

Angel Investing

And why it matters to your entrepreneurial ecosystem

Trish Brasted

President/CEO, Wichita Technology Corporation

Managing Member, Midwest Venture Alliance

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Today's Agenda & Objectives

- **Understanding the angel industry**
- **Importance of angels and access to capital to our entrepreneurial ecosystems**
- **Angel investing in Kansas and the region**
- **Available resources**

- **Q & A – What would YOU like to know?**

What are angel investors?

- Many angels are former entrepreneurs themselves
- An individual who provides capital to one or more startup companies
- Angel investors can usually add value through their contacts and expertise.
- Accredited Investor vs. Non-accredited
 - \$1 Million net worth
 - \$200,000 annual income individual
 - \$300,000 annual income jointly

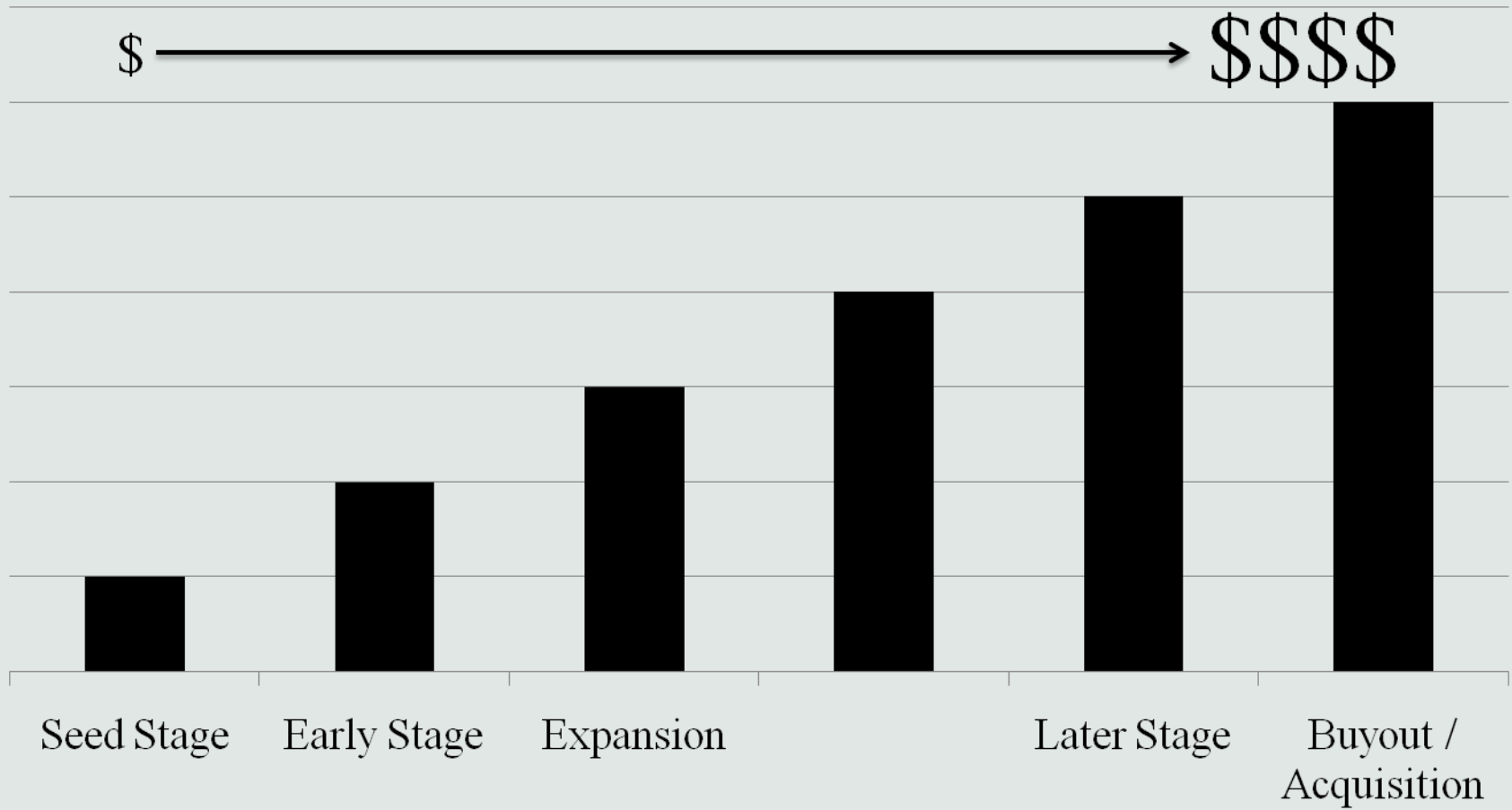
Angel Groups

- Meet regularly to screen opportunities, watch pitch presentations and meet with entrepreneurs
- Leverage the broad range of expertise of members to enable diverse industry investing
- Members work together to conduct due diligence
- Often pool funds into one transaction
- Some groups have paid administration and others are volunteer driven
- Over 600 in the U.S –(grown exponentially)

What is the difference between angels and venture capitalists?

- Funding source
 - Angels invest their own money directly into the businesses
 - VC's invest from other sources, i.e. pension funds, insurance companies & foundations
- Stage of Entrepreneur
 - Angels – seed and start-ups
 - VC's – later stage
- Size of investment
 - Angels \$5,000-\$100,000 - Average Group - \$325,000
 - VC's >\$1,000,000 often >\$5,000,000

Stages of Financing



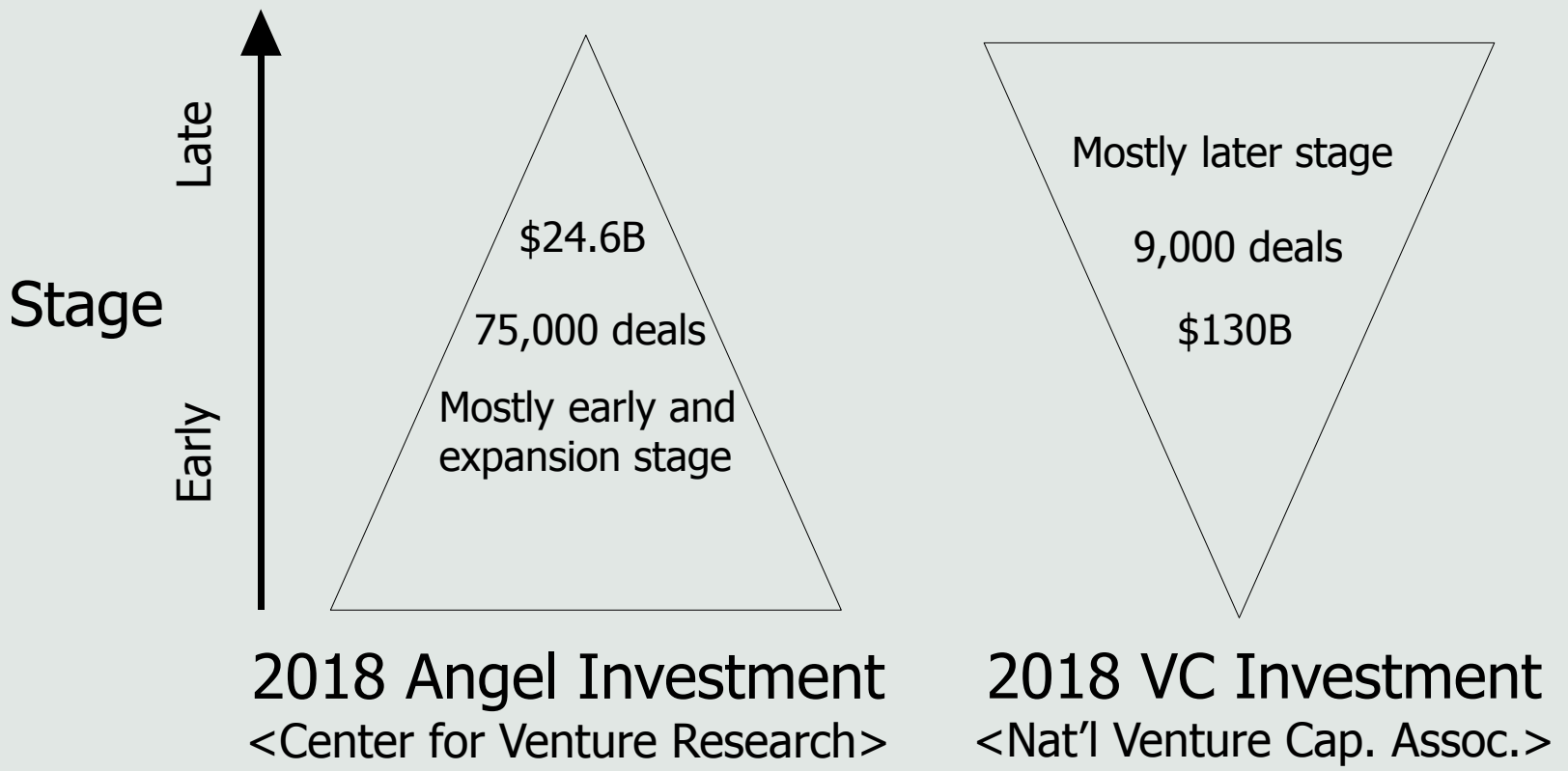
Typical Angel Deal Metrics

Individual & Angel Group

- \$10,000 - \$2,000,000
- Most fall in the \$1M range-Group/\$25,000 Individual
- High Growth – 10x expected return
- Team is the most important factor in the investment decision
- May or may not have a product to market
- Prefer 5-8 year exit window

Equity Investment 2018

Markets Large, Complementary



Why access to capital and developing angels are important to your entrepreneurial ecosystem!

- New job creation
- Succession strategy development
- Area revitalization
- Decrease talent drain from your city/county
- Access to larger pool of resources both human & financial for your entrepreneurs
- Ability to engage the community in other entrepreneurial activity.
- Absolutely critical to a vibrant entrepreneurial ecosystem

How do I activate capital in my Community

- You really just need to get the discussion started and continue to feed it
- Connections, collisions and more connections
 - Entrepreneurs must be active, on their feet and telling their stories
- Open access education about entrepreneurship and angel investing
 - Host specific events or just add 15 minutes to an existing meeting to make your community knowledgeable

Angel Investing – Partnerships & Programs

- Kansas Capital Multiplier Venture Program
- Midwest Angel Syndicate
 - AVP – Wichita, Seed Step – Tulsa & OKC, Nebraska Angels – Lincoln & Omaha, Mid-America Angels – KC, Rocky Venture Club – Denver, Sophia Fund – Minneapolis, Plains Angels – Des Moines, Gofer Angels – Minneapolis, Women's Capital Connection - KC
- Kansas Angel Tax Credits - \$6M

Kansas Angel Tax Credits

- \$6M in Tax Credits allocated to this program annually
- Companies must be less than 5 year old & <\$1M in revenue
- Companies apply to become Qualified Companies under the Act.
www.kansasangels.com
- Accredited Investors register on the same site
 - Registration required annually
- State Tax Credits up to 50% of \$100,000 investment

Resources

- Angel Research Institute (ARI)
 - www.angelresearchinstitute.org
- Angel Capital Association (ACA)
 - www.angelcapitalassociation.org
- Founders Forward
 - www.founderforward@visible.vc
- Seraf
 - www.seraf-investor.com
- Kansas Angel Tax Credit Program (KATC)
 - www.kansasangels.com

Q & A

Trish Brasted

brasted@wchitatechnology.com

316-651-5900

Thank You!!