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The Argentine Angel Investor Survey 2017

› www.inversorangelargentino.org

Methodology

The population under study is the people who carry out **angel type investment in Argentina** (regardless of their nationality and residence).

The survey was answered voluntarily to a call which took place through various entrepreneurial events, mailing, social networks, and telephone calls. The questionnaire was available through the site: www.inversorangelargentino.org. The call took place between May and December 2017, reaching 81 answers.

While no sampling frame of angel investors is available, our strategy for collecting data and avoiding biases consisted in the dissemination of the survey across all major organizations of the entrepreneurial ecosystem. As far as we know this is the largest survey on this topic in Argentina.



Founders of this Project



The **Argentine Association of Private Equity, Venture and Seed Capital (ARCAP)** is a non-profit organization aimed at promoting the development of the Private Investment Industry in Argentina.

It seeks to stimulate local investment in companies with high economic, social and environmental impact that can generate high-quality employment in the country.

ARCAP gathers and represents the following industry verticals:

Private Equity | Venture Capital | Seed Capital | Angel Investments | Accelerators, Incubators and Company Builders.



The **Latin American Observatory of Entrepreneurial Financing (OLFE)**: Austral University is the #1 private university in Argentina according to the QS Ranking (World University Ranking).

OLFE is a joint initiative of the IAE Business School and the Faculty of Business Sciences at Universidad Austral. Its objective is to develop key performance indicators to monitor entrepreneurial activity, particularly concerning financing sources, in Argentina and Latin America.

The mission of the initiative is to generate information tools and research studies on entrepreneurial financing to increase the understanding of the phenomenon and its participants, covering all modalities, instruments, and platforms available in the market, to generate greater transparency and benefits for both entrepreneurs and funders.

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USA comparative analysis

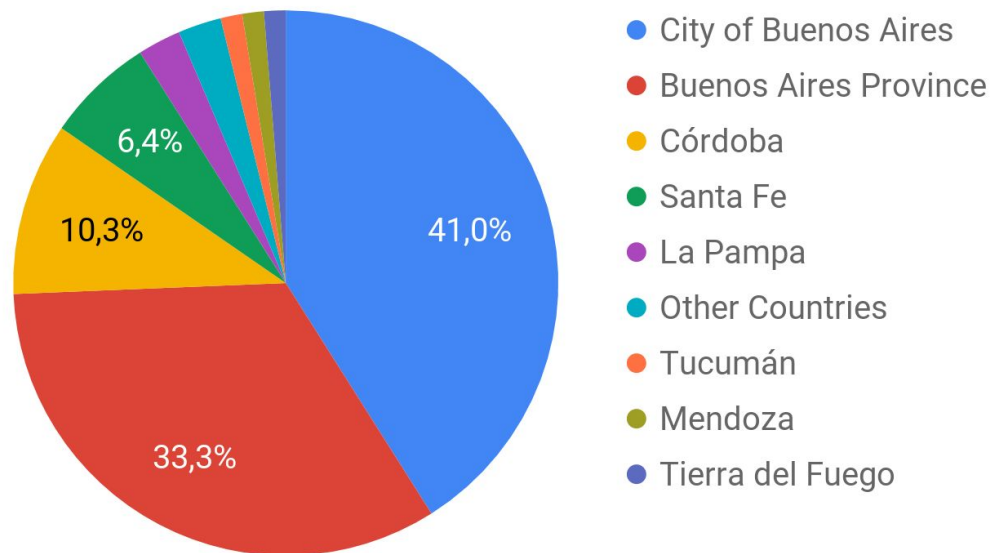




I.

ANGEL BACKGROUND

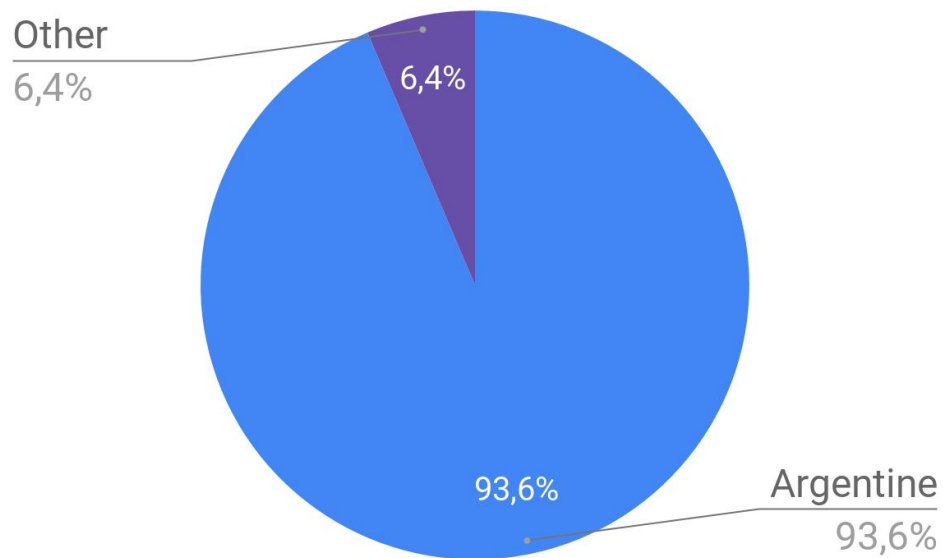
Residence



The Argentine angel investor is mostly **concentrated in the City (41%) and in the Province (33%) of Buenos Aires.**

The following provinces in order of importance are Córdoba (10%), Santa Fe (6%) and La Pampa (3%).

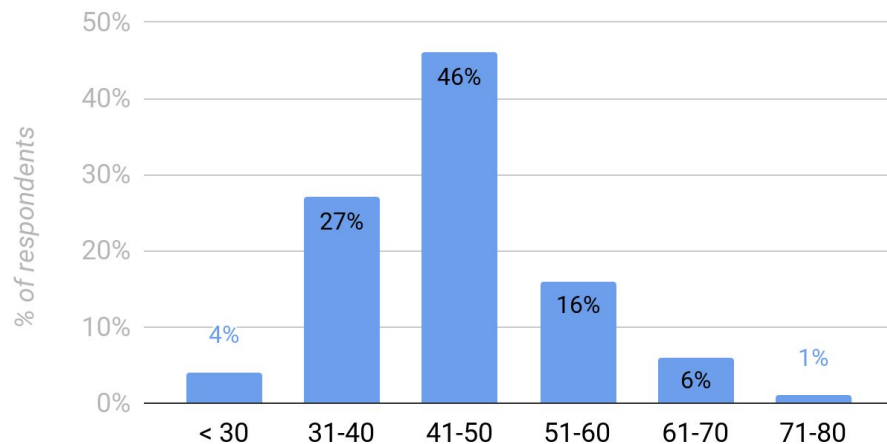
Nationality



94% of respondents are Argentinians. 6% are from other nationalities, such as Venezuelans, Dutch, Canadians and Spaniards.

Age

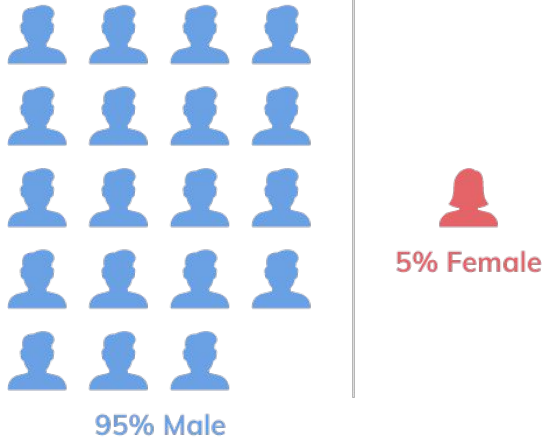
Angel Investors Age Distribution



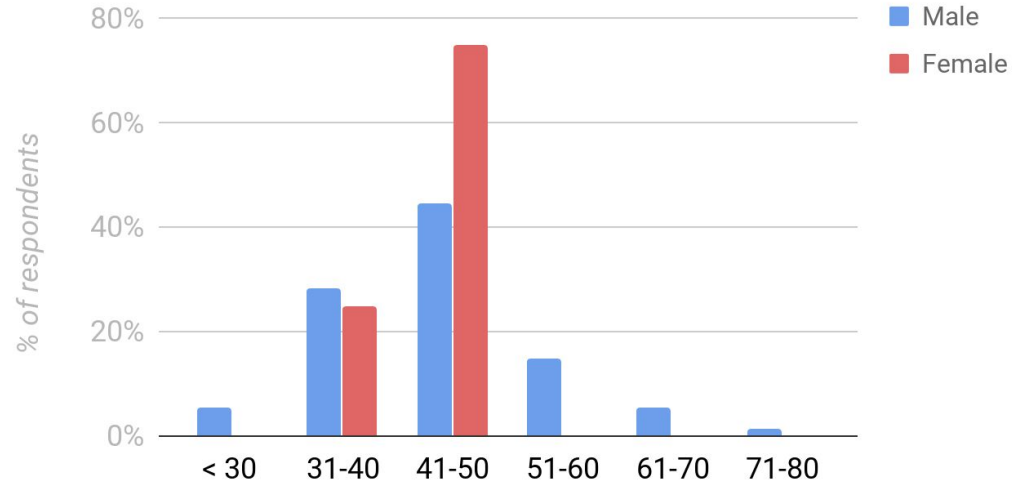
Mean	45
Median	45
Mode	46
Max	77
Min	26
Percentile 25	38
Percentile 75	50

The Argentinian angel investor's **mean age is 45 years old**, with a minimum of 26 and a maximum of 77 years old. **75% of respondents are under their 50's**. The most frequent interval in this case is that of 41 and 50 years old (46% of respondents)

Gender



Gender by Age

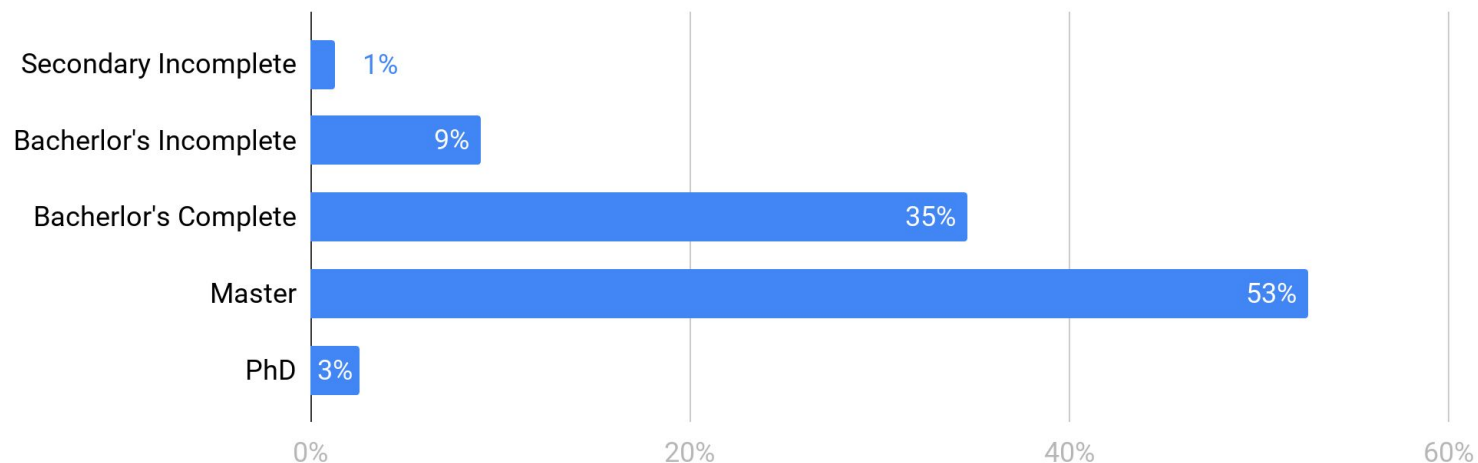


Only 5% of the respondents are women, 95% are men.

The **mean age of women is 43 years old**, within a range between 33 and 48 years. **Men have a similar average age, 44 years old**, but a much wider range, from 25 to 76 years old.

Educational Background

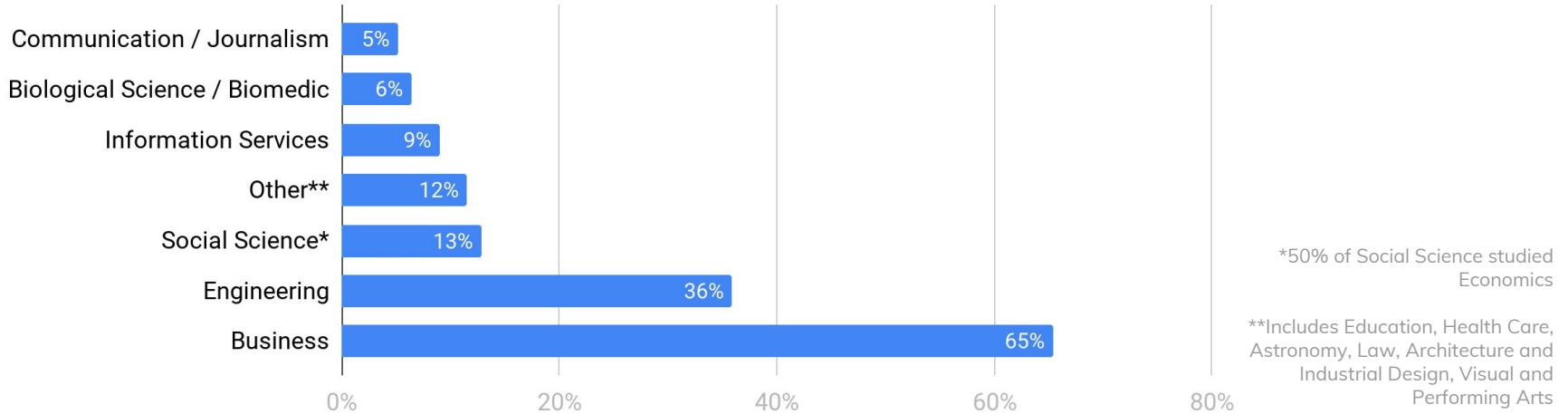
Highest Level of Education Achieved Distribution



56% of the angel investors in our sample have reached a **Master or PhD level**.
The 35% have completed a bachelor's degree.

Educational Background

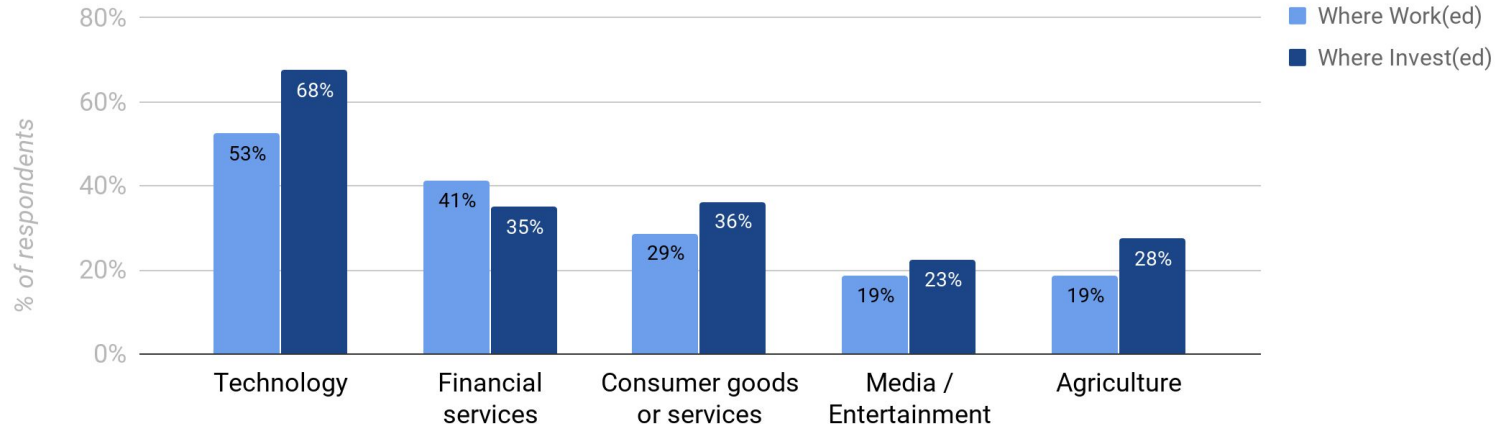
Main Areas of Study Distribution



Most angel investors have a formal **business** education (65%), followed by **engineering** and **social science** education.

Professional Background

Five Most Common Industry Sectors for Angels

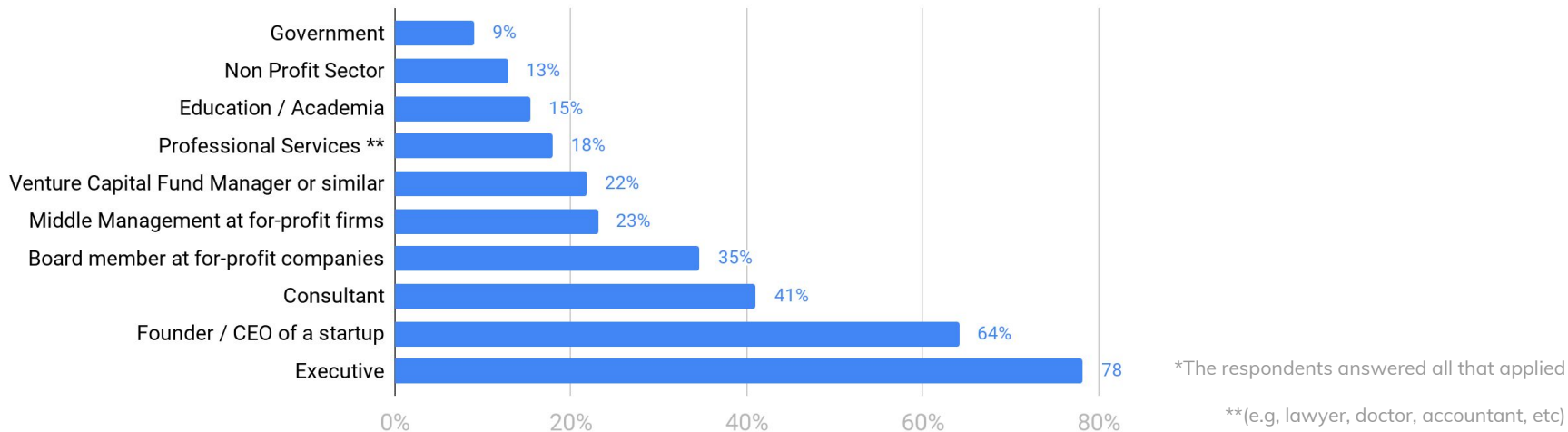


*The respondents answered all that applied

The **industries** that are **most invested by angels** are **Technology**, followed by **Consumer Goods or Services** and **Financial Services**, finally Agriculture and Media/Entertainment. This are also the most representative industries were respondents have worked.

Professional Background

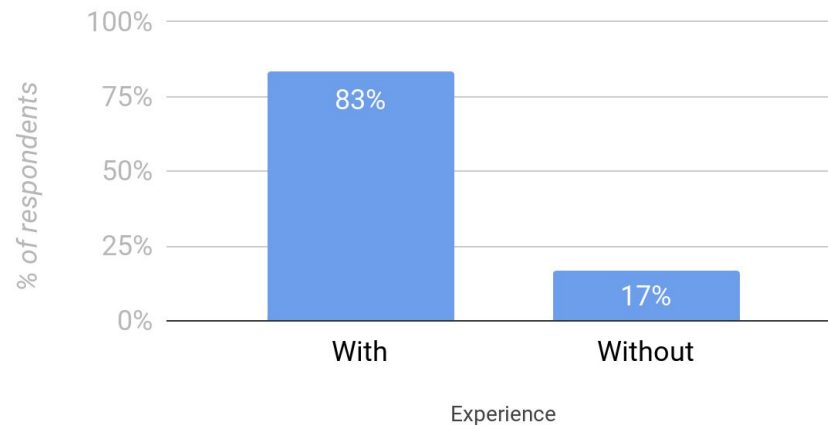
Career Positions



Most of the Argentinian angel investors were in an **Executive position (78%)**.
64% of respondents were **Founders or CEO's** of their own companies.

Financial Markets Background

Previous experience as an investor in the financial markets
(e.g. stocks, bonds, futures)



Approximately 83% of angel investors have previous investment experience in the financial markets (equity, bonds, futures, etc.)

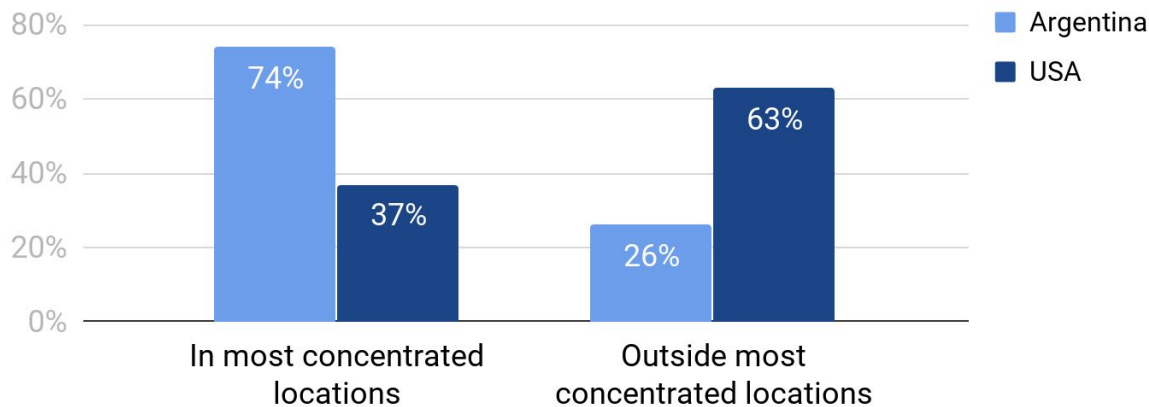
USA Comparative Analysis

The comparison is made based on the data obtained from "The American Angel Report".
Wharton University and ACA (2017)



Residence

Angels' Residence Concentration

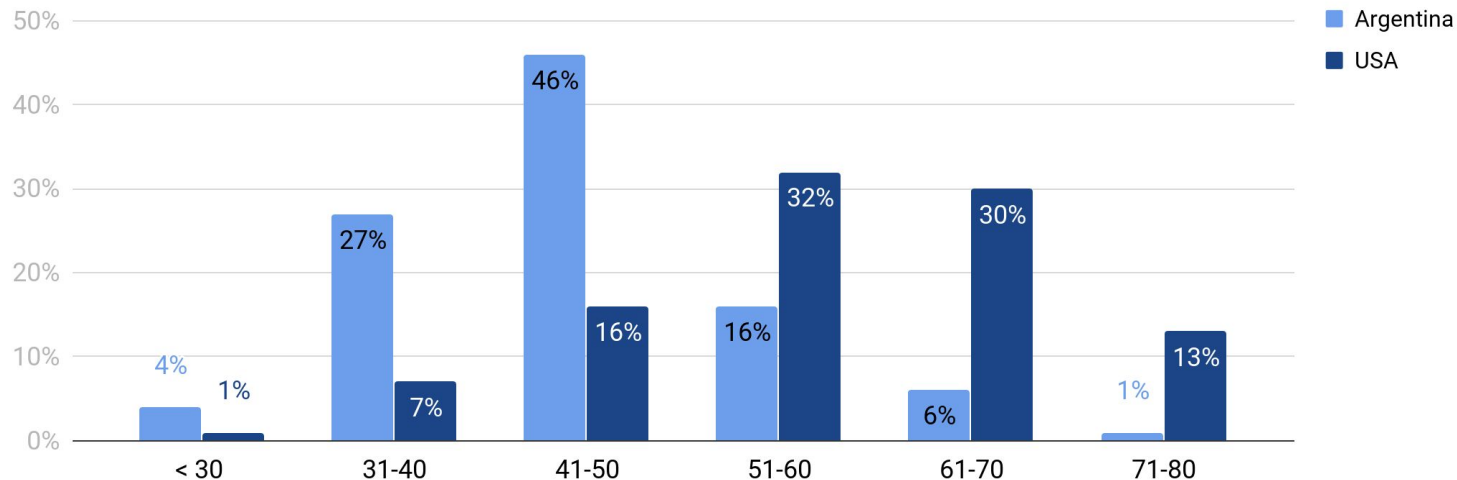


Note: Most concentrated locations: For the US, the three cities with the largest number of angels are San Francisco, New York and Boston. In Argentina, the two locations are the city and province of Buenos Aires

In terms of residence concentration, Argentina exhibits a much more concentrated distribution of angel investors than the US: While in the US the 3 largest locations concentrate 37% of the activity, **in Argentina the two largest locations concentrate 74%.**

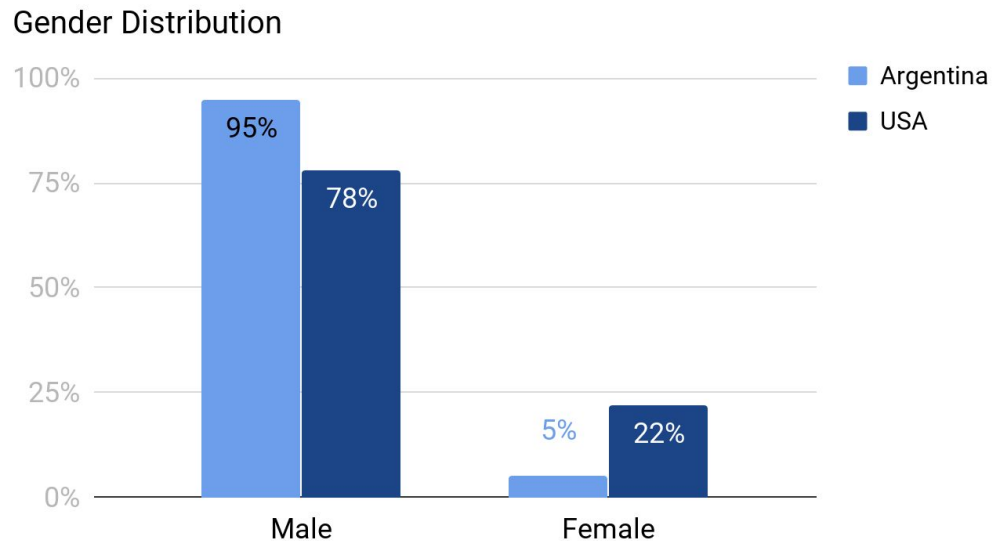
Age

Angel Investors Age Distributions



The mean age according to the US angel investor report is 57 years old. The **argentine surveyed group has an average 12 years younger**. 75% of US respondents are over 50 years old and 14% correspond to investors over 71 years. In contrast, in Argentina, 75% of respondents are below 50 years old and 1% are over 71 years. **Thus, the Argentinian angel investor appears to be younger.**

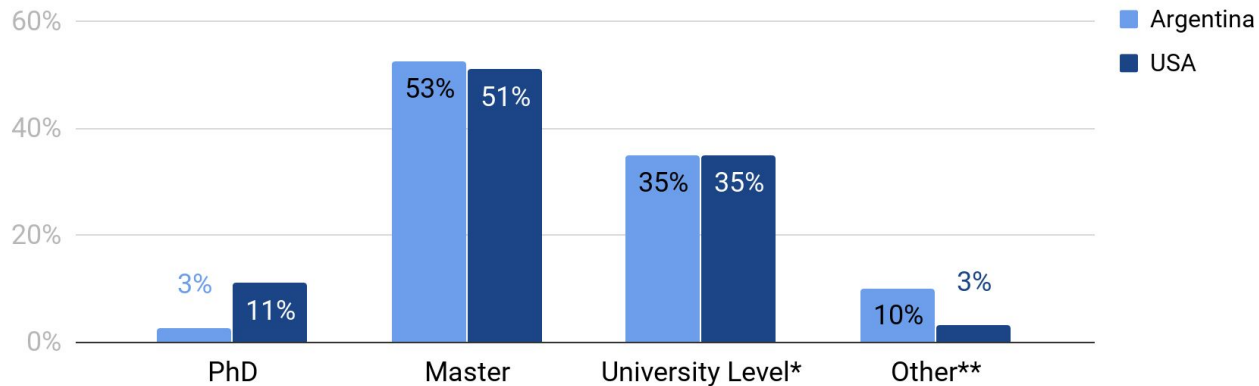
Gender



There is still a male predominance among angel investors. There are even fewer female angel investors in the Argentine market, in comparison to the USA.

Educational Background

Highest Level of Education Achieved



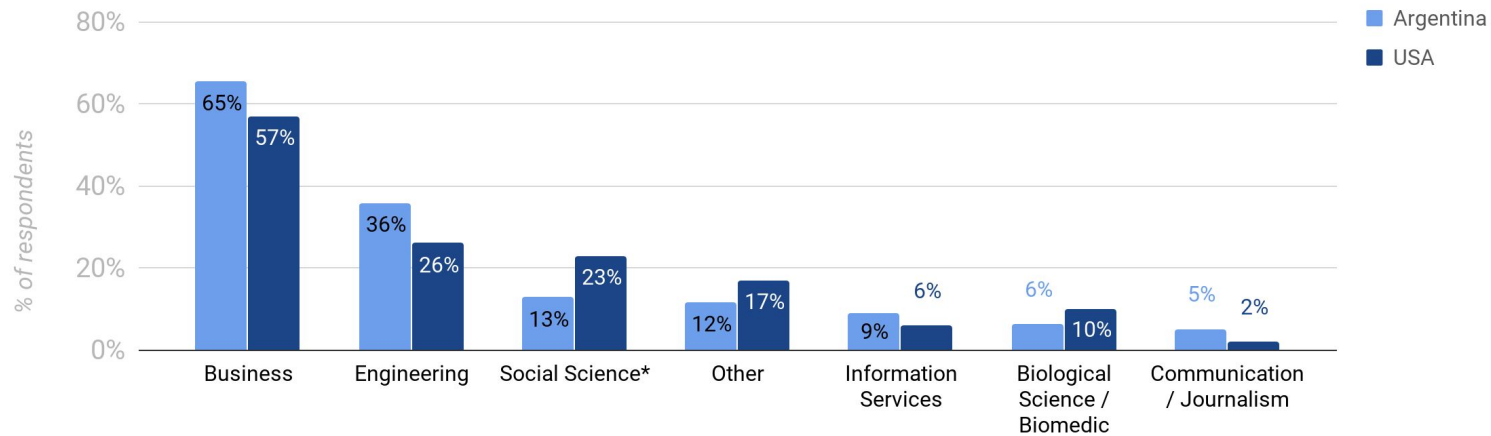
*University Level includes Bachelor's Complete (Argentina) and Bachelor's and Professional level (USA).

**Other includes Bachelor's and Secondary incomplete (Argentina) and GED/Associate's level (USA).

Angel investors display a **similar educational background** in both countries, reaching high levels of education. **USA have a higher share of PhD graduates** (11%, versus 3% of Argentina).

Educational Background

Main Areas of Study

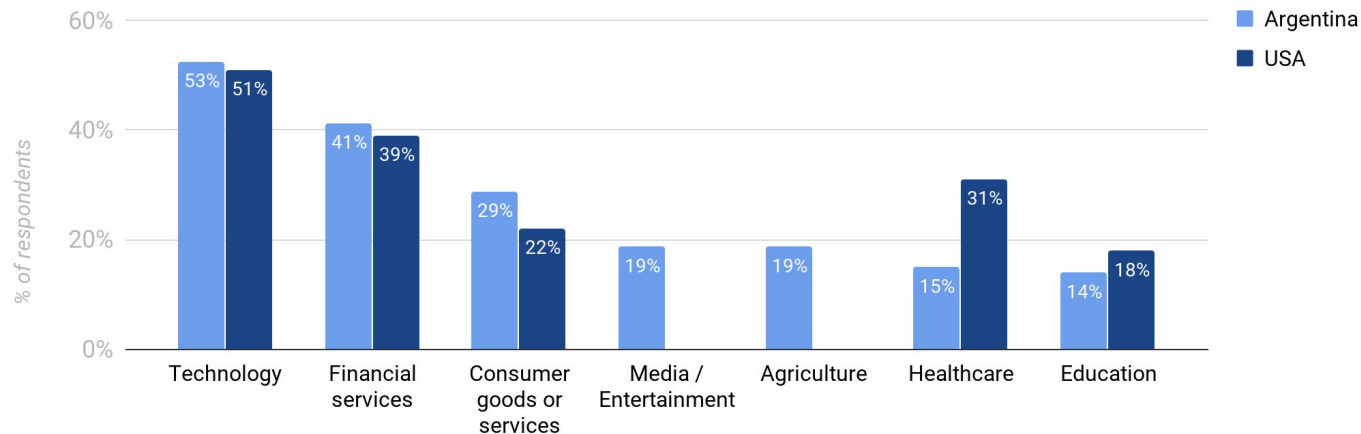


*For USA this category comprises Liberal Arts.

Argentinian and USA angel investors are **mostly trained in Business and Engineering**. The proportions are similar in both countries for all areas of study.

Professional Background

Industries where Angels have worked

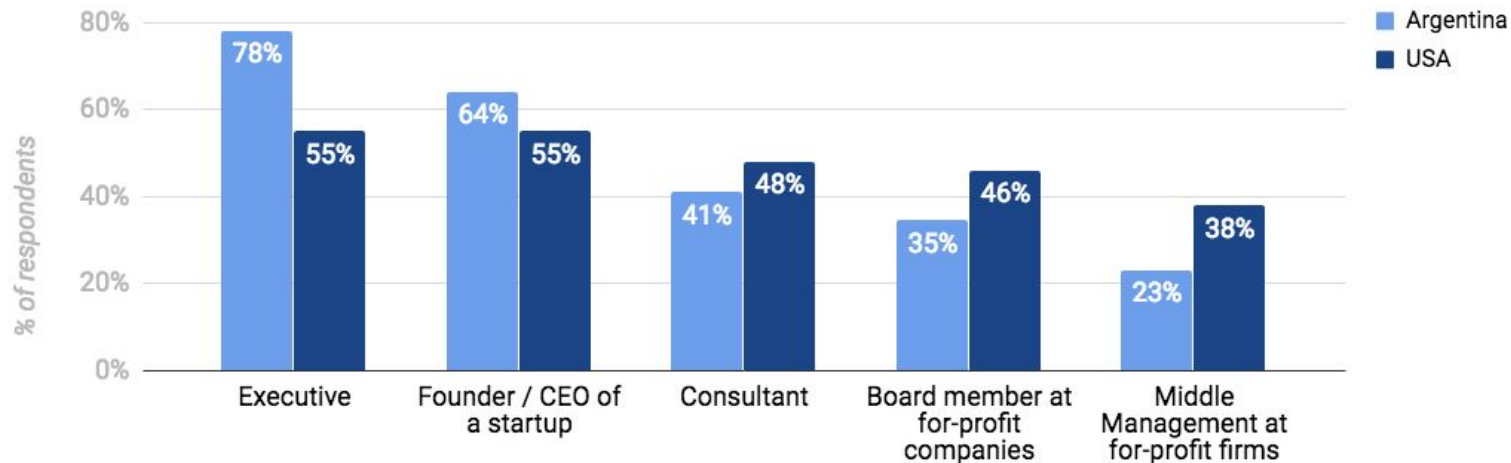


Note: there is no information for the Media/Entertainment and Agriculture industries in the USA

US and Argentine angel investors have a professional background tilt towards **Technology and Financial Services**. Besides this common pattern, the Healthcare and Education industries stand out in the USA sample. In Argentina, the Consumer Goods or Services, Agriculture, and the Media/Entertainment industries appear to be more important.

Professional Background

Five Most Common Career Positions



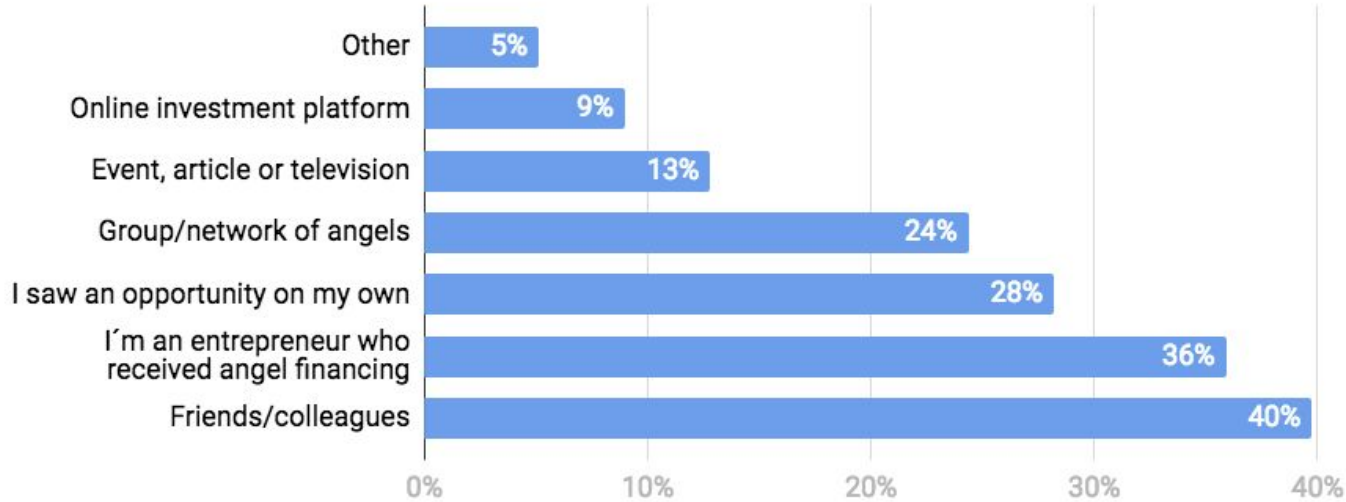
As in the case for the US, the **most common career positions** for angels in Argentina are **Executive and Founder / CEO of a startup**. In Argentina 78% of the angels were in an executive position and 64% were founders and CEO's. In the USA, this numbers are reduced to 55% and 55% respectively.



II.

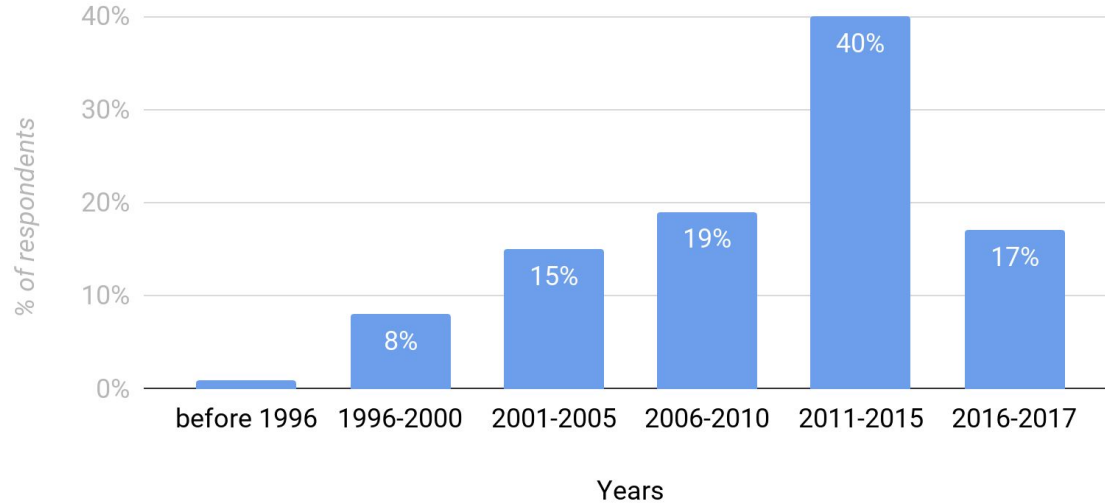
PATHS TO BECOME
AN ANGEL

First Involvement with Angel Investment Activity



There is a high percentage of angel investors who joined the angel activity **by friends or colleagues (40%)** or because of being immersed in **entrepreneurial activity (36%)**. Another significant percentage, although smaller, got involved simply because they saw a business opportunity on their own (28%) or because they joined a network of angels (24%)

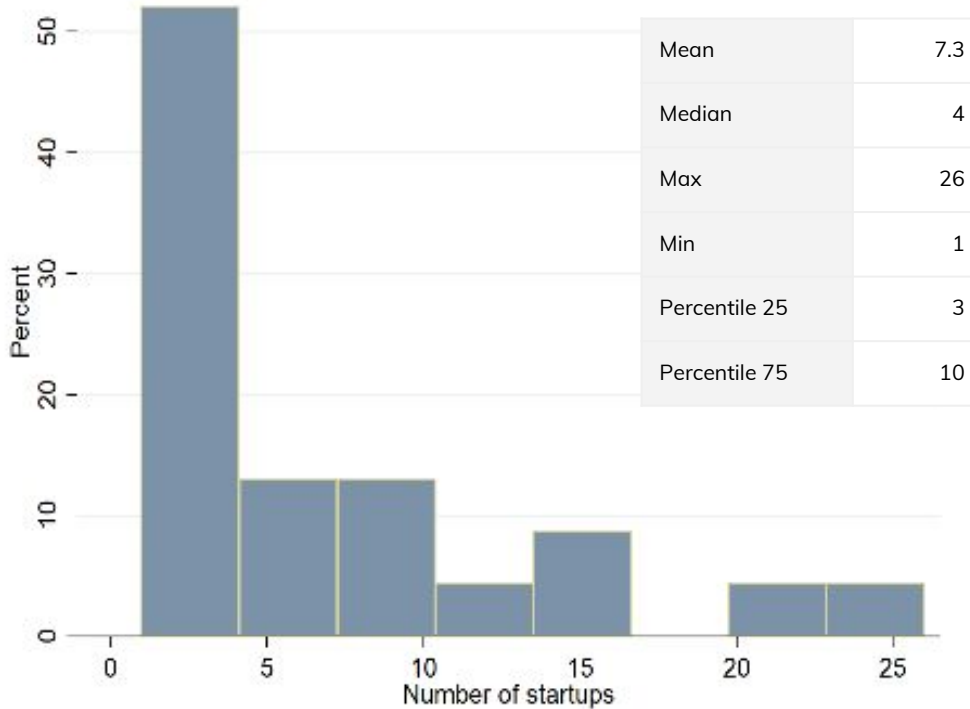
Year of the First Angel Investment



Mean	2010
Median	2011
Mode	2015
Max	2017
Min	1976
Percentile 25	2006
Percentile 75	2015

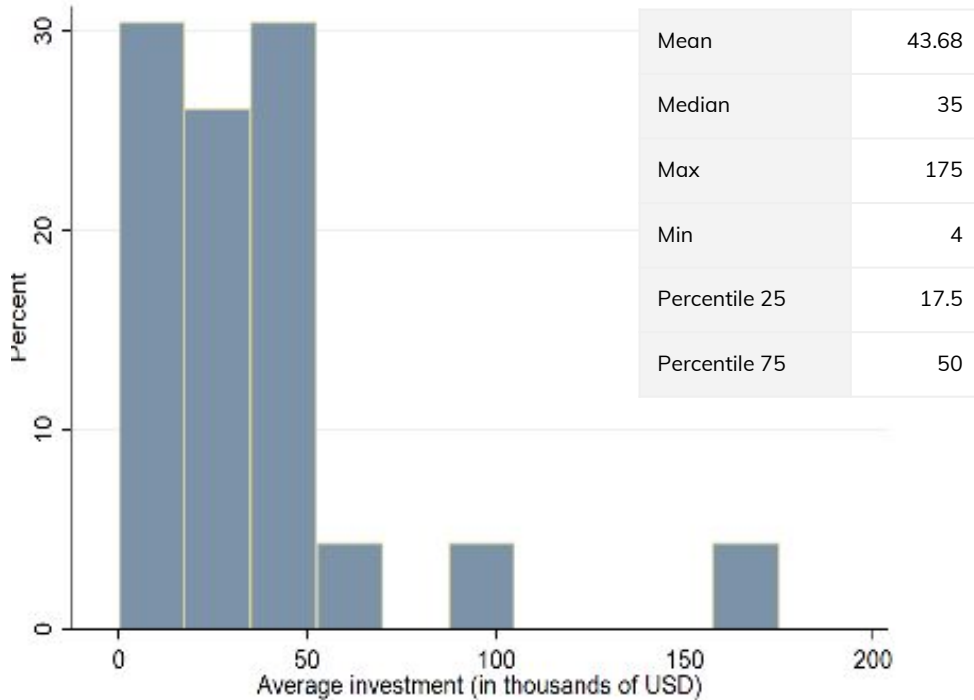
40% of the sample invested for the first time in angel activity between 2011 and 2015, with 2015 being the year that shows most new investors. The investment activity in our sample begins in 1976.

Number of angel investments



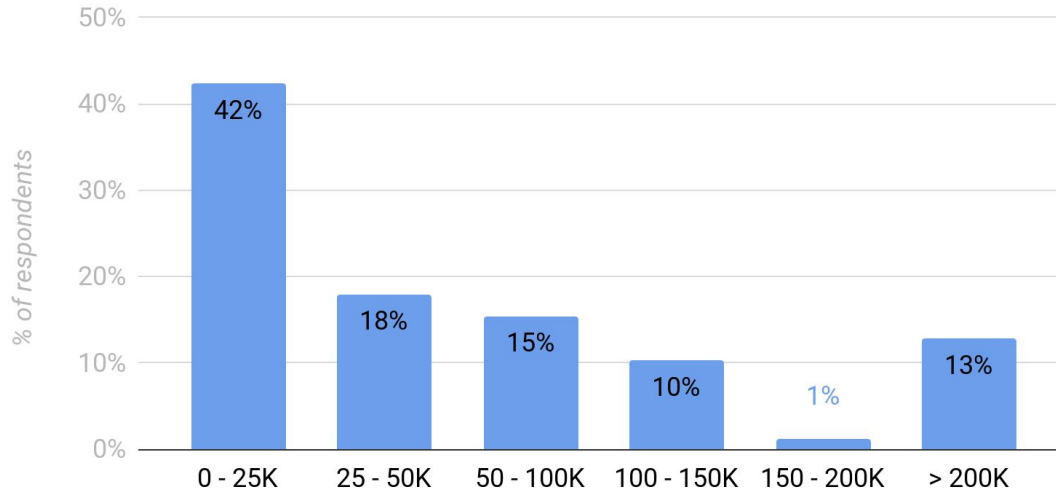
Respondents claim to have completed an average number of investments of 7.3, and a median of 4 investments, since they began angel investing.

Average investment size – seed round



Respondents claim to have disbursed, on average, \$44k, as their personal investment in a seed round. The median investment in seed rounds is \$35k and 75% of investments are below \$50k.

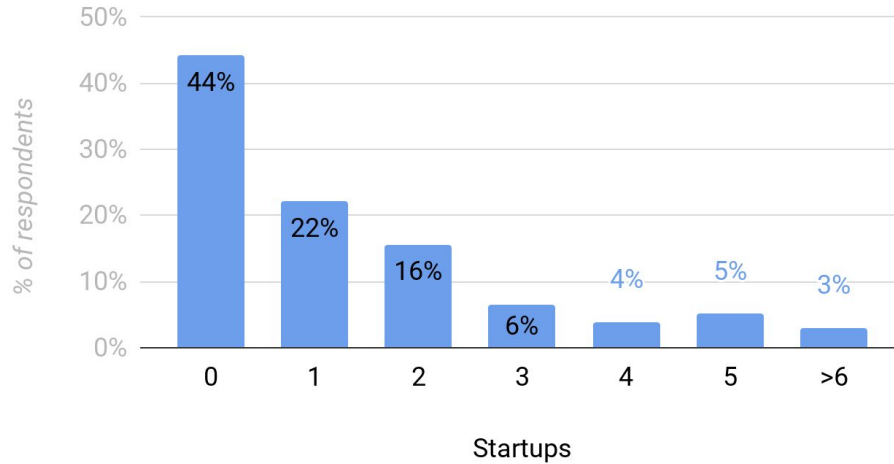
Annual amount allocated to angel investing (USD)



42% of respondents invest less than \$25K per year, with an **average of \$64K**. As a reference for comparison, in the US the average is approximately \$106K.

Follow-on Investments

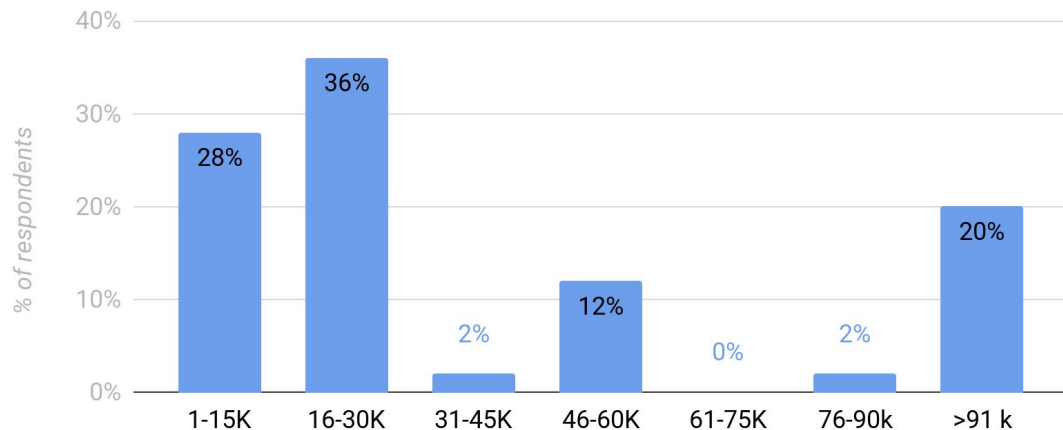
Number of startups with follow-on investments



56% of the investors in the sample have done at least one follow-on investment. In the US, 76% have done at least one follow-on investment. Also, 50% have done 3 or more follow-on investment. In Argentina only the 18% of investors have done 3 or more follow-on investment.

Follow-on Investments

Average amount (USD) of follow-on investment



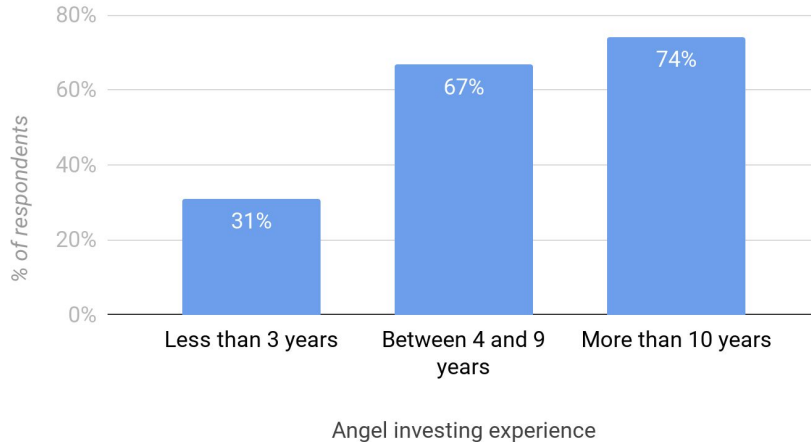
Note: In 7 cases, amounts of investments not yet disbursed are considered, but the investor expects to invest

Mean	58,966
Median	25,000
Mode	25,000
Max	600,000
Min	1,000
Percentile 25	11,250
Percentile 75	50,000

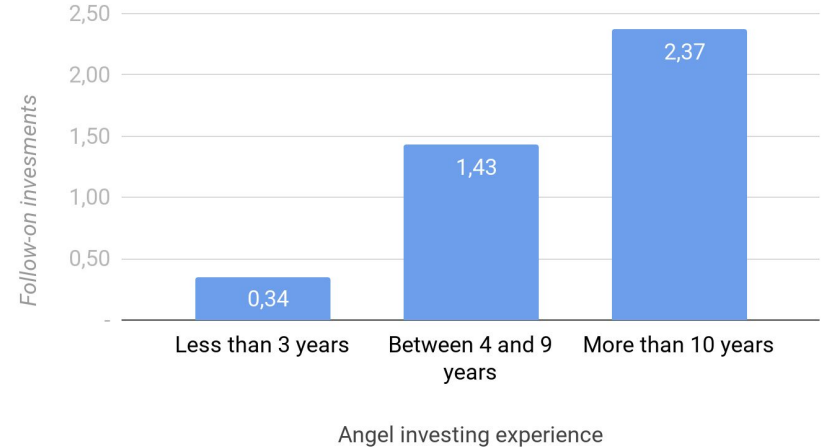
The **mean follow-on disbursement is \$59K**, while the **median follow-on disbursement is \$25K**. Moreover, 75% of respondents invest \$50K or less. Only 20% of the sample invest more than \$91K in follow-on investments.

Follow-on Investments and Investors Experience

Percentage of investors which have carried out Follow-on Investments



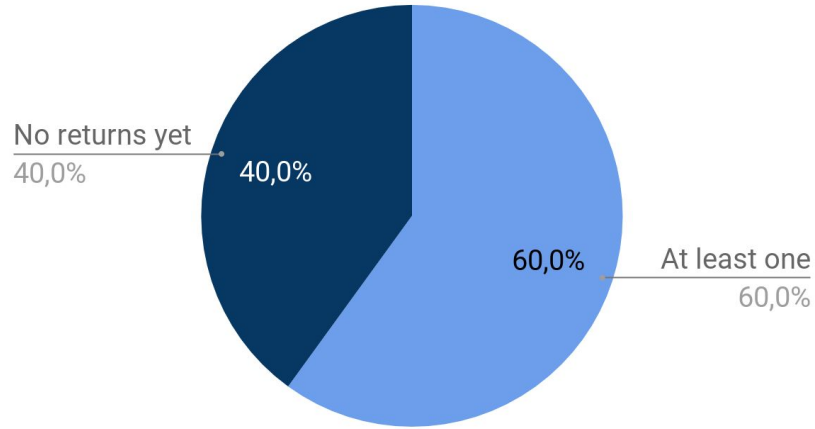
Average number of Follow-on Investments



While nearly a third of less experienced investors (3 years or less) have carried out follow-on investments, 74% of most experienced investors (10+ years) have completed these types of investments. While less experienced investors have completed an average of 0.34 investments per investor, most experienced investors reach an average of nearly 2.37 investments.

Return

Proportion of investors who have obtained at least one return



Note: Confidence interval for the proportion of investors with at least one return is [49%, 70%]

60% of investors in the survey report having obtained at least one return from their investments.

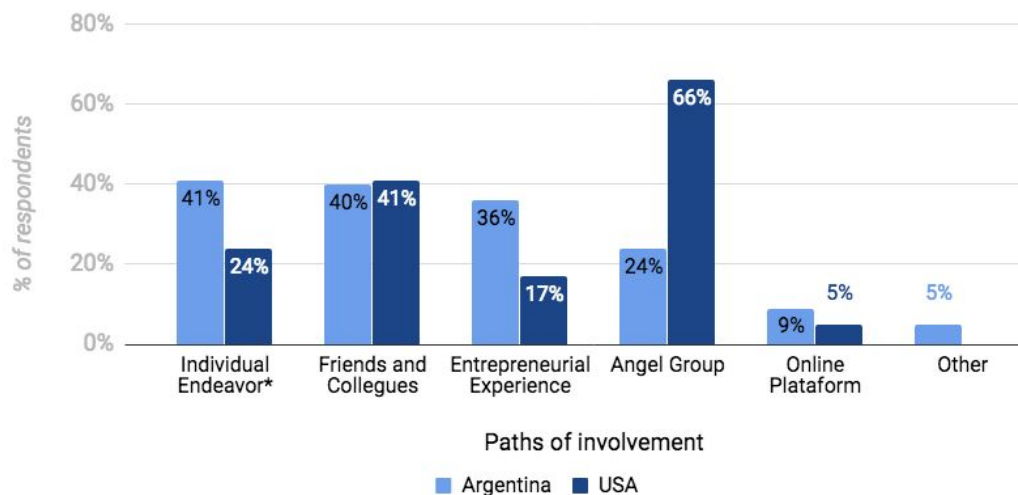
USA Comparative Analysis

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First Involvement with Angel Investment Activity

First Involvement Method



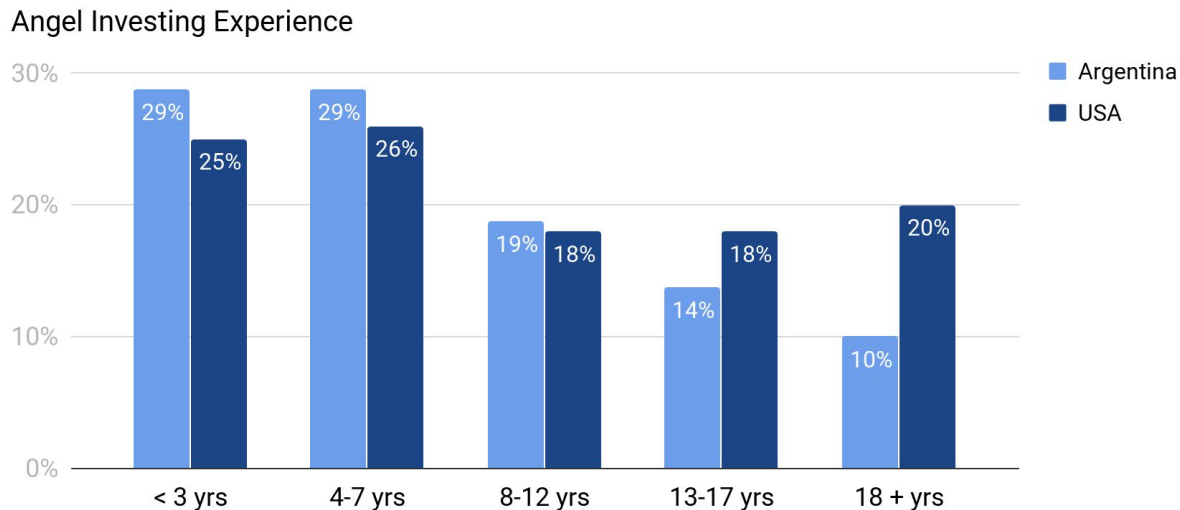
The **US investor** gets involved in the angel activity mainly through a **group of angels (66%)**. In the Argentine case, this path is chosen only by 24% of the respondents.

The **argentine investor** generally initiates its path through an **individual endeavor (41%)**. For the US this path represents 24%.

For both markets, investors, **friends, and colleagues** play a very important role when it comes to getting involved in the industry (among 40%).

*Includes events and opportunity detected by their own

Angel Investing Experience



20% of angel investors in the US have been in the market for more than 18 years. In Argentina, only 10% of angel investors have that experience.

The mean angel investing experience in Argentina is 9 years. In the US the mean is approximately 10 years.

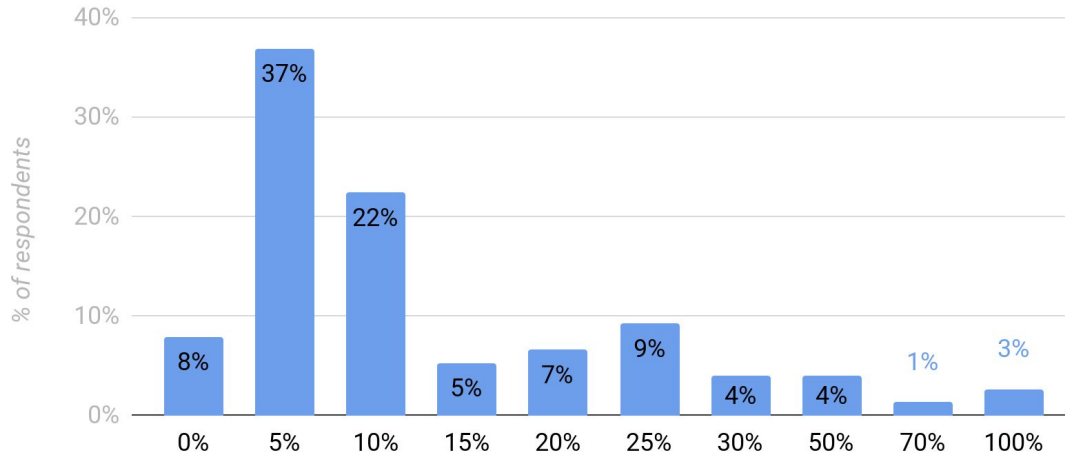


III.

CURRENT ANGEL ACTIVITY

Total Financial Investments

% of angel investments/total financial investments

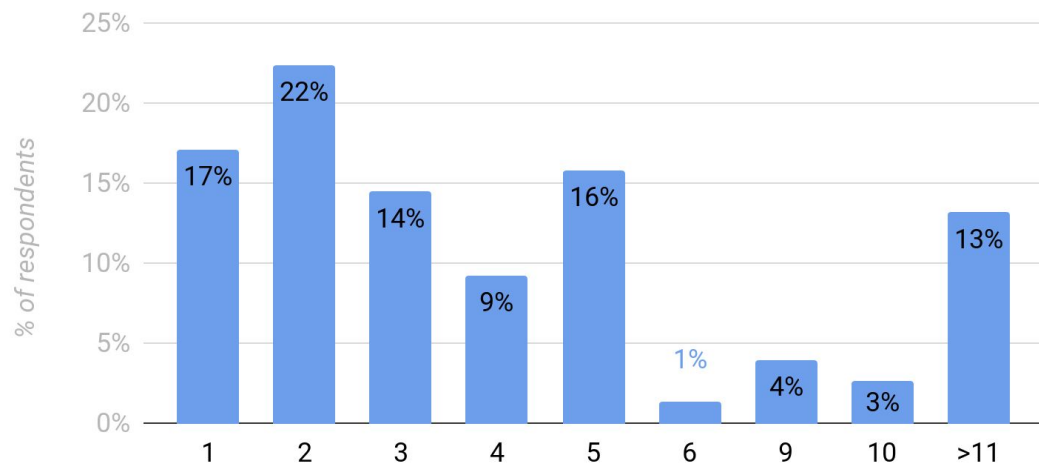


Mean	15
Median	10
Mode	5
Max	100
Min	0
Percentile 25	5
Percentile 75	20

75% of our sample allocate 20% or less of their total financial investments to angel investing. The mean proportion destined to angel investing is **15%** and the **median is 10%**. Only a 4% of respondents allocate more than 70% of their total financial investments to angel investing.

Portfolio Size

Active startups in the portfolio



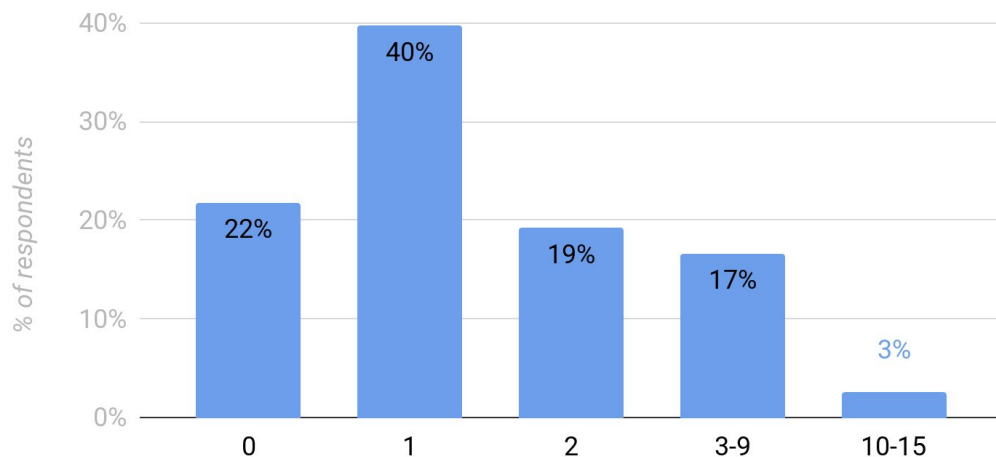
Mean	5
Median	3
Mode	2
Max	25
Min	1
Percentile 25	2
Percentile 75	5

The **mean size of the Argentine angel investor's portfolio is 5 startups**, with a **median of 3 startups** and a general range that goes from 1 to 25 startups.

75% of respondents have 5 or less startups active in their portfolio. Only 13% have 11 or more active startups.

Investment Rounds in 2016

Angel rounds (initials or follow-on) in 2016

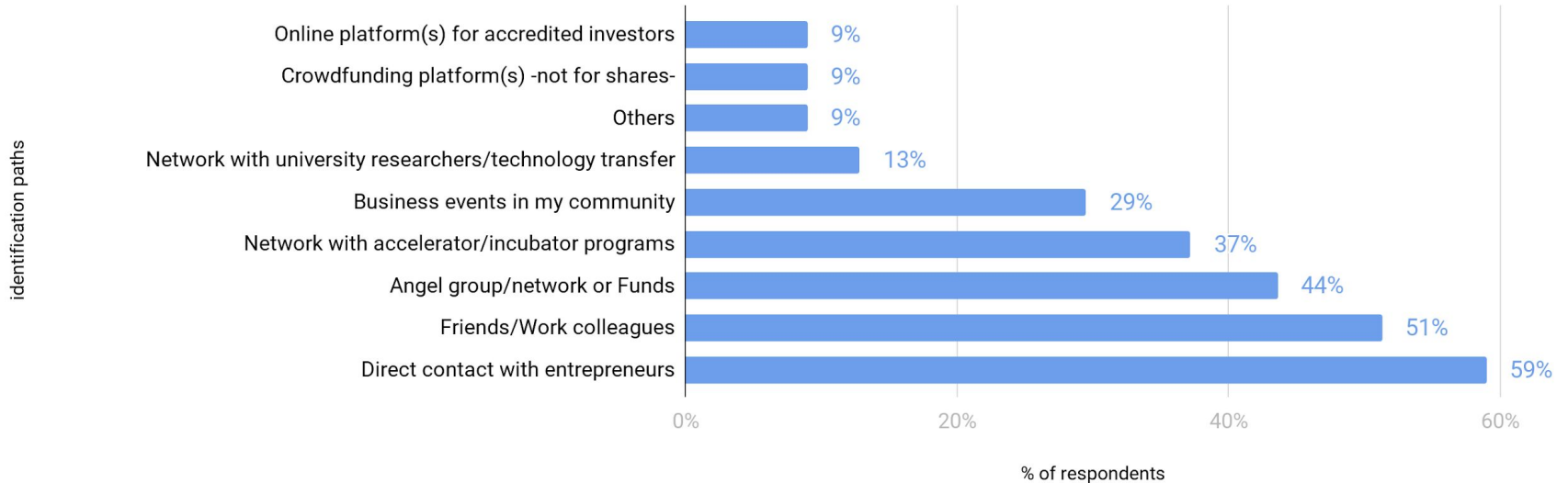


Mean	2
Median	1
Mode	1
Max	15
Min	0
Percentile 25	1
Percentile 75	2

Almost **80% of respondents participated at least in one angel investment round in 2016**. The **mean** number of angel rounds invested in 2016 was **two**.

Only **20%** have invested in **more than three rounds** during 2016.

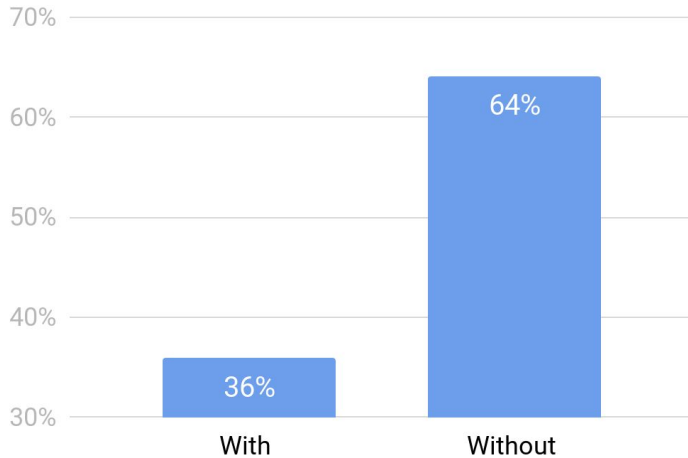
Identification of Investment Opportunities



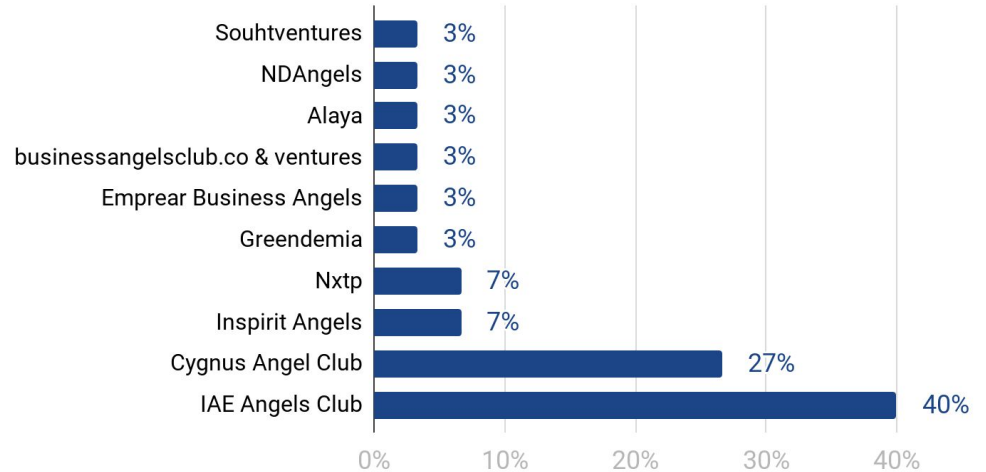
Direct contact with entrepreneurs is the most cited source of investment opportunity recognition, followed by friends/work colleagues and angel group/network or funds.

Angel Network/Group

Working with/without Angel Network/Group



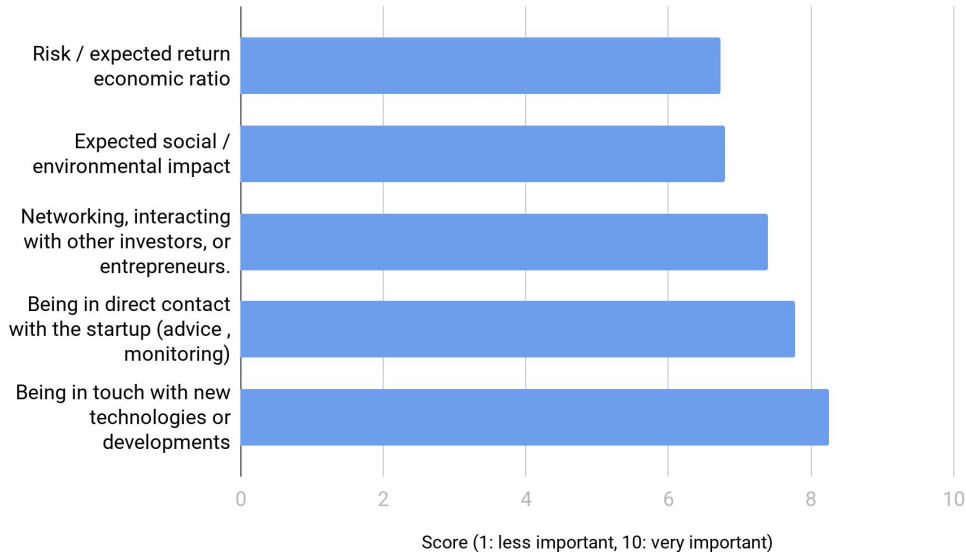
Angel Clubs mentioned



Most respondents do not work with a network or group of angels. However, among those who use groups to detect investment opportunities, the most frequently mentioned groups are the **IAE Angels Club** or **Cygnus Angel Club**.

What Attracts Angel Investment

What attracts investors from angel investing? Score averages



Note: Other dimensions of attraction mentioned by respondents include: *helping the development of the entrepreneurial ecosystem, creation of job opportunities, contribute in shaping the future/ to future generations, transferring knowledge and experience, being in contact with young people, being active in the industry.*

Investors cite several reasons as important attractors for angel investing. Among them, **being in touch with new technologies and developments** results even more important than others such as the risk/expected return ratio.

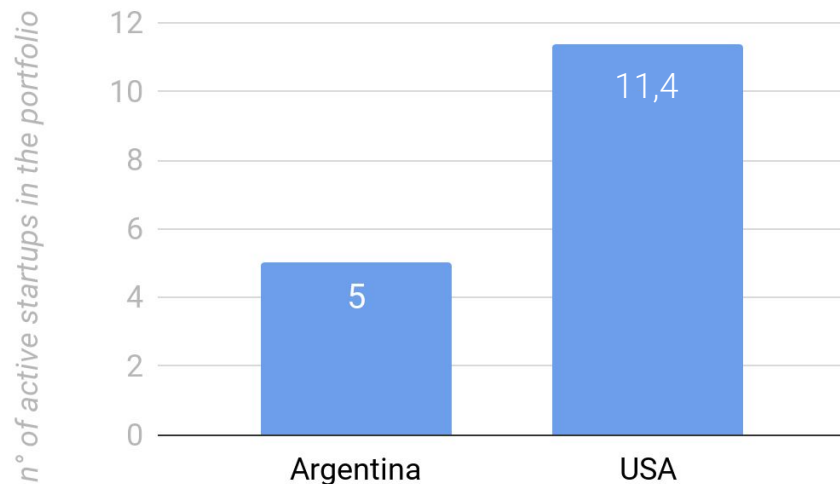
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Portfolio Size

Mean Portfolio Size

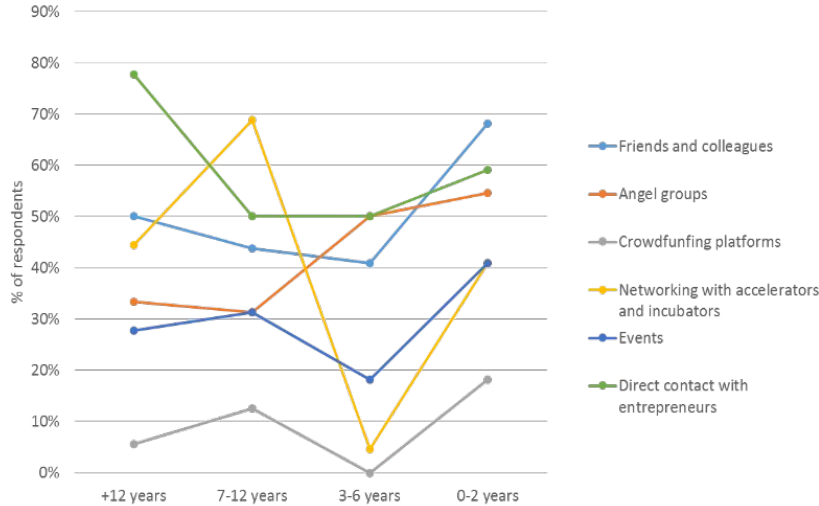


The mean portfolio size is higher in USA than in Argentina. In the USA reaches 11.4 active startups and in Argentina reaches only 5. Also, the median in USA is 7 and in Argentina is 3.

Identification of Investment Opportunities

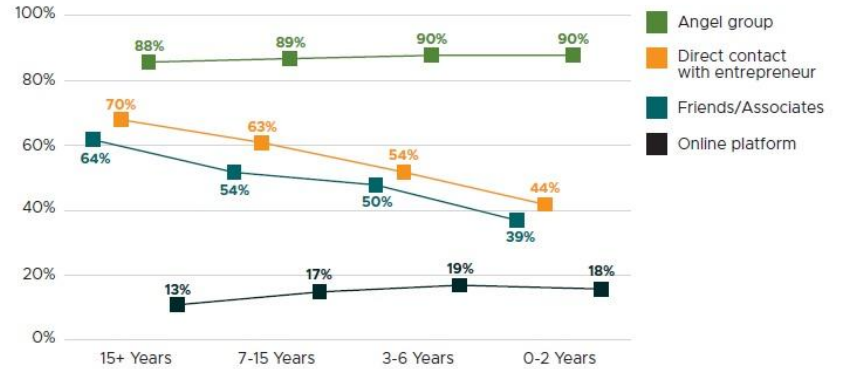
Argentine Angel Investor

Opportunities identification path by years of investment experience



US Angel Investor

Opportunities identification path by years of investment experience



In the **US angel groups go along the angels throughout their entire investment experience.** Only the most experienced identify opportunities through direct contact with entrepreneurs or with friends and colleagues. In the US we can observe a stable and clear pattern, on the contrary, in Argentina the road appears to be much more erratic over the years. **Only the youngest Argentine angel investors choose angel groups** to identify investment opportunities.



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