



Conference
**« Startups and spin-off funding,
public and private policies »**

A French Business Angel views

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Embassy of France in Berlin

Investessor

1st network of BAs created in France (1998), 250 members today

Since then, in 15 years :

- ✓ More than 135 startups have Investessor business angels
- ✓ Today 75% are active, some sell more than 10Mio€

Yearly average over 2012-2013 :

- ✓ 600-800 entering files
- ✓ 400 selected
- ✓ 115 entrepreneurs pitched
- ✓ 50 projects presented to members
- ✓ 20 projects financed

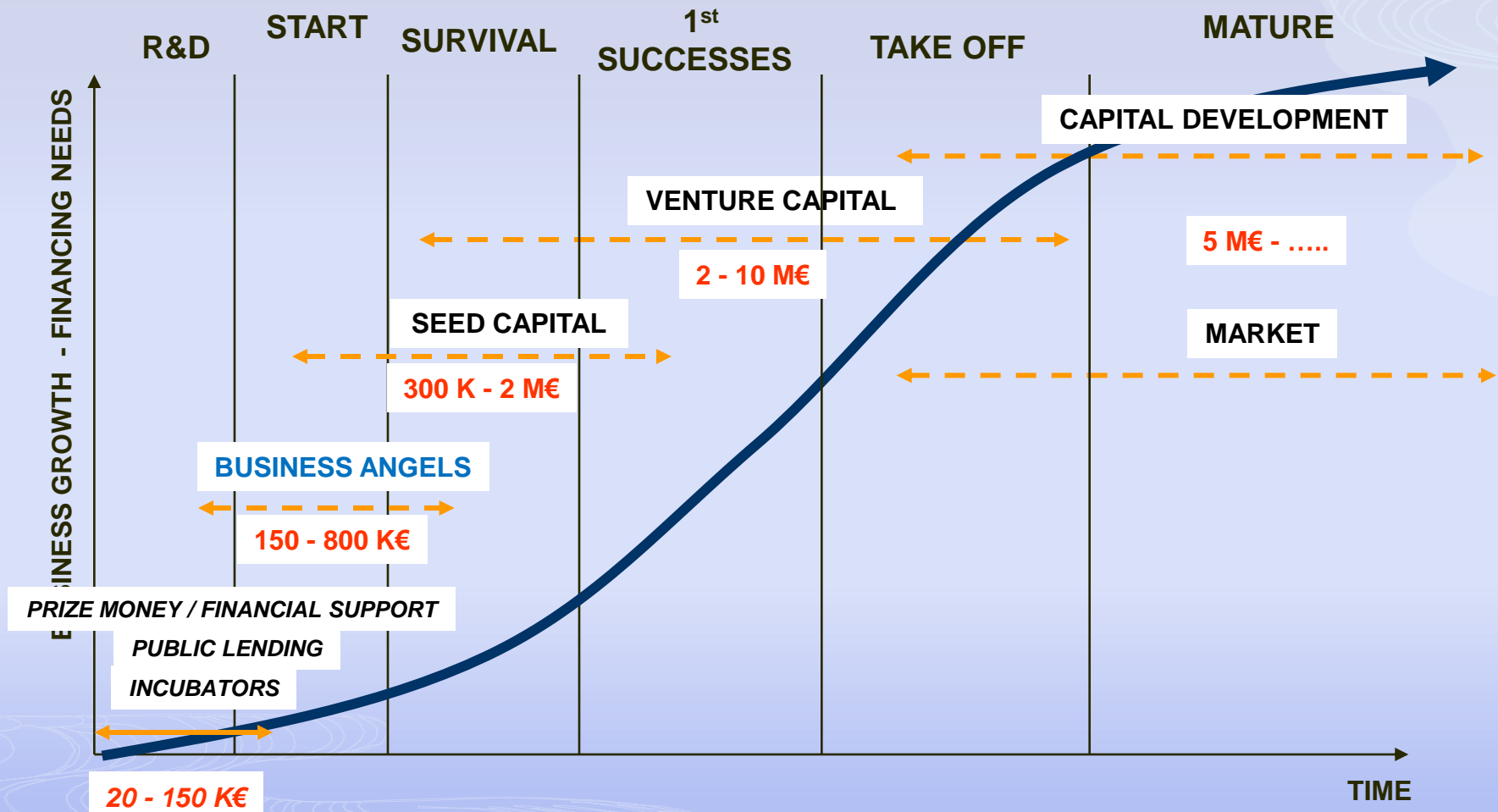
Classification of BA networks

- ✓ Local generalist
- ✓ National
- ✓ Thematic eg. « cleantech » « health » « IT » « software »
- ✓ Affinities eg. Femmes BA, Alumni

Outstanding features of Business Angels in France

Startups starting selling, needing cash to
create jobs and adjust their innovation to
market

Financing chain



Outstanding features

Looking for 200-800k€, average 350k€,
co-invested by several BA networks
+ regional fund (works well but more
resources needed) and private funds
(hampered by tax incoherences)

Outstanding features

Long term investment 7-8 years

« *neither a speculator nor a stock-holder* »

Outstanding features

2013 activity :

- ✓ 370 startups financed,
- ✓ 100 Mio€ overall, 41 Mio€ by BAs
- ✓ 2600 new jobs

Strengths of Business Angels in France

Still good that there are BAs !
Big BA network is beautiful but only
16/81 have more than 60 members
(*no employee means no big network*)

Strengths

Process of project selection, in several steps, by a team of business people, specifically trained, investing their money

Process of project selection

Dominant criterion

- ✓ Innovation (process, product, service, marketing...)

Process

- ✓ 1st selection by a 4 experts panel, through a short discussion by skype, based on business summaries
- ✓ 2nd : twin-factor evaluation of 8 projects by Elevator Pitch (5 mn prez + 5 mn Q/A)
- ✓ In-depth analysis of team and project by 2 BA instructors meeting the entrepreneur
- ✓ Presentation to Business Angels (20 mn prez and 10 mn Q/A)
- ✓ Closing from Presentation up to share capital increase:
- ✓ due diligence, negociation of Cy. valuation, LOI and Shareholders Agreement

Strengths

Interaction : governance, strategic,
monthly, over years

Weaknesses of Business Angels in France

Interaction lasts as long as BA's
re-investment capacity

Weaknesses

Startups think BAs are a bit slow and demanding – equity crowdfunding is believed easy and quick

Weaknesses

Small Cies. are reluctant to get too many shareholders

Restraints on Business Angels in France

Very hard to sell startup shares.

Entrepreneurs have to work on ways out.

Public funds should care and participate.

Restraints

BA's plan is 10 times 10k€ investments, may lose all, cost him half if subject to wealth tax (ISF), cost him a blocking 82% if subject to Income tax only

Restrains

Slow growth of BA population – 4300, turnover 20%. Some networks grow through mergers and partnerships.

Growth hampered by capital gains tax upheavels, Income tax incentive ridiculous. 30 BA low cost holdings (SIBA) are on halt as should have two paid employees

Sociétés d'Investissement de Business Angels (SIBA)

- ✓ Collective investment vehicle
- ✓ Financed by BA network members
- ✓ Reinforces individual BAs investment

Concluding on Business Angels in France

They produce a lot

370 selected startups financed,
100 Mio€ overall, 41 Mio€ by BAs,
2600 new jobs,

but can deliver much more depending on
public policies to wipe out restraints



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Thank you. Your questions are welcome!