experience in a technology/engineering-focused firm. The financial industry and investment banking firms come second (Figure 10).

Figure 10 : Work experience aside from BA investing



Q. Which of the following would best describe your type of work experience aside from BA investing?

9 in 10 BAs have created their own venture in the past (Figure 11). Their role within their own venture was mostly a management position (66%), followed by engineering (7%), marketing/sales (5%) and finance/accounting (2%), see Figure 12.

Most BAs have created their own venture ...
... where they held managing positions

Figure 11: Creation of own venture

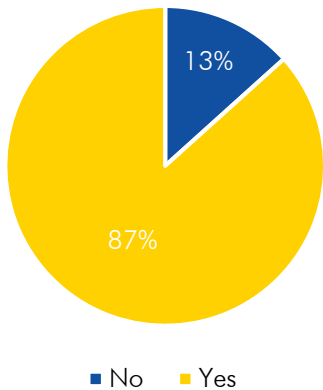
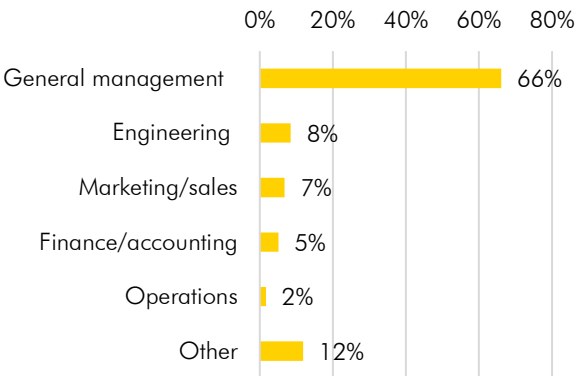


Figure 12: Role in own venture



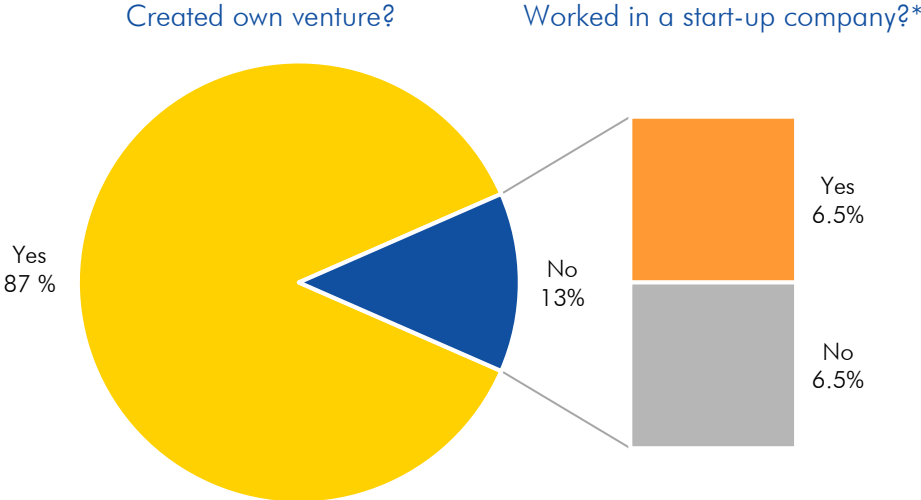
Q. Have you ever created your own venture?

Q. Please specify your role in your own venture.

Half of those BAs that have not created a venture themselves have work experience in another start-up company (Figure 13).

Figure 13: Entrepreneurial and start-up experience

The vast majority of the BAs have been former entrepreneurs

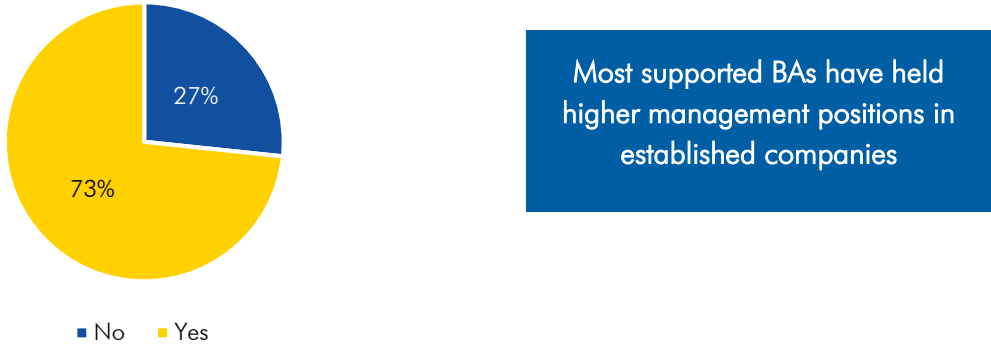


*Note: This question was only asked to BAs answering "No" to the question "Have you ever created your own venture?".

- Q. Have you ever created your own venture?
- Q. Have you ever worked in a start-up company?

Among all BAs, 73% have held a higher management position in an established company (Figure 14). Their current roles, besides BA investing, are pretty diverse. Only 22% are mainly focused on BA investments (Figure 15). 4 in 10 BAs are currently entrepreneurs/owners in either a start-up (22%) or an established company (18%). A smaller share of the respondents stated to currently work in an investment firm (15%) or have a management role in an established company (10%) or a start-up (2%). Some BAs (12%) categorised themselves differently (e.g., as consultants).

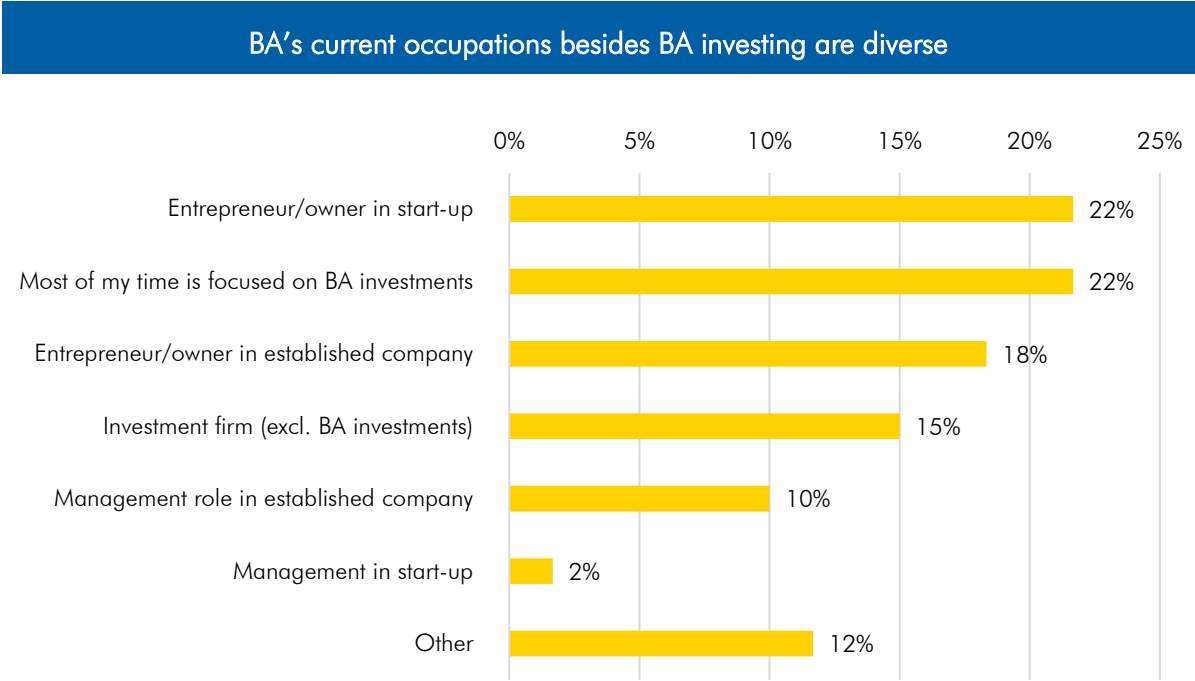
Figure 14 : Experience in higher management position in an established company



Most supported BAs have held higher management positions in established companies

- Q. Have you ever held a higher management position in an established company (e.g. CEO, CFO, etc.)?

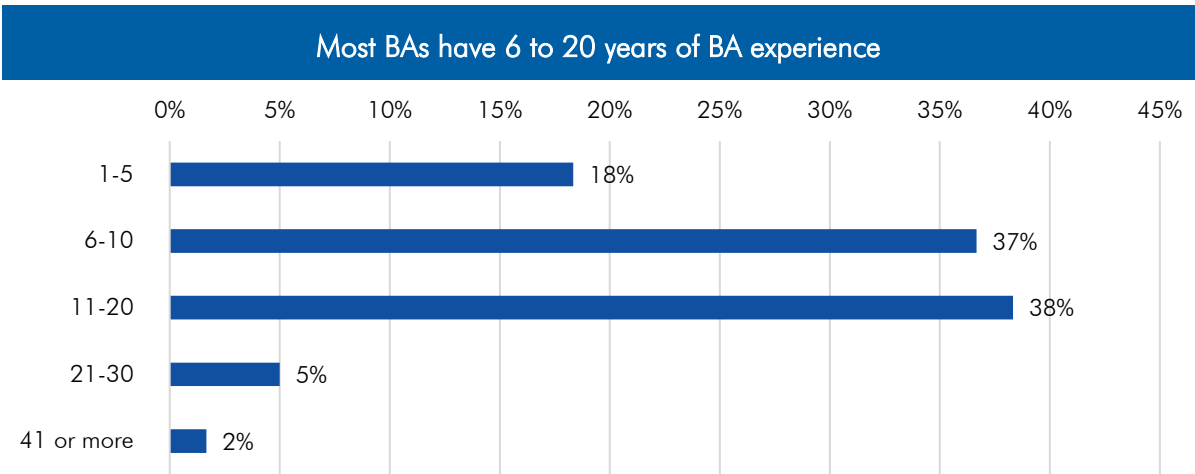
Figure 15 : Current occupation besides BA investing



Q. What is your current occupation besides BA investing?

Concerning their BA activity, most respondents (75%) have between 6 and 20 years of experience as a BA (Figure 16), with an average (median) of 12 (10) years. A smaller share of the respondents (18%) has been active as a BA for a shorter period of time, i.e. up to five years. More than 20 years of BA experience is rather rare (7%).

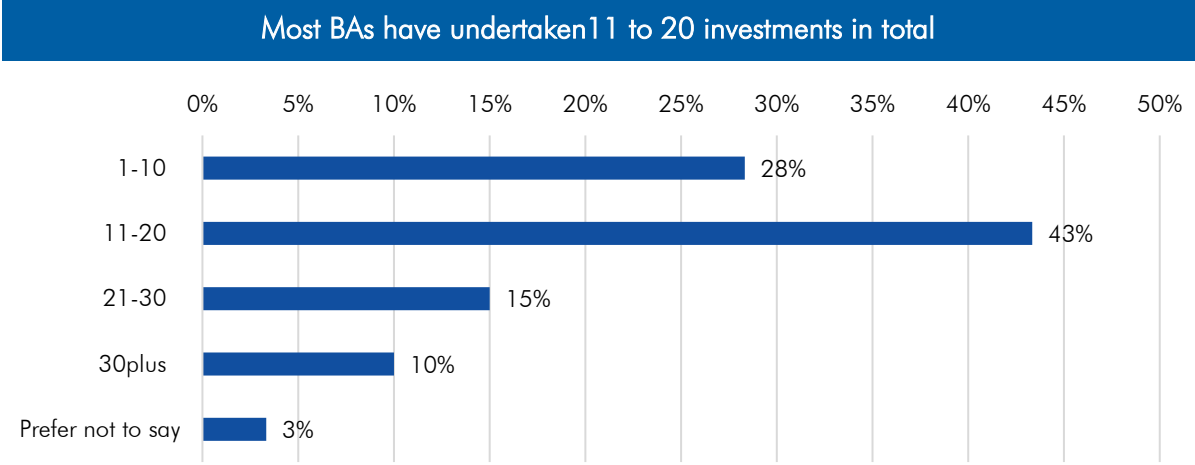
Figure 16 : Years of experience as a BA



Q. In total, how many years of experience as a BA do you have?

Surveyed BAs have, on average, invested in 19 companies (median 15), with 43% of the respondents reporting between 11 and 20 investments (Figure 17).

Figure 17: Number of total BA investments

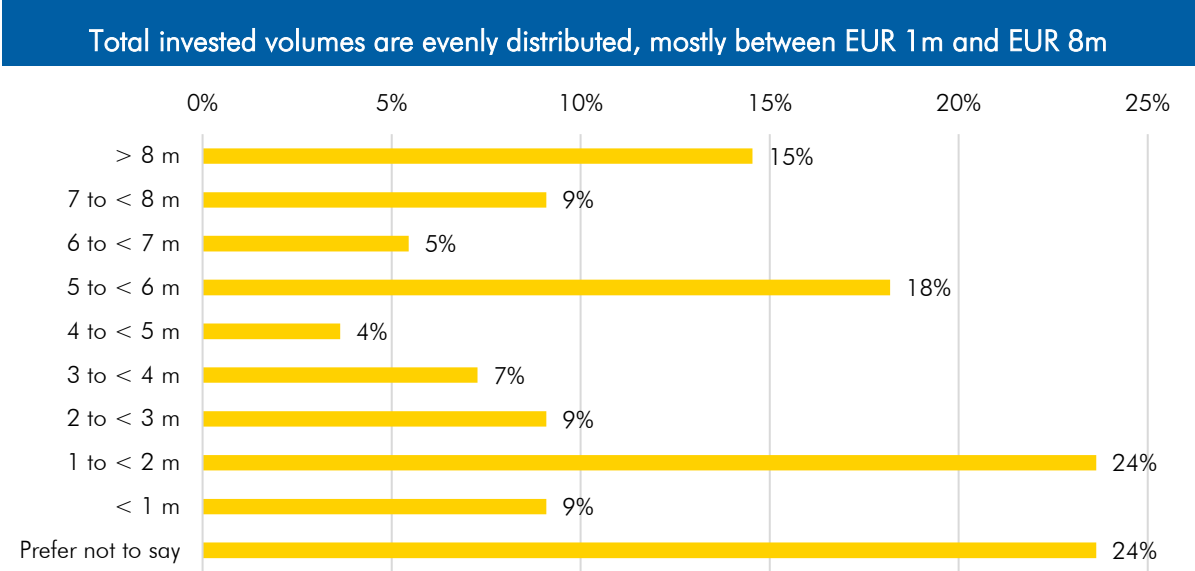


Q. In total, in how many companies have you invested as a BA?

2.3 Investment characteristics of the BA activities: volumes, criteria and financing

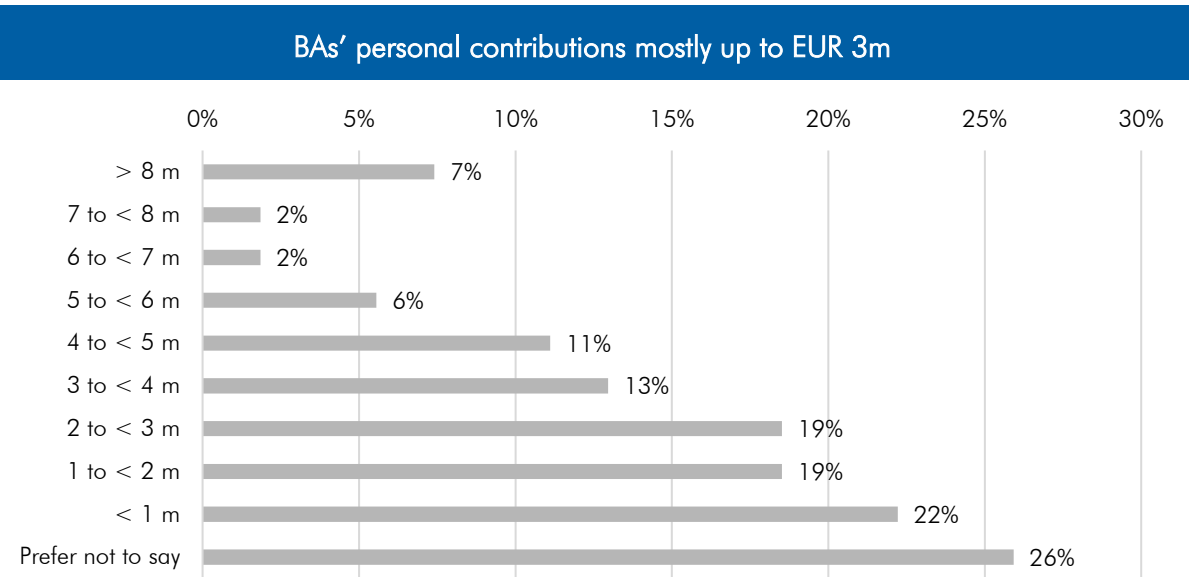
Starting with the volume of the BA activities, the total amounts invested (including commitments from the EAF or other parties) are concentrated in the EUR 1-2m and EUR 5-6m layers (Figure 18). When considering funds coming from the BAs' own wealth (Figure 19), 60% of all BAs invest up to EUR 3m of their own money, while levels of investments below EUR 1 m are rare. The distribution is linear, with more prevalence in the lower end, and the share of BAs decreasing with increasing amounts.

Figure 18: Volume of BA activity



Q. What is the total volume of your BA activity (incl. commitments from the EAF or other parties), in Euro?

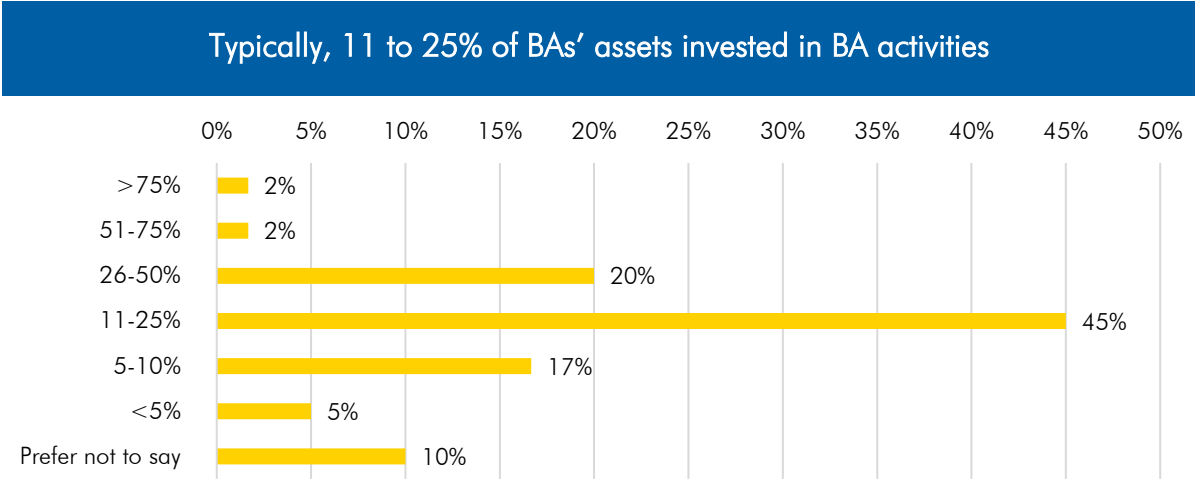
Figure 19: BAs' personal contribution in total invested amounts



Q. Approximately, what is your own personal contribution to the above amount (in Euro)? (In case you represent a BA syndicate, please state only your own personal contribution.)

In general, the typical BA dedicates from 11 to 25% of their wealth to BA activities (Figure 20). Only one BA stated to be investing more than half of her/his investable assets.

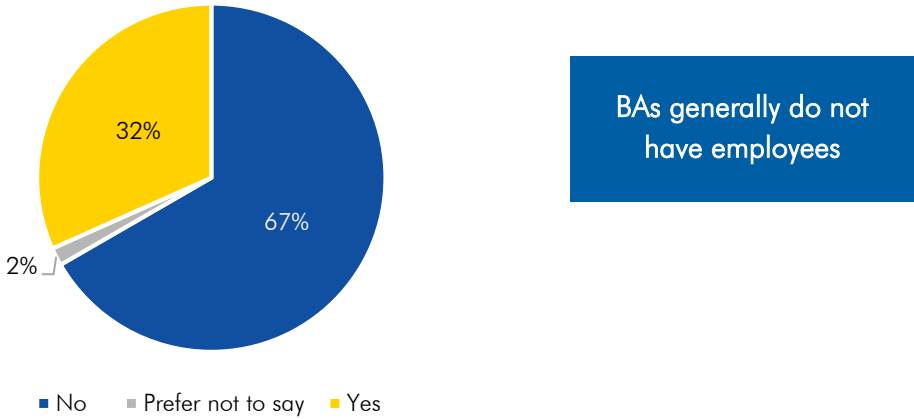
Figure 20: Share of own assets invested in BA activity



Q. Approximately what percentage of your investable assets do you allocate to BA investments?

Two thirds of the BAs do not directly employ people to perform their investment activity (Figure 21).

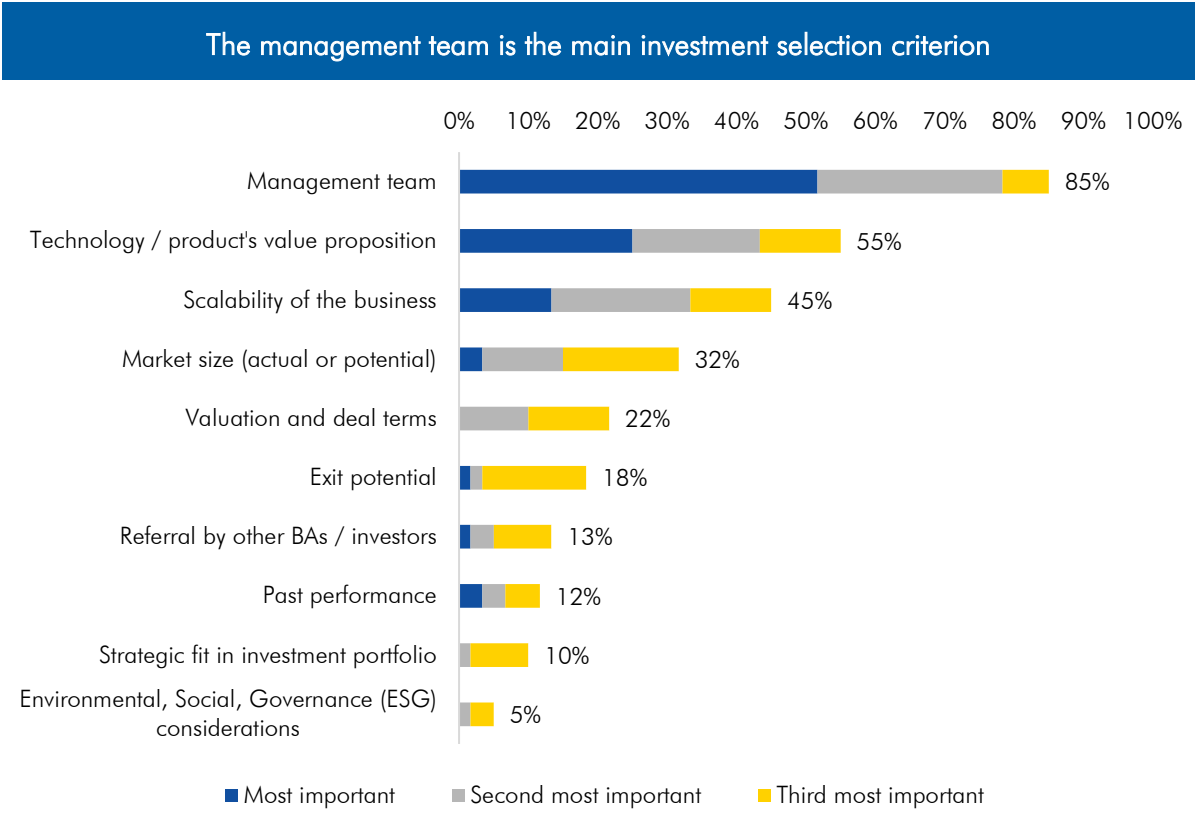
Figure 21: Employing other people to perform BA activity



Q. Do you directly employ people to perform your investment activity?

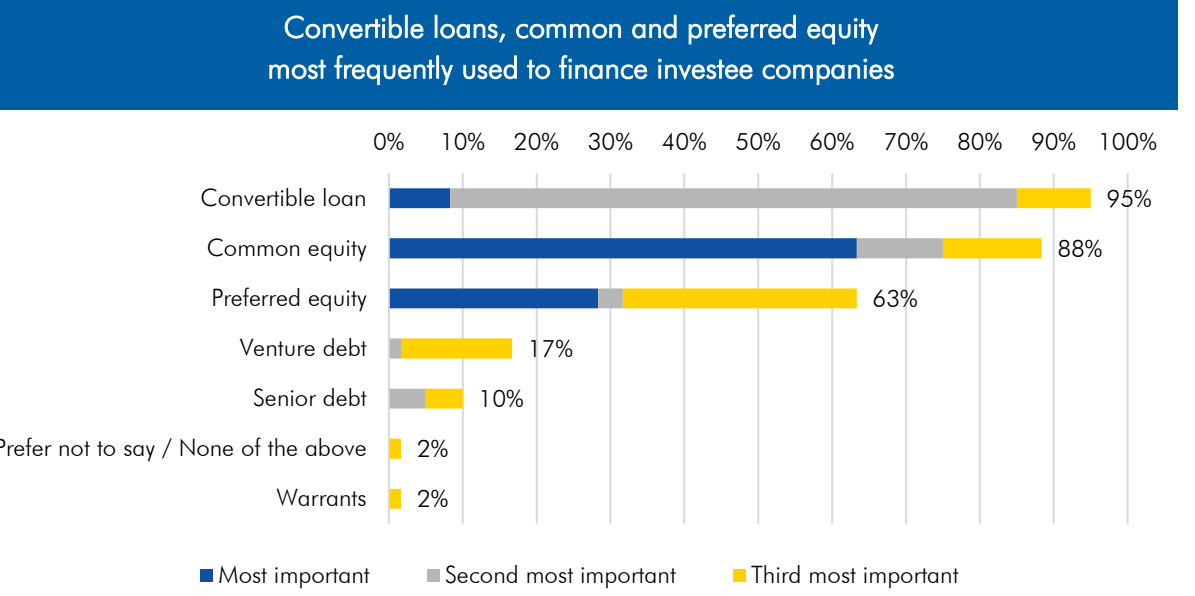
As far as the BAs' investment criteria are concerned, the top two reasons invoked by the BAs to choose companies to invest in are the management team and the value proposition of the developed technology or product. The scalability of the business appears in third position, followed by the related market size factor. Financial performance, either in the past or in the future (i.e. exit potential), ranks lower (Figure 22).

Figure 22: BAs' investment selection criteria



Q. Considering your overall BA investment activity, select up to three of your most important BA investment selection criteria.

Figure 23: Financial instruments used to finance investee companies

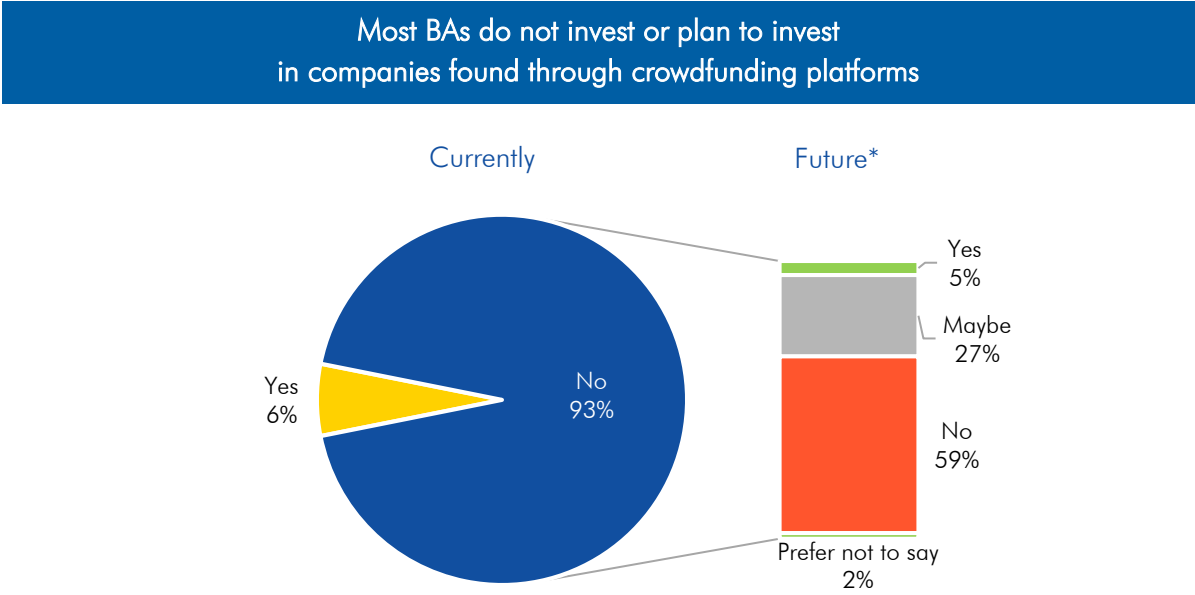


Q. Considering your overall BA investment activity, select up to three of the most important financial instruments (in terms of investments amounts) used to finance your investee companies.

Surveyed BAs mostly use common and preferred equity as well as convertible loans to finance their portfolio companies (Figure 23). While convertible loans were stated to be the “most important” instrument by only 8% of the respondents, they were considered as the “second most important” instrument by more than three quarters of the surveyed BAs. Other financial instruments remain comparatively rarely used.

The survey provided the opportunity to enquire about the rise of crowdfunding in relation to BA investing. 22% of the respondents had already invested in companies found through a crowdfunding platform, while 50% refuse to consider crowdfunding in the future (Figure 24).¹¹

Figure 24: Investment in a company found through crowdfunding, present and future



**Note: This question was only asked to BAs answering “No” to the question “Have you already invested in companies that you found through a crowdfunding platform?”.*

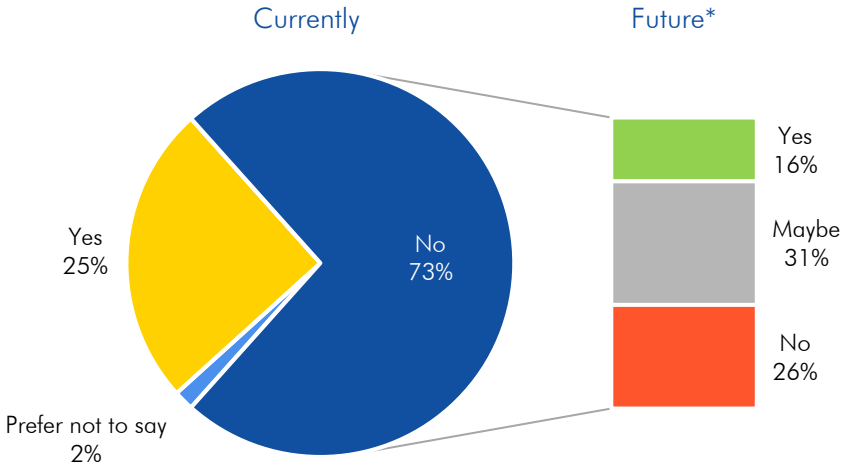
Q. Have you already invested in companies that you found through a crowdfunding platform?
Q. Looking forward, would you consider investing in companies that you would find through a crowdfunding platform?

The BAs are similarly sceptical towards using crowdfunding platforms for raising additional funds from other investors for their portfolio companies. Only 25% of the BAs looked for this possibility already. Among all other respondents, the willingness to put investment opportunities on a crowdfunding platform to raise additional funds from other investors in the future is more diversified: 16% of the respondents would be positive towards such a possibility, and 31% might consider it (Figure 25).

¹¹ Due to rounding, percentages may not always add up to 100%.

Figure 25: Crowdfunding as additional fundraising instrument, present and future

Most BAs do not use crowdfunding as an additional fundraising instrument, but might consider it in the future



*Note: This
 question was only asked to BAs answering “No” or “Prefer not to say” to the question “Have you already used crowdfunding platforms to raise additional funds from other investors for your portfolio companies?”.

- Q. Have you already used crowdfunding platforms to raise additional funds from other investors for your portfolio companies?
- Q. Looking forward, would you be willing to put investment opportunities on a crowdfunding platform to raise additional funds from other investors for these investments?

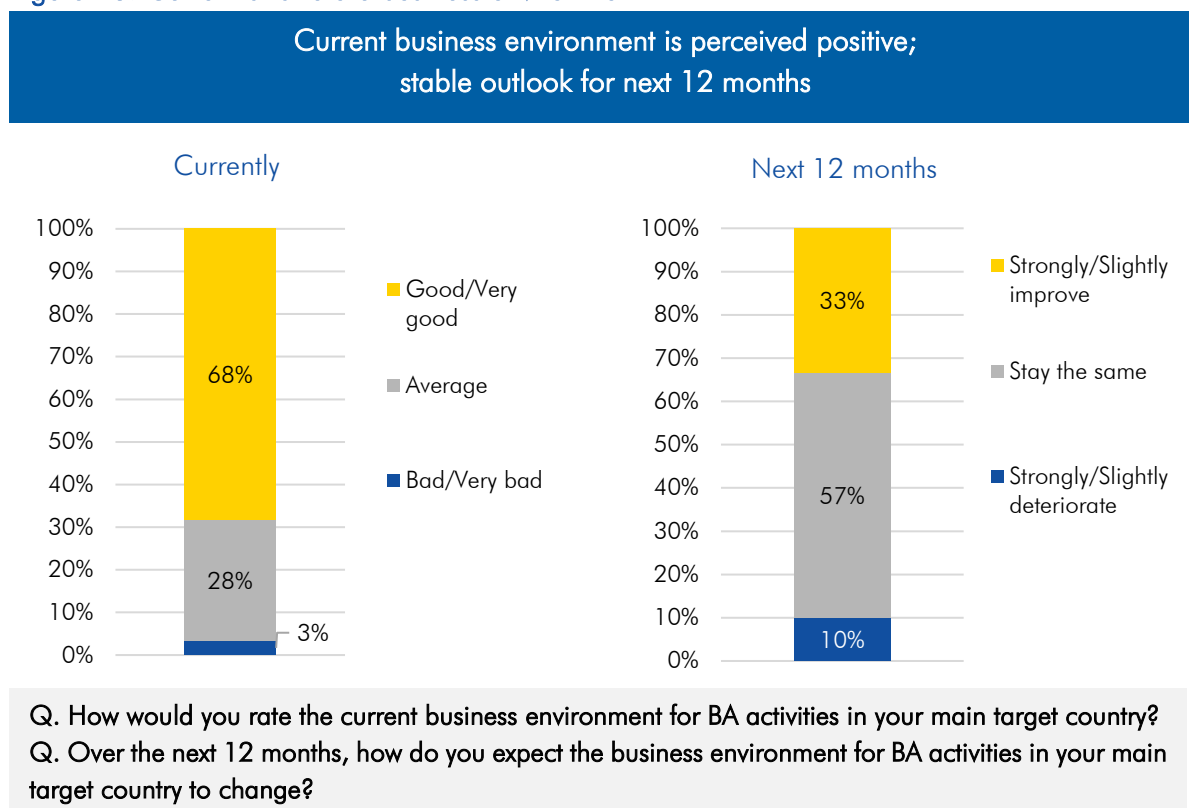
3 Market sentiment

As discussed in the Introduction of this report, one part of the survey focused on market sentiment and aimed at identifying participating BAs' perception of the current market situation as well as of future outlook. Therefore, a significant number of questions covered a range of topics relating to the business environment for BA activities, BA investments, portfolio companies' development and access to finance, the exit environment, the challenges in the BAs' activities and the likelihood that BAs will become VC fund managers in the future.

3.1 Business environment and challenges

BAs appear very positive regarding the current state of their business. A majority of 68% consider their current business environment to be "good" or "very good" (see Figure 26). The outlook for the next 12 months¹² is mostly stable, with more than half of the respondents considering that the business environment will stay the same.

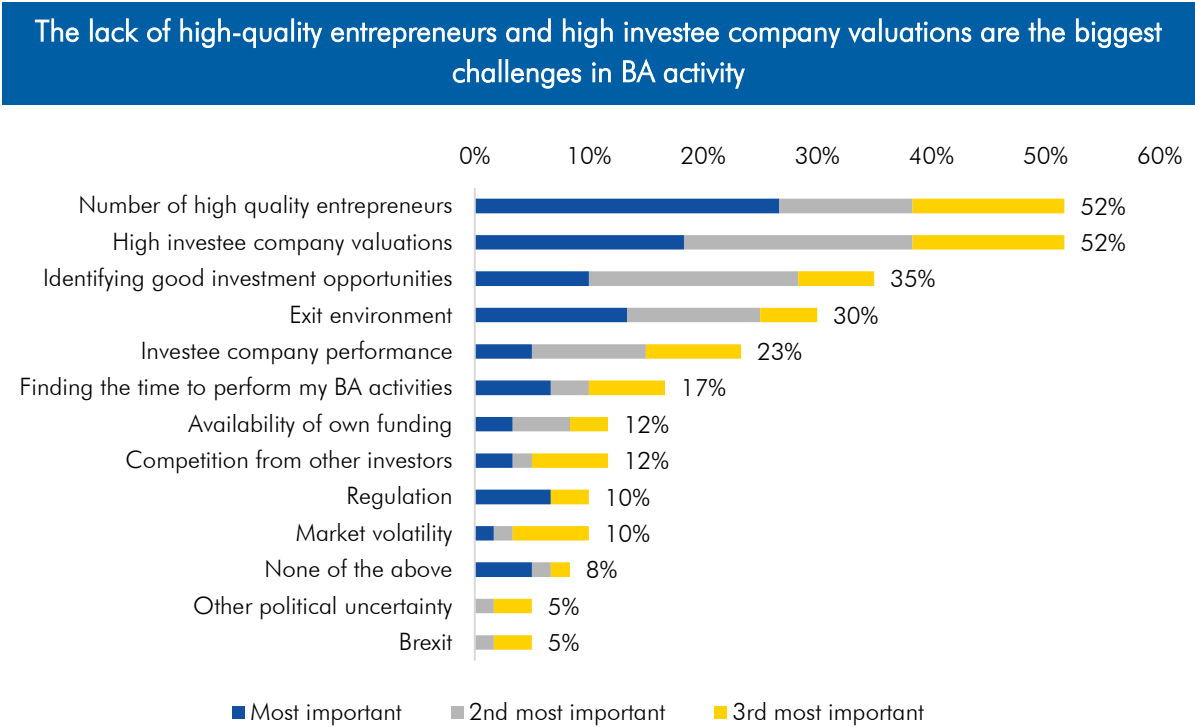
Figure 26: Current and future business environment



The survey allowed to explore the biggest challenges for BA activity in Europe. When considering challenges to the BA activity as a whole, the lack of high quality entrepreneurs stands out as the main concern, along with the high investee company valuations. Identifying good investment opportunities and the exit environment complete the predominant challenges (Figure 27).

¹² For several questions, we report BAs' responses regarding their expectations for the next 12 months. In this context, it needs to be taken into consideration that the survey was conducted between 28 March and 10 May 2019.

Figure 27: Biggest challenges in BA activity



Q. Select up to three of the biggest challenges you currently see in your BA activity.

At the portfolio company level, recruiting high-quality professionals is the main concern of BAs. However, securing financing also scores high, being overall in second place. Finally, customer acquisition and retention constitutes the third most dominant concern. Other challenges appear less significant (Figure 28).

Figure 28: Biggest challenges faced by portfolio companies

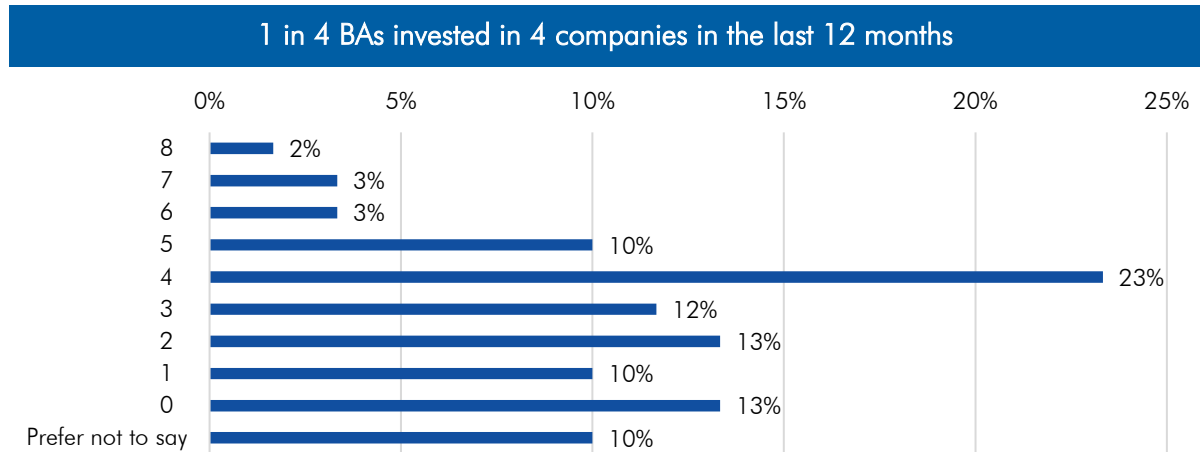


Q. Select up to three of the biggest challenges currently faced by your portfolio companies.

3.2 Investments, portfolio development, exits and access to finance

Investment activity over the last year varies among BAs, ranging from 0 to 8 investments, with 1 in 4 BAs reporting 4 investments in the last 12 months (Figure 29).

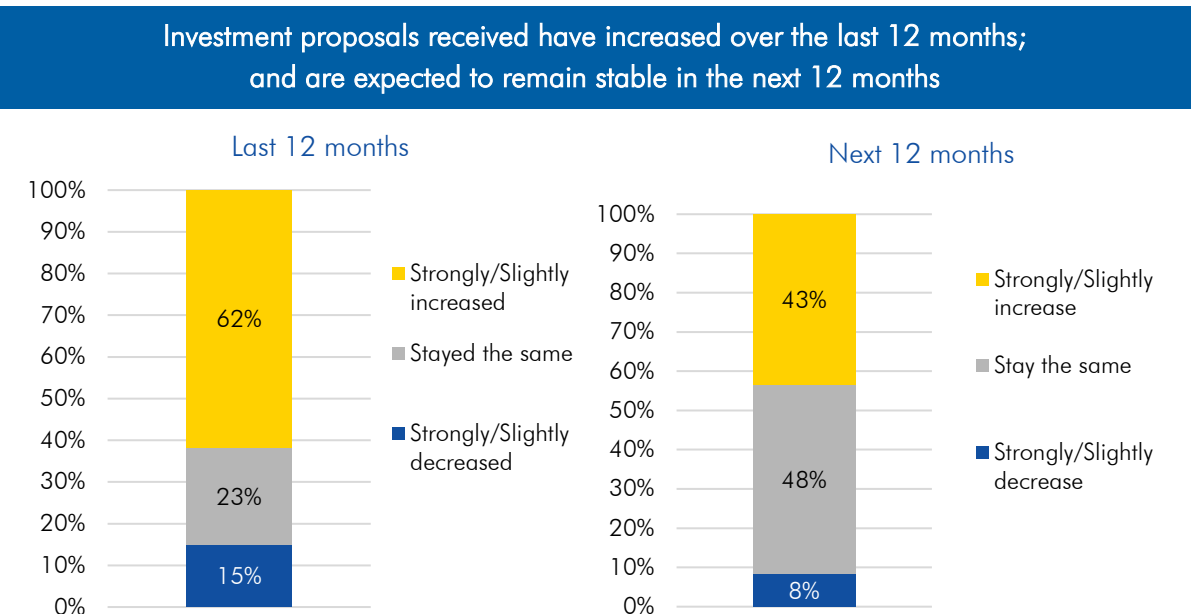
Figure 29: Number of investments in the last 12 months



Q. In how many companies did you invest over the last 12 months?

These investments reflect an increase in the investment proposals received over the last year, as stated by the majority of the BAs (Figure 30). Over the next 12 months, 1 in 2 BAs estimates that the number of investment proposals received are expected to remain at that level, while 43% of the respondents even expect a further increase.

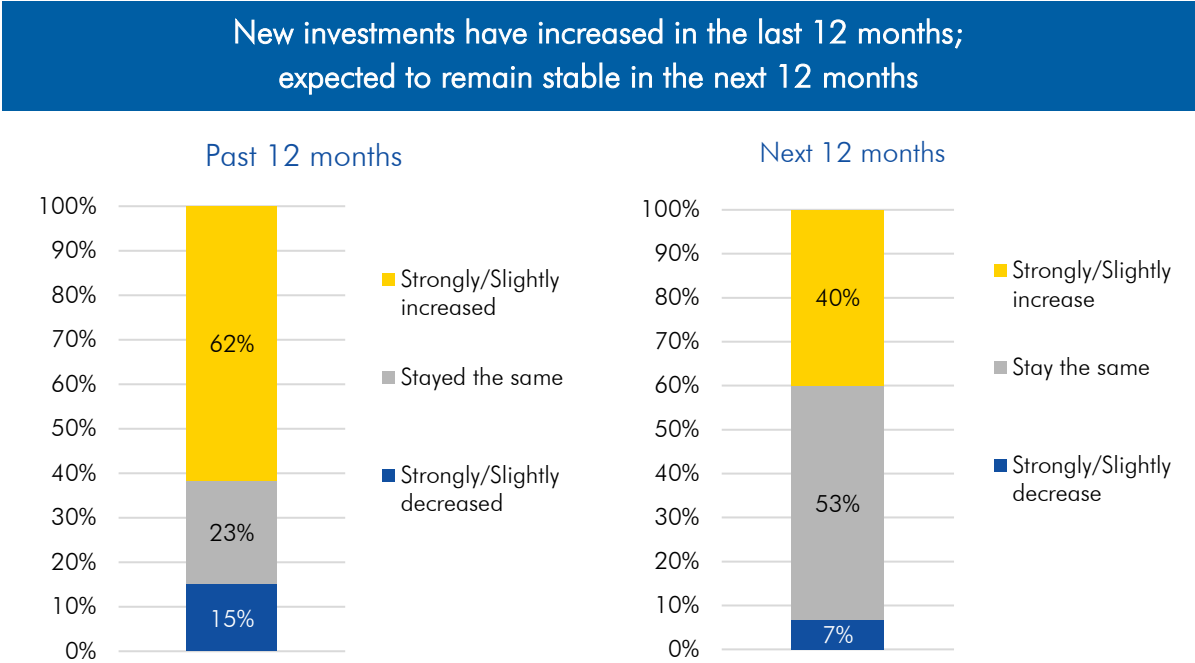
Figure 30: Investment proposals received, last and next 12 months



Q. How has the number of qualified investment proposals to you developed over the last 12 months?
 Q. How do you expect the number of qualified investment proposals to you to develop over the next 12 months?

Actual investments undertaken over the last year increased for 48% of the respondents (Figure 31). As for the next 12 months, 53% of the respondents expect the number of their new investments to remain stable, while 40% forecast a further increase.

Figure 31: New investments undertaken, last and next 12 months



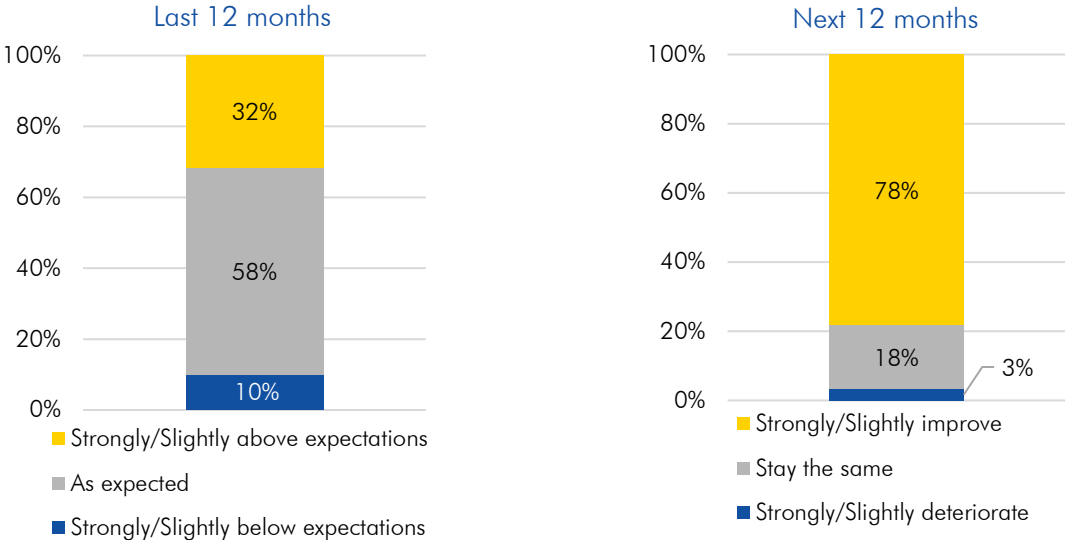
Q. How has the number of your new investments developed over the last 12 months?
 Q. How do you expect the number of your new investments to develop over the next 12 months?

When asked about the development of their portfolio over the last year (Figure 32), 9 in 10 BAs state that investee company performance has been either in line with expectations (58%) or even exceeding expectations (32%). Prospects for the next 12 months are very encouraging, with 78% of the respondents seeing further improvements for their portfolio companies.

The survey further allows to detail the exit activities of the BAs’ portfolio companies over the last 12 months (Figure 33). Most companies did not exit, and for those which did, trade sales to strategic buyers (22%, on average) dominated the exit routes; followed by secondary sales to a non-strategic third party (12%) and insolvencies (7%). 4 in 10 BAs report that the exit opportunities for their portfolio companies have improved over the last 12 months, with 1 in 2 expecting a further improvement in the 12 months ahead (Figure 34).

Figure 32: Portfolio development, last and next 12 months

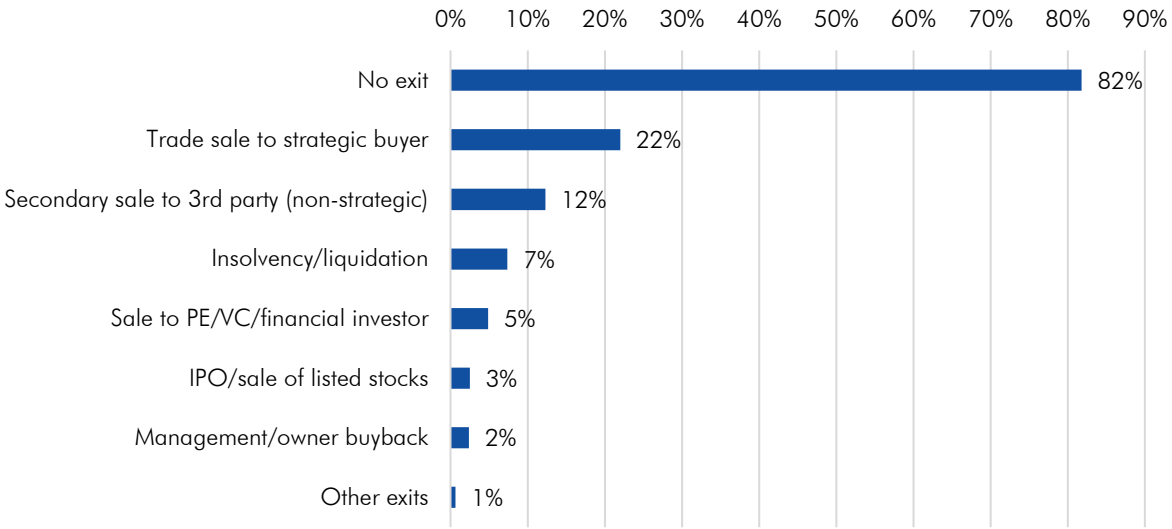
Portfolio development over the last 12 months was (at least) in line with expectations; further improvement is widely expected in the next 12 months



Q. How did your portfolio companies develop over the last 12 months?
 Q. Over the next 12 months, how do you expect your overall portfolio to develop?

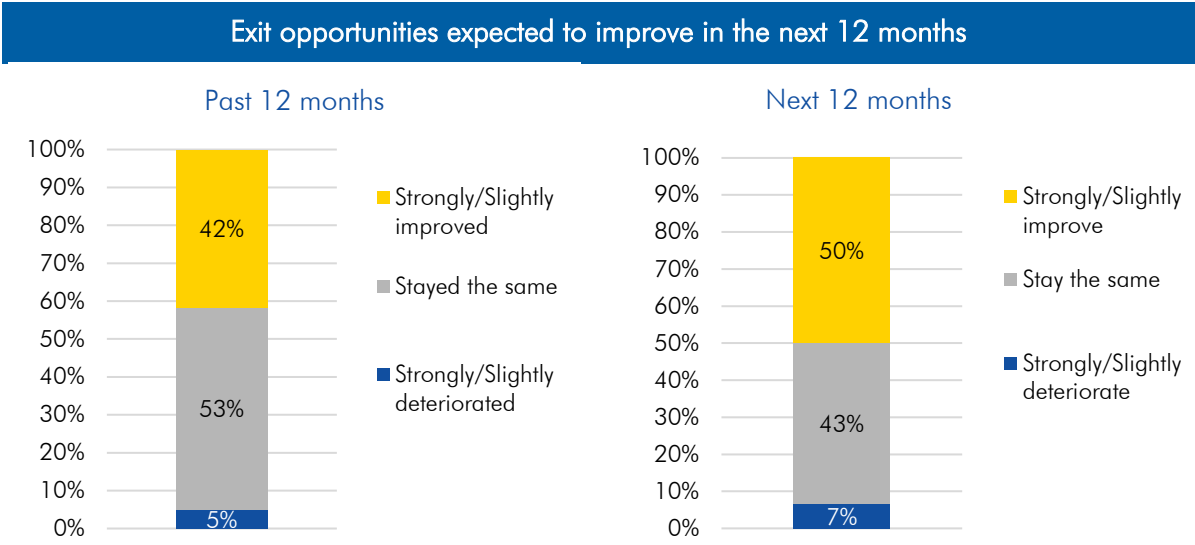
Figure 33: Exit activities of portfolio companies over the last 12 months

Exits dominated by trade sales to strategic buyers



Q. Assess the exit activities in your portfolio during the last 12 months.

Figure 34: Exit activities of portfolio companies, last and next 12 months

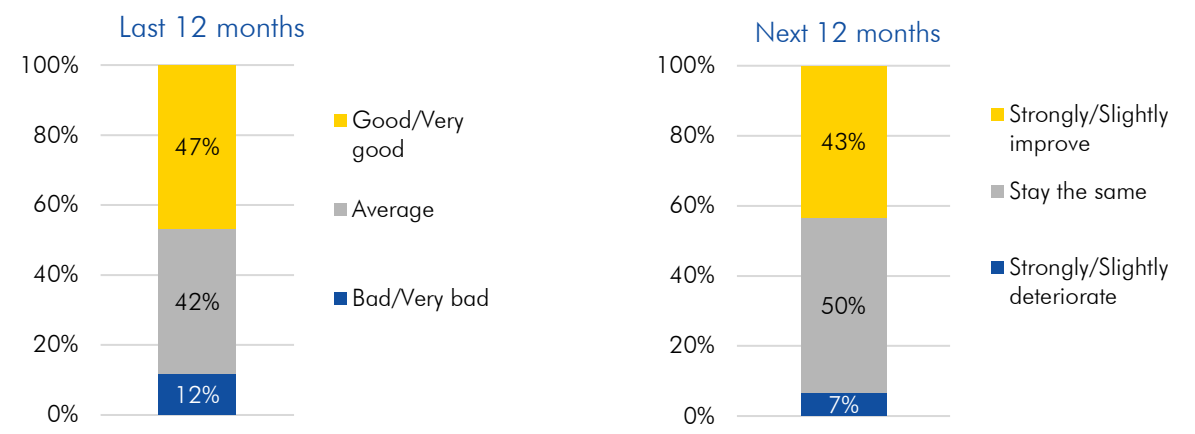


Q. Over the last 12 months, how has the exit environment for your portfolio companies developed?
 Q. Over the next 12 months, how do you expect the exit opportunities of your portfolio companies to develop?

Expanding the issue of access to external finance, the survey asked the BAs to evaluate the access to external finance of their portfolio companies. Access to external finance for portfolio companies was stated to be good by fewer than half of the respondents, while another 42% rate it as just average (Figure 35). These results echo the previously mentioned finding that securing financing ranks as the second most important challenge for the BAs’ portfolio companies (see Figure 28). Regarding forecasts for the next 12 months, respondents are almost evenly split between those expecting an improvement and those expecting no change at all.

Figure 35: Portfolio companies’ access to external finance

Fewer than half of the BAs perceive the access to external finance to be good; situation largely expected to remain the same



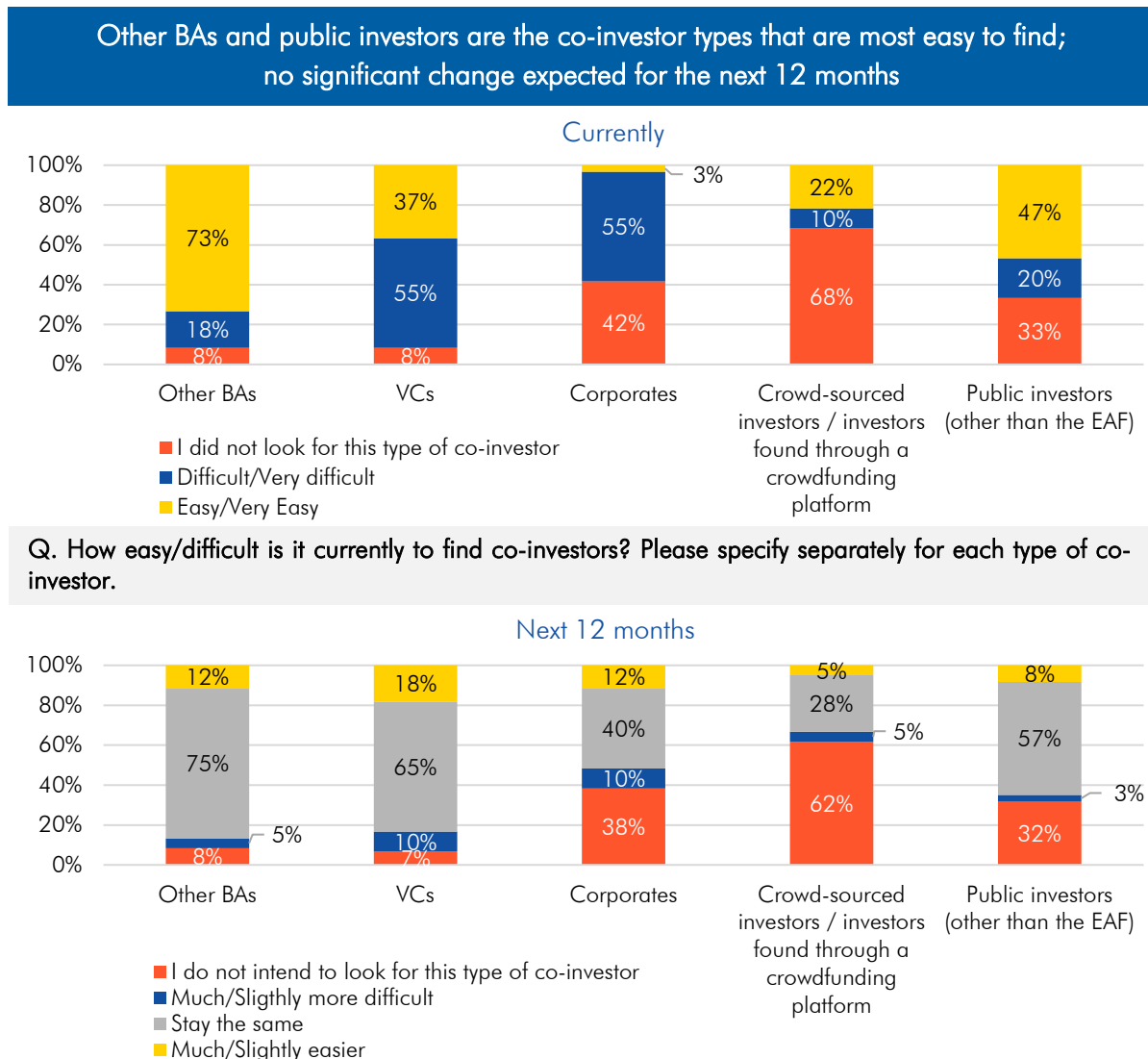
Q. How would you rate the access to external finance of your portfolio companies?
 Q. Over the next 12 months, how do you expect the access to external finance of your portfolio companies to develop?

3.3 Co-investors

The survey found that it is easier for BAs to find co-investors among their peers (Figure 36). Public investors come next. Co-investing with VCs and Corporates is perceived difficult by more than half of respondents. Finally, crowdsourcing is considered an easy source of financing for only 22% of the respondents, while 68% do not use it at all. In the future, BAs forecast this situation to remain largely unchanged. 18% of them, however, expect co-investing with VCs to become easier in the next 12 months.

Despite finding it easier to co-invest with their peers, EIF-supported BAs are mostly not part of formal or informal BA syndicates (Figure 37). Only 23% invest regularly together with the same group of BAs without, however, being contractually bound to one another. Only 8% of the respondents stated to be part of a syndicate of BAs that are contractually bound to one another in order to regularly invest together.

Figure 36: Finding co-investors, currently and over the next 12 months

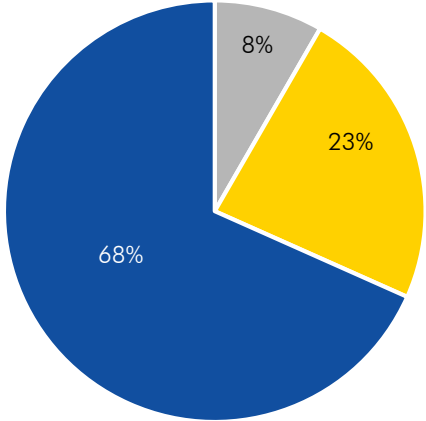


Q. How easy/difficult is it currently to find co-investors? Please specify separately for each type of co-investor.

Q. Over the next 12 months, how do you expect finding new co-investors to become? Please specify separately for each type of co-investor.

Figure 37: Part of a stable BA syndicate

BAs typically not part of a stable BA syndicate



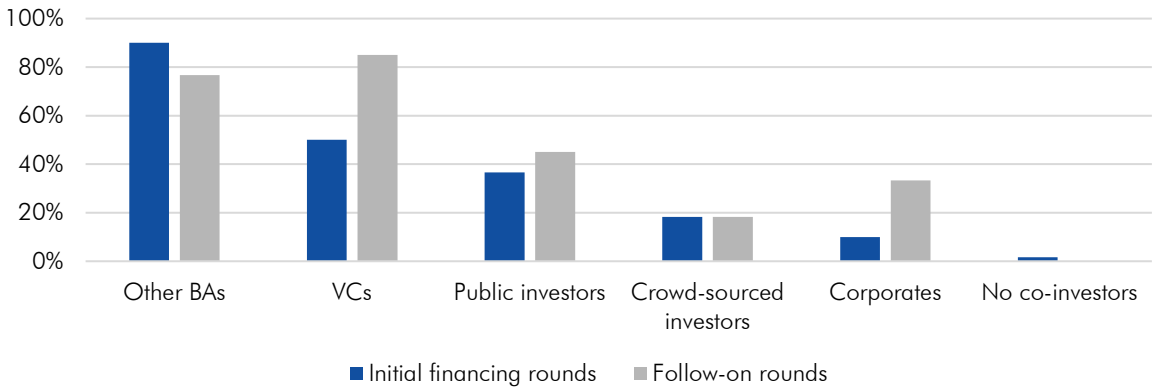
- I am part of a syndicate of BAs that are contractually bound to one another in order to regularly invest together
- I regularly invest together with the same (group of) BA(s), but we are not contractually bound to one another
- I am NOT part of a BA syndicate

Q. Are you part of a stable BA syndicate?

Without necessarily being part of a stable BA syndicate, BAs typically co-invest alongside other investors (Figure 38). While other BAs are the preferred co-investors for initial financing rounds, VCs top the league for follow-on rounds. The importance of public co-investors rises as well for follow-on rounds.

Figure 38: Types of co-investors, by investment round

Other BAs and VCs are the preferred co-investor types



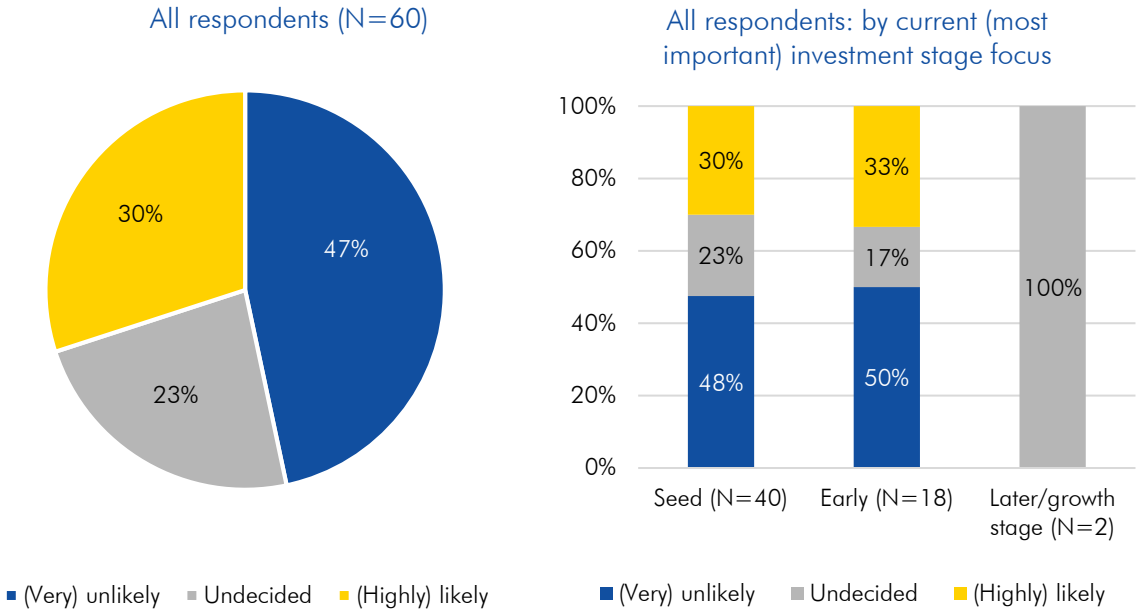
Q. What types of co-investors do you have in your BA investment rounds? Please specify separately for initial and follow-on rounds.

3.4 Developing into a VC fund manager

When asked about the prospect of becoming a VC fund manager in the future, most surveyed BAs stated that they would prefer to remain BAs (Figure 39). Nonetheless, 1 in 3 BAs would indeed consider becoming a VC fund manager, while 23% are still undecided. The non-negligible percentage of BAs who would develop into VC fund managers in the near future suggests that supporting BAs can also foster the development of the European VC ecosystem.

Figure 39: Becoming a VC fund manager

1 in 3 BAs would consider becoming a VC fund manager in the next 5 years

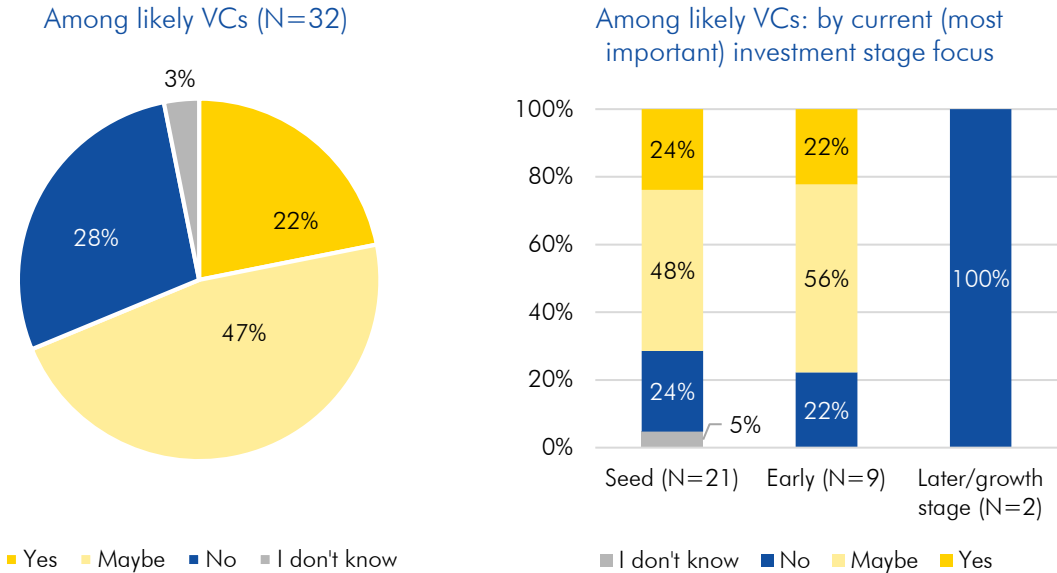


Q. How likely would you consider it becoming a VC fund manager within the next 5 years?

If the EIF-supported BAs would become VC fund managers, 7 in 10 would either definitely change their investment stage focus (22%) or at least consider doing so (47%), see Figure 40.

Figure 40: Change of investment stage focus if becoming a VC fund manager*

7 in 10 BAs would at least consider changing their investment stage focus if they would become VCs



*Note: This question was only asked to BAs answering “(Highly) likely” or “Undecided” to the question “How likely would you consider it becoming a VC fund manager within the next 5 years?”.

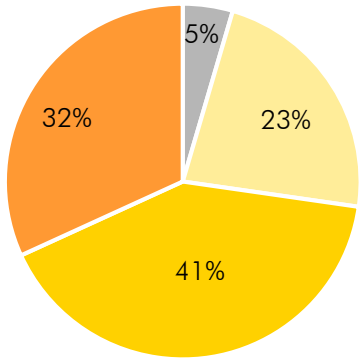
Q. Would you change your current stage focus if you were to become a VC fund manager?

A pattern documented among those BAs that would consider a change in investment stage focus if they would become VC fund managers is that these would-be-VCs would most likely move to a more matured stage compared to their current investment focus (Figure 41), i.e. current seed-stage BAs would undertake more early-stage investments, while current early-stage BAs would also invest in growth-stage companies.

Figure 41: Likeliest investment stage focus if becoming a VC fund manager*

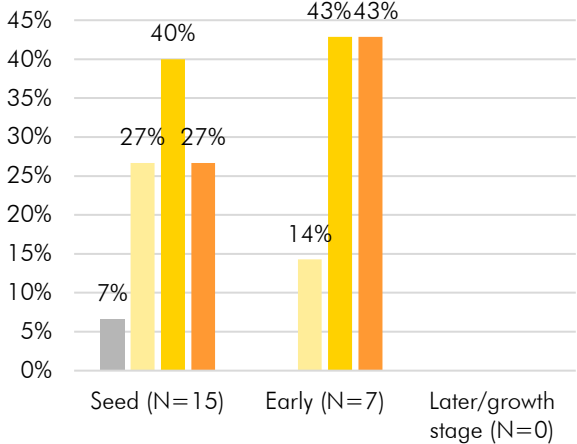
Would-be-VCs likely to move to higher investment stages

Among those considering a change of investment stage (N=22)



■ I don't know ■ Seed
 ■ Early ■ Later/growth stage

Among those considering a change: by current (most important) investment stage focus



■ I don't know ■ Seed ■ Early ■ Later/growth stage

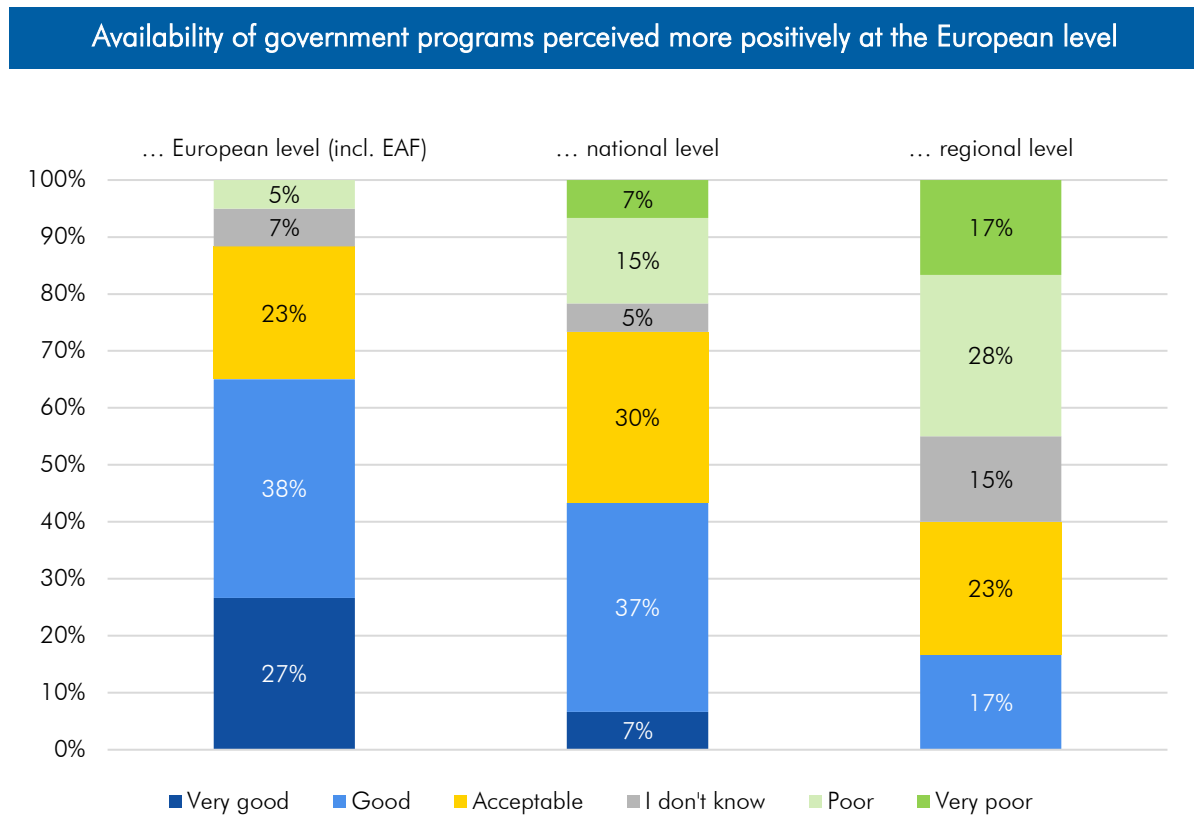
*Note: This question was only asked to BAs answering "Yes" or "Maybe" to the question "Would you change your current stage focus if you were to become a VC fund manager?".

Q. What would be the most likely stage focus of such a VC fund?

4 Role of the public sector

The *EIF BA Survey 2019* covered extensively the topic of the role of the public sector for BA activities in Europe and provided BAs with the opportunity to express their views on the existing public interventions. Overall, the availability of government programs for BAs is more favourably perceived at the European level, compared to the national and regional levels (Figure 42). However, in the case of the EAF, the respondents' distinction might refer to the visibility of the implementing players rather than to the funding organisation, as national EAF compartments are typically co-funded by the European, national and sometimes regional level.

Figure 42: Availability of government programs for BAs



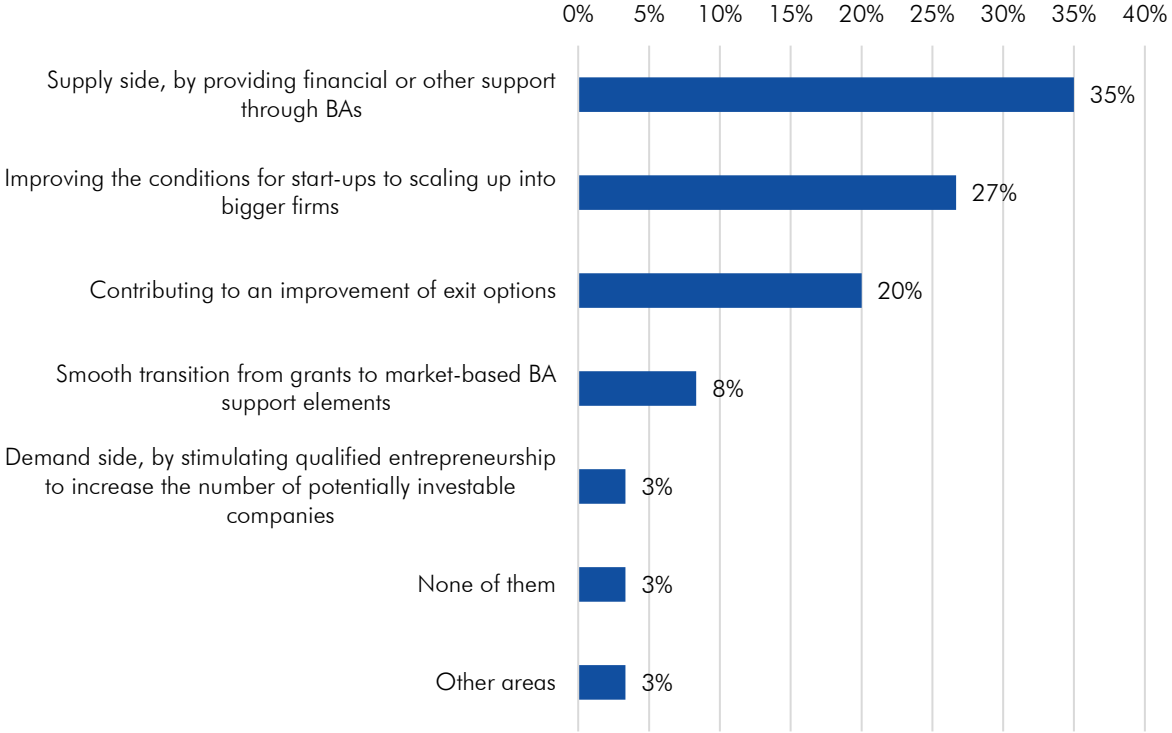
Q. How would you evaluate the availability of governmental programs for BAs in Europe?

Concerning further need for public financial intervention, supply-side support is the BAs' preferred focus area for public financial intervention (stated by 35% of the respondents), followed by support for scaling up start-ups into bigger firms (27%) and contributing to improved exit options (20%), see Figure 43.

Among the elements of the ecosystem helpful for BA investing that are particularly underdeveloped, the issue raised most prominently is the introduction of more favourable tax systems for BAs. The second most underdeveloped element is the presence of VC funds for follow-on rounds (Figure 44). This latter finding echoes a point discussed earlier in this report (see Figure 36), whereby co-investing with VCs is perceived rather difficult by the majority of the surveyed BAs.

Figure 43: Public financial intervention

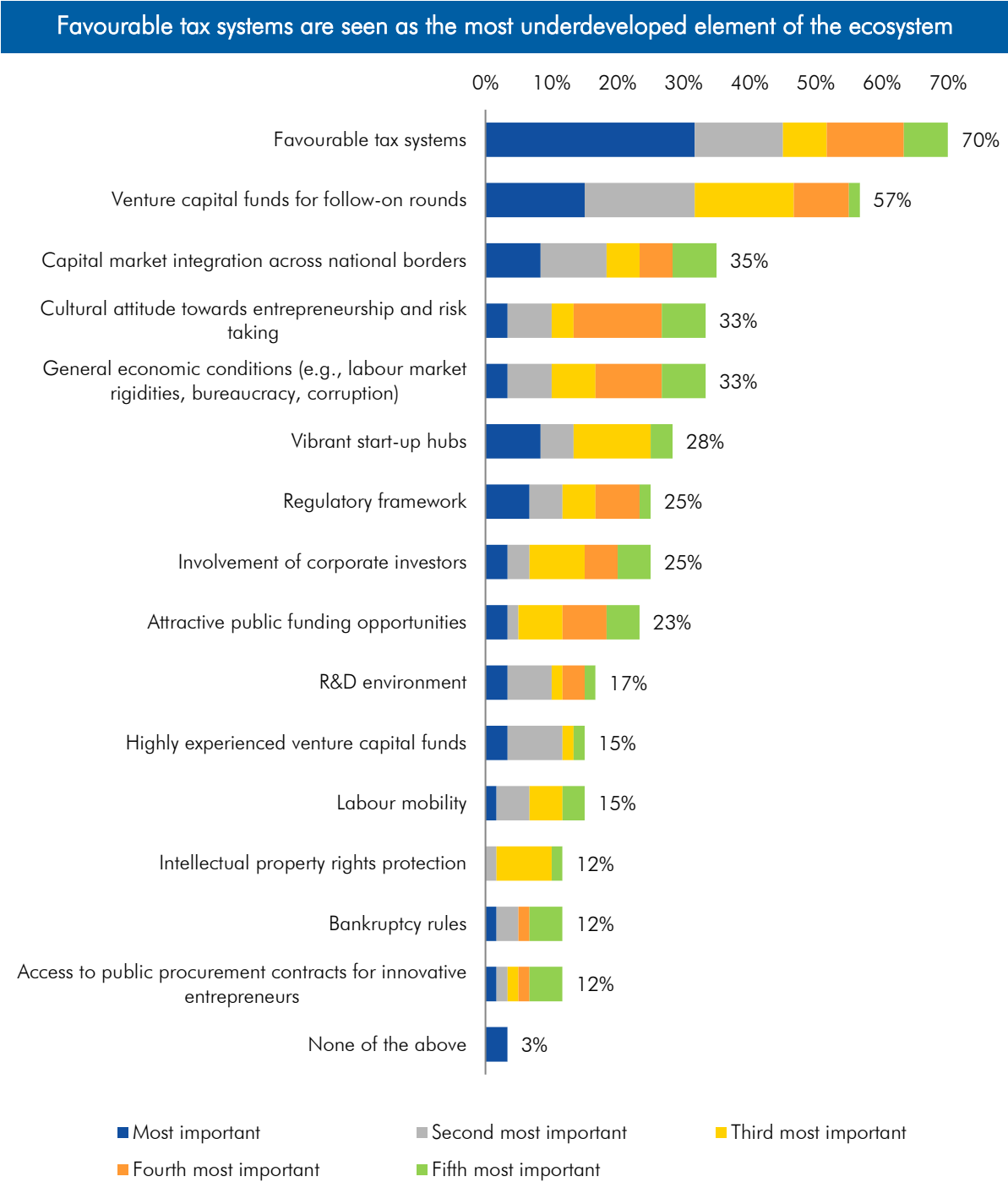
Supply-side support is the BAs' preferred focus area for public financial intervention, followed by support to scale up start-ups into bigger firms



Q. On which areas should public financial intervention focus to stimulate BA investing in Europe?

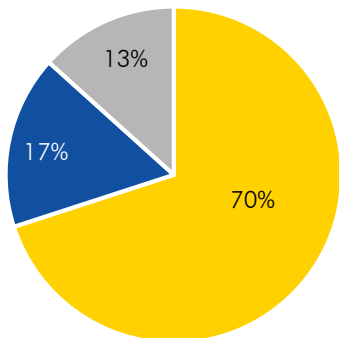
Going back to the issue of taxation, 70% of the BAs expressed the need for enhanced tax harmonisation across the EU (Figure 45). In follow-up open-ended questions, BAs were given the opportunity to provide their free-text responses about which parts of tax regulation are in need of more EU-wide harmonisation as well as about the kind of tax incentives that are necessary to make BA investments a more attractive activity. BAs cited a long list of specific taxes for which harmonisation is considered important, notably corporate and capital gains taxes, income tax, sales tax but also the issue of the deductibility of losses (see Box 2). It needs to be noted that the reported policy recommendations reflect the responses of the surveyed BAs and are not necessarily endorsed by the EIF.

Figure 44: Underdeveloped elements of the BA ecosystem



Q. Select up to five important elements of the ecosystem helpful for BA investing that are particularly underdeveloped.

Figure 45: More tax harmonisation across the EU



Most BAs in favour of more tax harmonisation across the EU

Q. Do you think that tax regulation should be more harmonised throughout the EU?

Box 2 : Tax-related interventions and tax incentives that are needed to make BA investments a more attractive activity. Free-text responses: main patterns

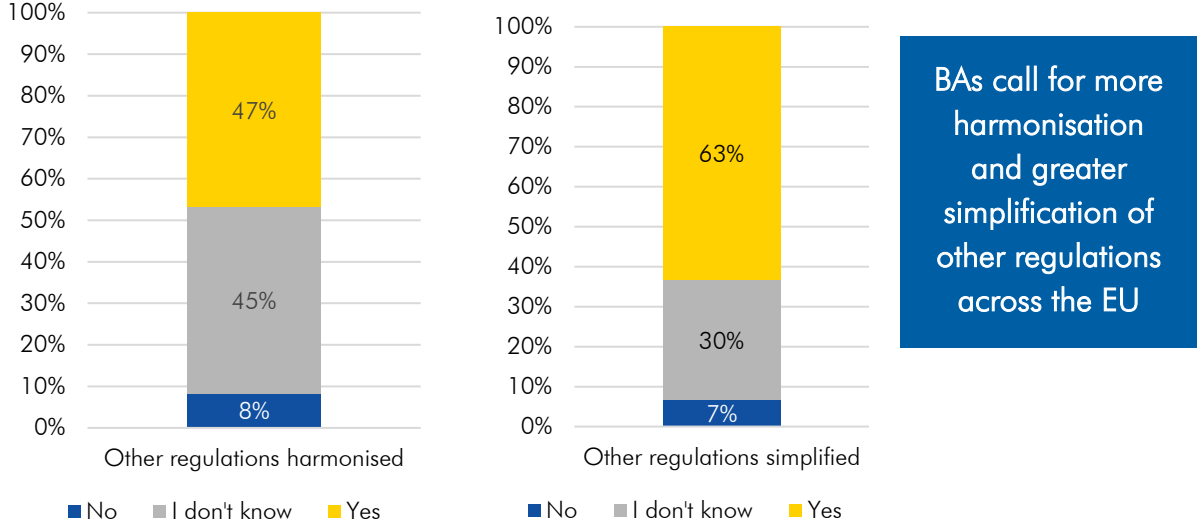
| Areas for more tax hamonisation | Tax incentives |
|---|--|
| <ul style="list-style-type: none"> ■ Capital gains taxation ■ Income tax ■ Corporate taxes ■ BA tax benefits ■ Subsidies ■ Deductibility of losses ■ Sales tax | <ul style="list-style-type: none"> ■ Loss amortisation ■ Reduced taxation of direct (BA) investments in SMEs ■ Deductibility of BA investments ■ Tax credits for reinvestments of proceeds ■ Lower threshold (if any) for tax benefits / exemption of start-up/scale-up investments ■ Lower taxation of employee participation (options) ■ UK's EIS (Enterprise Investment Scheme) good practice example ■ "Less/simpler taxation more important than incentives/exceptions" |

Q. For which part of tax regulation would you consider more EU-wide harmonisation most important? Please provide concrete examples or recommendations.
 Q. What kind of (additional) tax incentives would be needed to make BA investments a more attractive activity? Please provide concrete examples or recommendations.

When it comes to other regulations, BAs also call both for more harmonisation as well as for greater simplification across the EU (Figure 46). However, it seems that simplification is more important than harmonisation, given that a greater percentage of respondents agree that regulatory simplification is indeed needed (63%) compared to the percentage of respondents who support regulatory harmonisation (47%). The BAs' free-text responses regarding which regulations should be further harmonised/simplified include regulations about governance structure, compliance, exemptions of certain regulations for start-ups, a fast company regulation system, further digitisation of

administrative processes, the pan-European standardisation of BA investment frameworks, and more generally the harmonisation of notarised processes, accounting and tax reporting.

Figure 46: More regulatory harmonisation and simplification across the EU



Q. Do you think that other regulations should be more harmonised throughout the EU?
Q. Do you think that other regulations should be simplified?

5 Added value of the EIF activities under the European Angels Fund (EAF)

This chapter aims at providing detailed insights into the BAs' perception of the value added of the EIF activities under the EAF, including its impact on the BAs' investment strategy, the dealflow, network and reputation, as well as the overall EAF added value. Moreover, this chapter provides a detailed overview of the fund managers' assessment of the EIF's products and procedures.

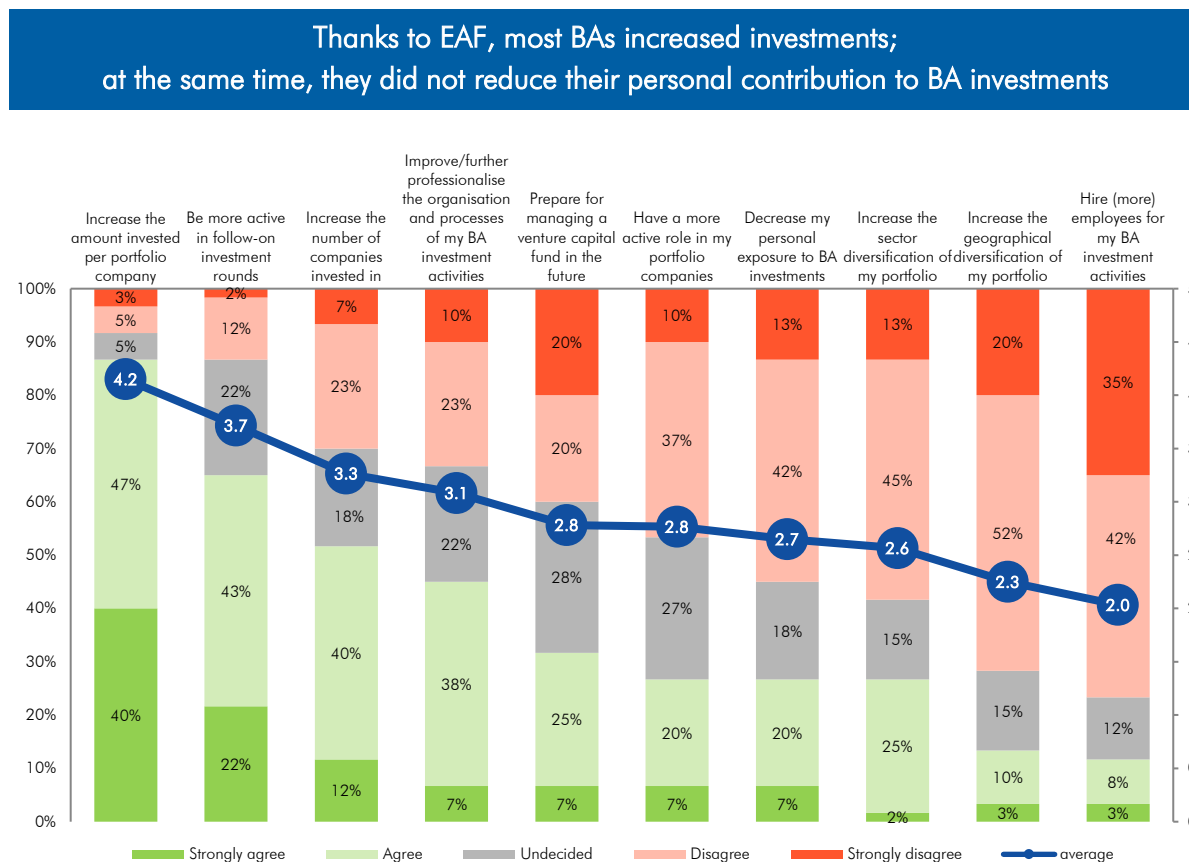
The BAs who received support under the EAF responded to a large variety of questions regarding the EAF's contribution to their BA activities. In particular, the BAs were asked to indicate the extent of their agreement or disagreement with a number of statements relating to the impact of the EIF's activities under the EAF. This chapter analyses the findings. Unless otherwise stated, the related Figures present the mean value for each question on a 1 to 5 scale, where 1 reflects a strong disagreement and 5 a strong agreement with the associated statement. A mean value of 3 indicates that respondents agree on average with the corresponding statement.

5.1 EAF's impact on the BAs' investment strategy

As demonstrated in [Figure 47](#), BAs evaluate very positively the EAF's impact on their investment activities, since the EAF commitment helped the respondents to increase their BA investments, in terms of both amounts and number of companies invested in. Most of the BAs also confirmed to be more active in follow-on investment rounds. At the same time, a majority of the respondents stated not to have decreased their personal contribution to BA investments. Despite its positive contribution to investment activities, the EAF has not led to more sector or geography diversification for most BAs. These results indicate that the EAF does not crowd out the BAs' own investment contribution, but rather allows them to provide more financing to start-up companies in sectors and geographies that the BAs are familiar with.

On average, the EAF also enabled the BAs to improve or further professionalise the organisation and processes of their BA investment activities. However, only a minority of the respondents stated that they have hired (more) employees for their investment activities or have assumed a more active role in their portfolio companies. Approximately a third of the respondents indicated that the EAF has enabled them to prepare for managing a venture capital fund in the future.

Figure 47: EAF impact on BAs' investment strategy



Q. To what extent do you agree or disagree with the following statements regarding the impact of the EAF commitment on your investment strategy?

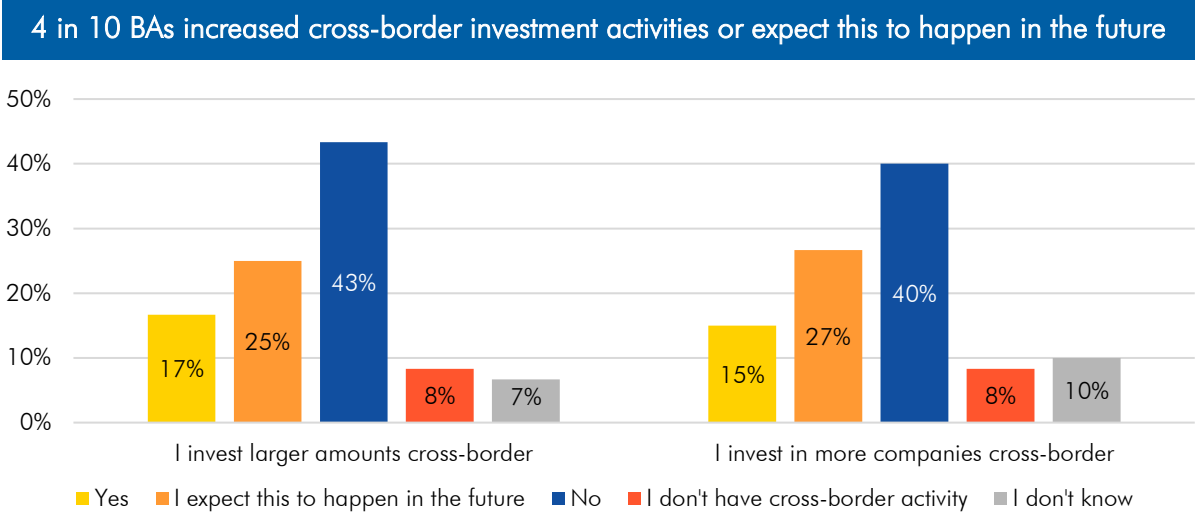
Thanks to the EAF commitment, I was able to ...

Regarding the impact of the EAF commitment on the BAs' cross-border investment activities (Figure 48), approximately 4 in 10 BAs stated either that they increased cross-border investments or that they expect this to happen in the future. An equally high number stated that they did not increase the amounts invested cross-border or the number of companies invested in cross-border. However, when interpreting this finding, it needs to be taken into consideration that the European Angels Fund is structured around national compartments in collaboration with National Promotional Institutions, hence cross-border investments are limited by mandate requirements. The recently launched pan-European compartment encourages cross-border strategies.

In a follow-up open-ended question, surveyed BAs were asked if there is any other important added value of the EAF commitment regarding their investment strategy, which was not explored in the preceding questions. Many respondents reported a positive impact of the EAF on their network for secondary exits and to gain peer group support (see Box 3). Moreover, the EAF support seems to send a signal to the start-up ecosystem that the supported BA is professional, inter alia due to the professional image of the EIF and the strict due diligence process that the EIF applies when selecting a BA under the EAF. In line with these findings, several BAs also reported a positive impact on documentation and governance. Furthermore, the EAF commitments facilitate the closing of funding

and follow-on rounds and sometimes help the BAs to reach a certain participation threshold in an investee company that comes along with positive tax implications. On the negative side, some BAs stated difficulties in investing cross-border under the EAF due to mandate restrictions.

Figure 48: EAF impact on cross-border BA investment activities



Q. What is the impact of the EAF commitment on your cross-border BA investment activities?
 (We define cross-border investment as an investment outside the country of the EAF compartment under which you have been supported.)
 Thanks to the EAF commitment ...

Box 3 : Other important EAF added value regarding BA investment strategy

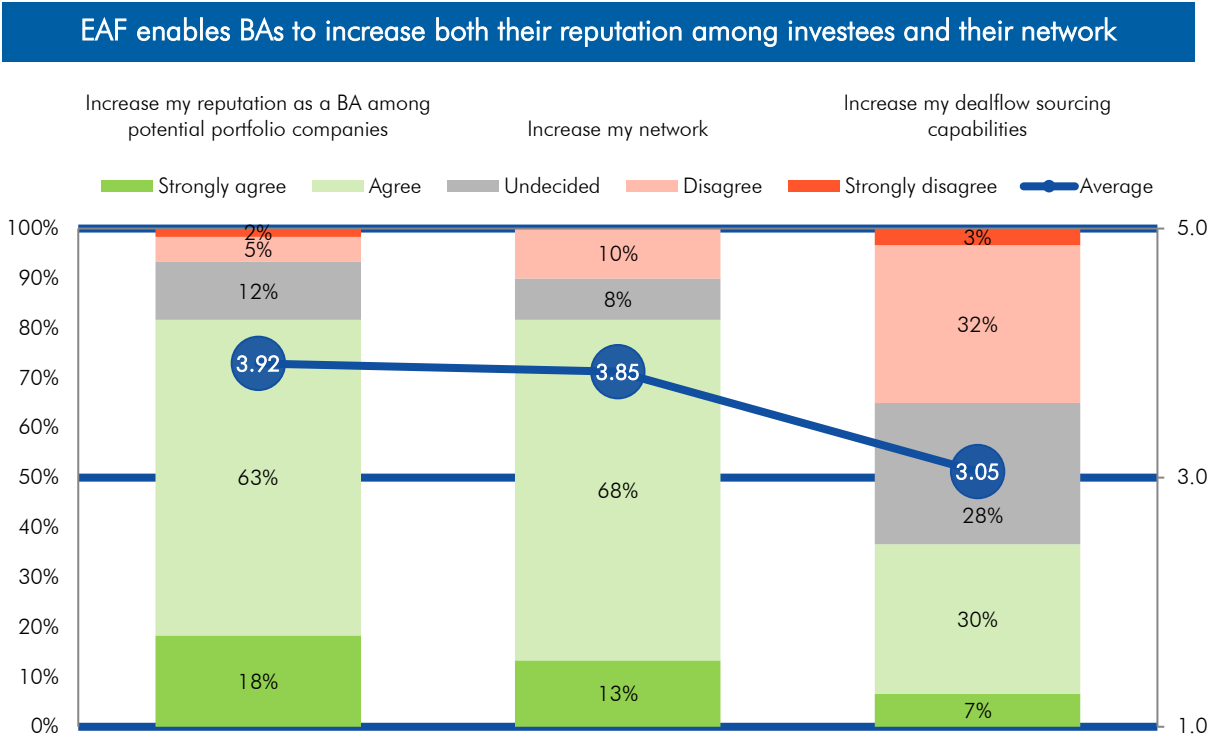
| |
|--|
| Strong positive feedback ... |
| <ul style="list-style-type: none"> ■ Network ... <ul style="list-style-type: none"> ... for secondary exits ... peer group support ■ Signal to start-up ecosystem ... <ul style="list-style-type: none"> ... that the BA is professional ■ Positive impact on documentation and governance ■ Higher amounts to participate in companies to help ... <ul style="list-style-type: none"> ... closing funding and follow-on rounds ... reaching participation thresholds with positive tax implications |
| ... and on the negative side |
| <ul style="list-style-type: none"> ■ Difficulties in investing cross-border with EAF |

Q. Is there any other important added value of the EAF commitment regarding your investment strategy not mentioned above?

5.2 EAF’s impact on the BAs’ dealflow, network and reputation

More than 4 in 5 EIF BA Survey respondents perceive a positive signalling effect of the EAF commitment, i.e. an increase of their reputation as a BA among potential portfolio companies (Figure 49). A similar share of respondents reported an increase of their network thanks to the EAF support. Regarding the EAF impact on their dealflow sourcing capabilities, the respondents are almost equally split between a group (37% of the respondents) that confirmed a positive effect and another fraction (35%) that did not perceive any such impact, while a smaller group (28%) was undecided.

Figure 49: EAF impact on dealflow, network and reputation

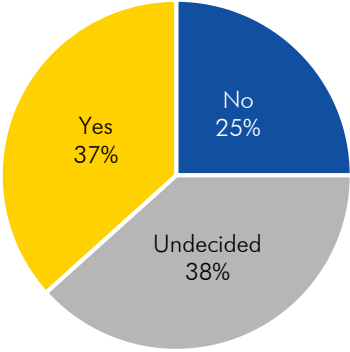


Q. To what extent do you agree or disagree with the following statements?
 Thanks to the EAF commitment, I was able to ...

When asked if the EAF should more actively contribute to making their BA activities visible, many BAs (38%) were undecided, while 37% agreed and 25% disagreed (Figure 50). In a follow-up open-ended question, those BAs who had given a positive or undecided response were asked for concrete suggestions about how the EAF could more actively contribute to making BA activities visible. Many respondents proposed to provide more information about BAs, in particular their profiles, investment strategies and portfolio companies. Additional suggestions included the publication of success stories, rankings and statistics in order to increase awareness of BA activities. Some respondents also suggested more networking conferences.

Figure 50: Preference for more EAF activity to increase visibility of BA activities

BAAs are rather undecided if EAF should more actively contribute to making their BA activities visible



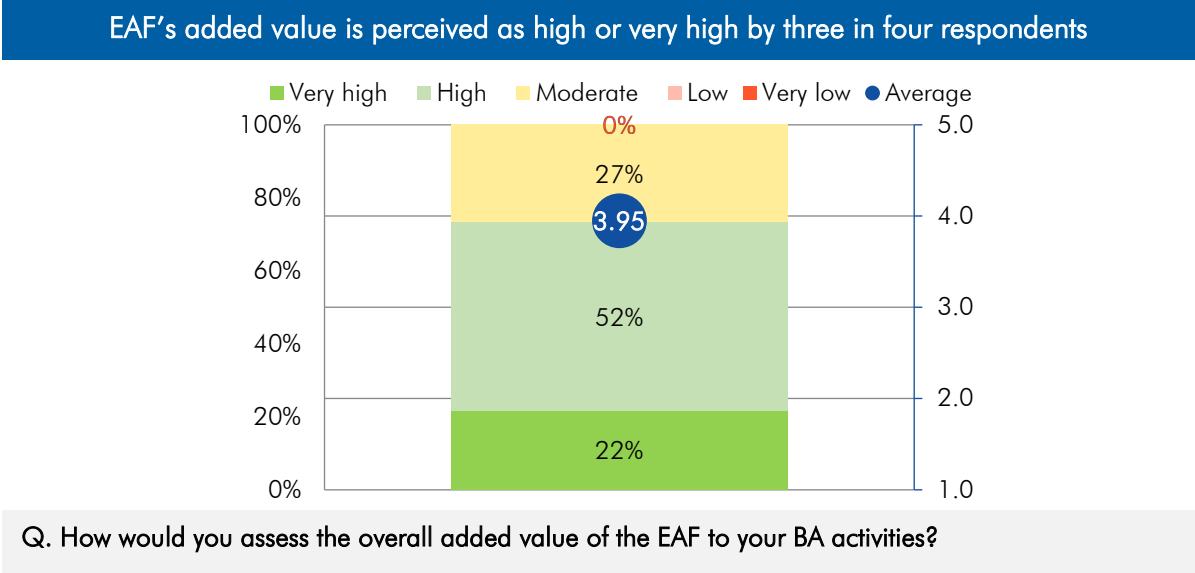
Q. Do you think that the EAF should more actively contribute to making your BA activities visible?

5.3 Overall EAF added value, processes and procedures

A large majority of the *EIF BA Survey* respondents reported the overall added value of the EAF to their BA activities to be high (52% of the respondents) or even very high (22%) (Figure 51). The remaining BAs (27%)¹³ perceived a moderate overall added value. No respondent reported a low or very low overall added value.

In a follow-up open-ended question, all surveyed BAs were asked how the EAF could increase its current added value and/or what additional added value the EAF should provide. Respondents mainly asked for more activities, in particular to increase dealflow, create co-investment opportunities, facilitate cross-border investments, connect BAs and entrepreneurs and improve secondary market opportunities. Further suggestions included a simplified reporting and more flexible EAF terms. Additional information about the BA “market” (statistics, databases, news) and BA gatherings that would provide networking opportunities were also mentioned by several respondents.

Figure 51: Overall EAF added value

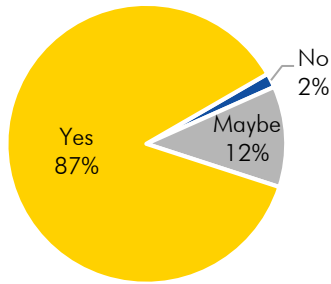


When asked whether they would work again with the EAF, the vast majority of the BAs (87%) gave an affirmative answer, while a smaller share (12%) would at least consider it (Figure 52).

In relation to the procedures applied under the EAF, most respondents attributed a certain degree of adequacy to each aspect under consideration. In particular, a large majority of the surveyed BAs (93% and 90%, respectively) agreed that the communication during the application process and the due diligence procedures applied to assess the proposal were appropriate (Figure 53). In general, the EAF application procedure was considered to be transparent and clear by most respondents (82%). The offered product was assessed to be well structured and reflecting market needs (84%). Even before applying, the EAF product was already transparent to almost two thirds (63%) of the respondents. High satisfaction rates were also stated for the length of the decision-making process (75%) and the time required to prepare the application materials (65%).

¹³ Shares may not necessarily sum up to 100% due to rounding differences.

Figure 52: Work again with the EAF



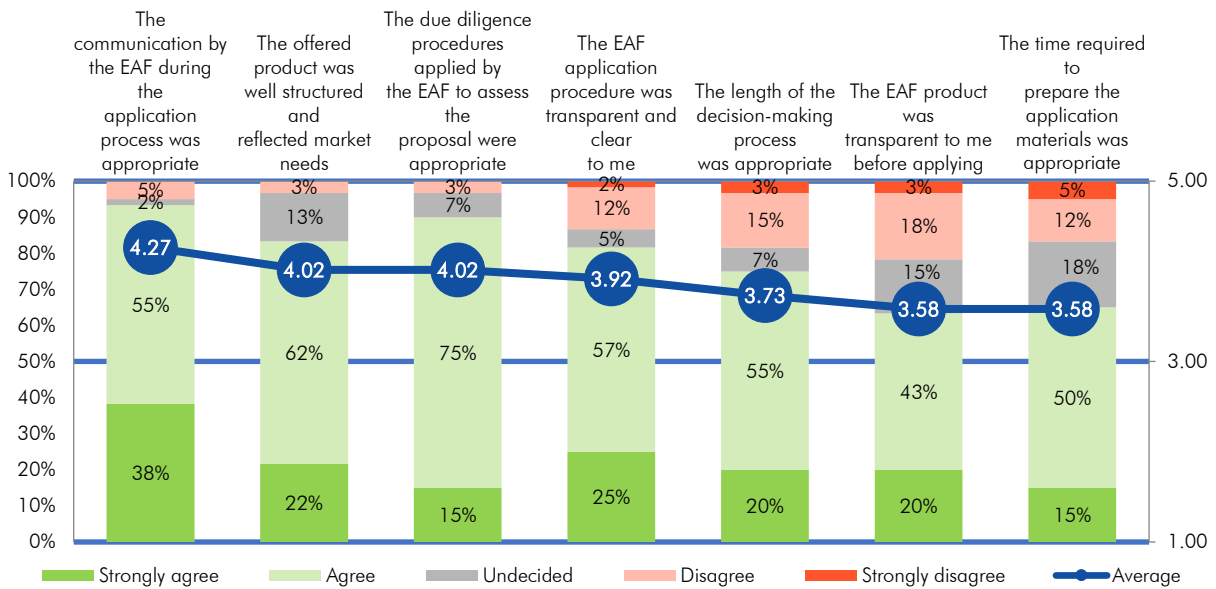
The vast majority of the respondents would work again with the EAF

Q. Would you work with the EAF again?

In a follow-up open-ended question, all surveyed BAs were asked whether there are any other important aspects that they feel the EAF should improve upon with regard to its procedures. Despite the generally high satisfaction level observable in the results of the preceding question, several respondents asked for more flexibility in the EAF terms and simplified reporting structures. Some BAs also suggested a higher reaction speed and the provision of more information about the EAF activities for BAs, enterprises and the general public.

Figure 53: EAF's procedures

Most respondents report the EAF procedures to be appropriate, transparent and clear



Q. Indicate to what extent you agree or disagree with the following statements regarding the EAF's procedures:

6 Concluding remarks

This first *EIF BA Survey* was designed to provide important insights into the European BA market, its state of business and market activity. The survey's aim was to identify the current challenges faced by BAs and their investee companies, to assess the BAs' views on the required public interventions, and to communicate concrete policy recommendations regarding regulatory and tax-related issues. Moreover, the survey intended to provide an in-depth overview of the BAs' perception of the added value of the EIF activities under the European Angels Fund.

To begin with, the survey results allowed to draw a portrait of the typical EIF-supported BA investors. Highly qualified individuals in the prime of their lives, they have hands-on experience in venture capital and a long history of BA investing. BAs also have a high degree of informal collaboration in terms of co-investing. Focusing mostly on seed and early stages, ICT and Services, they are investing in the technologies of tomorrow, from Artificial Intelligence to Digital Health.

The current business environment for BAs is perceived positively, and the situation is here to stay. Investments picked up in the last 12 months, and portfolios as well as exit opportunities are expected to further improve in the year ahead. Moreover, the survey showed that a non-negligible percentage of BAs would develop into VC fund managers in the future, suggesting that supporting BAs can also foster the development of the European VC ecosystem.

At the same time though, challenges persist. At market level, the lack of high-quality entrepreneurs and the high investee company valuations are perceived as the biggest challenges in BA activity. At portfolio level, access to external finance for investee companies was evaluated positively by fewer than half of the respondents, while securing financing was ranked as the second most important challenge faced by the BAs' portfolio companies (after recruiting high-quality professionals).

In this context, the role of the public sector is perceived favourably, especially the availability of government programmes for BAs at the European level. Among the elements of the ecosystem helpful for BA investing that are particularly underdeveloped, the issue raised most prominently is the introduction of more favourable tax systems for BAs. The second most underdeveloped element is the presence of VC funds for follow-on rounds. Therefore, according to the surveyed BAs, public support can play a role in two ways to stimulate the BA ecosystem: (i) by the provision of more public resources to increase investment volumes, and (ii) by tax incentives and by more simplified and harmonised regulatory systems across EU countries.

The overall EAF's added value is perceived as high or very high by three in four respondents. Thanks to EAF, most BAs increased their investment activity without crowding out their personal contribution. Although cross-border investments are limited by EAF's mandate requirements under national compartments, a significant percentage of the BAs either increased their cross-border activities or expect this to happen in the future. The programme also allowed them to develop their reputation and network. Most respondents report the EAF procedures to be appropriate, transparent and clear. Finally, the vast majority of the BAs would work again with the EAF, underlining the success of the programme.

BA financing is an essential source for start-up and young companies to achieve growth and create value through innovation. The relevance of BA financing, not only for young and innovative companies, but also for the economy as a whole is very high. In order to improve the availability of

information about this important market segment in Europe, it is envisaged to repeat this survey (at least) on an annual basis. Moreover, based on this survey, a BA market sentiment index (barometer) is in development and will provide the possibility to track the BA market sentiment over time. As such, this project contributes to the development of a sustainable ecosystem for BA investment in Europe in order to facilitate access to finance for young, innovative, high-growth SMEs – a key objective of the EIF.

ANNEX

List of acronyms

- BA: Business Angel
- bn: billion
- CFO: Chief Financial Officer
- CEO: Chief Executive Officer
- EAF: European Angels Fund
- EIB: European Investment Bank
- EIF: European Investment Fund
- ESG: Environmental, Social, Governance
- EUR: Euro
- ICT: Information and Communications Technologies
- m: million
- RMA: Research & Market Analysis
- SME: Small and Medium-sized Enterprise
- UK: United Kingdom
- US: United States of America
- STEM : Science, Technology, Engineering, Mathematics
- VC: Venture Capital

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... the European Investment Fund

The European Investment Fund (EIF) is Europe's leading risk finance provider for small and medium-sized enterprises (SMEs) and mid-caps, with a central mission to facilitate their access to finance. As part of the European Investment Bank (EIB) Group, EIF designs, promotes and implements equity and debt financial instruments which specifically target the needs of these market segments.

In this role, the EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth, and employment. The EIF manages resources on behalf of the EIB, the European Commission, national and regional authorities and other third parties. EIF support to enterprises is provided through a wide range of selected financial intermediaries across Europe. The EIF is a public-private partnership whose tripartite shareholding structure includes the EIB, the European Union represented by the European Commission and various public and private financial institutions from European Union Member States and Turkey. For further information, please visit www.eif.org.

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