



SPRINGFIELD ANGEL  
NETWORK

# Welcome





- Southwest Missouri is an Entrepreneur Hotbed
- Jordan Valley Innovation Center (JVIC) and the Edward Jones Center for Entrepreneurship and Innovation (EJC) are attracting opportunities for **new company formation**
- One **missing link** is seed- and early-stage capital
- There are lots of opportunities in the area that can become successful with funding, coaching and support



SPRINGFIELD ANGEL  
NETWORK

## Alternative Solutions Explored

- A taskforce has studied the issue for several months
- Reviewed **research** from a variety of sources
- Looked for success in other **Midwest cities**
- Met with **angel capital firms and Universities**
- Attended Centennial Investors meeting
- Attended National Angel Funds Convention



SPRINGFIELD ANGEL  
NETWORK

## Angel Investing

- Angel investment totaled an estimated \$22 billion in 48,000 deals during 2005
- Provides crucial source for seed and early-stage financing
- More hands-on, generally within one to two hour's drive from home
- An estimated 225, 000 individuals are active angels, with an average of four to five investors joining together to fund a startup



- Invest **money** in seed, startup and early stage companies
- Invest **time** in entrepreneurs and their companies
  - Business acumen
  - Mentoring and coaching
  - Serve on boards
- Understand risks associated with these types of investments
- Willing to conduct the types of investigation necessary for making such investments on their own or in connection with other investors
- Are financially able to withstand loss of their investments



SPRINGFIELD ANGEL  
NETWORK

## Who Are Angel Investors?

- Often successful, entrepreneurs or retired business persons – active investors
- Invest both time and money in companies
- Accredited Investors – SEC definition
- Angels invest their own money and are able to withstand loss of their investment
- Invest in local companies



SPRINGFIELD ANGEL  
NETWORK

## Why Become an Angel Investor?

- Return on Investment and willingness to accept higher risk associated with such returns
- Helping entrepreneurs
- Staying engaged – using skills and experiences to help build a business
- Giving back to community or university
- An active form of investing – not just watching markets



- Seed/Startup – The company has a concept or product under development, not fully operational. (<18 months in existence)
- Early Stage – Product or service under test or in early commercialization by customers. May be generating revenues. (>3 years old)
- Expansion Stage – Company demonstrating significant growth. May not be profitable. (Usually >3 years old)
- Later Stage – Generating on-going revenues. Cash flow positive. Includes spin-outs and established private companies.



SPRINGFIELD ANGEL  
NETWORK

## Accredited Investor

- Financial position of investor:
  - Net worth: \$1 million, or
  - Annual personal income: \$200,000, or
  - Annual family income: \$300,000
- Assumption:
  - Knowledgeable – capable of due diligence
  - Can afford to lose invested funds
- Implications:
  - Giving up regulated disclosure



SPRINGFIELD ANGEL  
NETWORK

## Angels Invest Time in Portfolio Companies

- Angels bring expertise to portfolio companies
  - Business acumen
  - Financial experience
  - Technical expertise
- Common roles
  - Advisor, Mentor, Coach, Director
  - Except in emergency, unpaid consultant



SPRINGFIELD ANGEL  
NETWORK

# The Angel Investing Process



SPRINGFIELD ANGEL  
NETWORK

# Angel Investing Process

- Dinner Meeting Presentation

Should be conducted by individual investors on their own:

- Due Diligence
- Follow-up Discussions and Negotiations
- Closing



SPRINGFIELD ANGEL  
NETWORK

## Process

- Entrepreneurs submit an application
- The Network does not examine and does not endorse any of the entrepreneurs or securities submitted by entrepreneurs
- Some entrepreneurs will be invited to present at a dinner meeting
- Declined companies are notified



SPRINGFIELD ANGEL  
NETWORK

## Dinner Meeting

- Dinner meetings for Angel Network investors
- Hear two 15-minute company presentations
- 15-minute Question & Answer sessions
- Interested investors follow up with companies on their own to conduct further due diligence and negotiation of investment terms.



- Validation of the business plan
- In-depth check of management team
- Verification of exclusiveness of Intellectual Property
- Confirm size of opportunity
- Check competitive environment
- Test barriers to entry

This is not an all-inclusive list, and investors should seek competent advice before investing.



SPRINGFIELD ANGEL  
NETWORK

## Angel Investors

- Around the country, Angels are making a difference
  - In job creation
  - In wealth creationby providing equity capital and mentoring to entrepreneurs
- High risks, but potentially high returns



SPRINGFIELD ANGEL  
NETWORK

## Angel Network

- Consider joining the Springfield Angel Network
- Make a difference in the community
- Potential for good returns, at high risk



SPRINGFIELD ANGEL  
NETWORK

## Investors

- Annual \$500 investors fee includes cost of dinner meetings
- Investors decide what amount, if any, to invest in a company
- Expectation that investors will actively participate



SPRINGFIELD ANGEL  
NETWORK

## Support for Angel Organizations

Springfield Angel Network is considering membership in the Angel Capital Association and gratefully acknowledges the educational materials and strong support provided by Marianne Hudson and others affiliated with the Kauffman Foundation.



ANGEL CAPITAL ASSOCIATION  
THE PROFESSIONAL ALLIANCE OF ANGEL GROUPS



SPRINGFIELD ANGEL  
NETWORK

## Q & A

