



### Business Angels



Suitable for start-ups

PRIVATE FUNDING INSTRUMENTS EQUITY



Initial idea



Business plan



Marketable product



Commercialisation



Expansion

#### What is it?

A business angel is a private investor with disposable income or wealth that provides seed capital for a start-up in exchange for equity.

Like Venture Capitals (VC), angels typically look for scalable start-ups which have the potential for generating high rates of return. This is necessary due to the high risk assumed by investing in start-ups.

Due to the size of investment, business angels are normally suited for seed stage financing, having a standard investment size starting in the tens of thousands and finishing in the low hundreds of thousands.

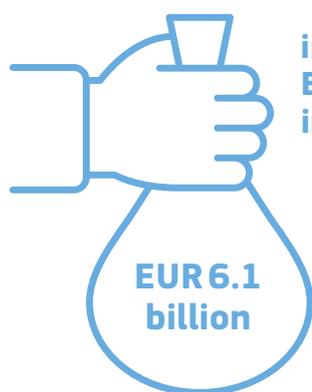
Angels are known to be a source of 'smart capital' due to their business acumen, sector knowledge and network they often bring to the table. A start-up ideally selects its angel based on its needs and the strengths of the angel.

#### How to use it?

Angels are considered a preferred source of capital for start-ups in the seed stage. Often being former entrepreneurs or executives from within the same sector as the start-up, business angels are considered a 'soft sell' and can be highly valuable in the company's development.

On the downside, angels often invest locally and can be hard to identify. Typically, angels come from close proximity to the start-up such as individuals from within potential suppliers or customers.

The numerous networks formed by angels to share potential transactions are a good entry point for start-ups seeking an angel investment. Angels sometimes co-invest with other angels, with one angel usually leading a syndicate.



invested by Business Angels in Europe in 2015

Source: EBAN, The European Trade Association for Business Angels, Seed Funds, and other Early Stage Market Players, May 2016.

## Who can benefit?

Young start-ups that are still fine-tuning their business strategy and model, and that are developing their service offering. They often do not have any sizeable income yet.

Start-ups who need funding but are also looking for some input, advice or contacts for their business. The area that start-ups need the most development will determine where they look for an angel investor.

Start-ups aiming to acquire a business angel investment should have done their homework on their business model, target market and the customer needs.

## Useful links

There are many networks of business angels across Europe at European or national level which are easy found on the internet. A good starting point is:

- **European Business Angel Network** ([www.eban.org](http://www.eban.org)).
- **Business Angels Europe** ([www.businessangelseurope.com](http://www.businessangelseurope.com)).
- **Space Angels Network** ([www.spaceangelsnetwork.com](http://www.spaceangelsnetwork.com)).

## Key benefits

- Seed stage financing.
- Network expansion for financing and business development.
- Often active involvement of experienced business people/entrepreneurs.

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