



Business Angel Diversity Survey Report

September – October 2016

Business Angel Diversity Survey



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Board Member



One of our main objectives at the Swiss ICT Investor Club (SICTIC) is to increase and foster diversity among the Business Angels, especially in Switzerland.

For that purpose, we ran a survey in September and October 2016 to understand the motivations and needs of women acting or aspiring to become Business Angels. Of the 47 women who responded, 89% are based in Switzerland.

We are happy to share the results with you in this report.

P.S. We use «BA» to abbreviate «Business Angel».

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Key Findings

- **Familiarity with Angel Investing**

39% of our respondents learned about the term “Business Angel” at their workplace and 22% through social media.

- **A solid understanding of early-stage investments**

The vast majority of respondents see Business Angel activities as a totally separate type of investment compared to investments in financial products such as stocks or bonds. Only 13% believe the investment process in a startup is similar to the one in traditional banking products. Almost all (96%) agree that Business Angels support startups not only with their capital, but also with their know-how, time and network. Only 4% believe Business Angels invest solely in the businesses of friends and family.

- **Less than half of the respondents are members of an investor network**

Only 39% of the respondents are part of a Business Angel network in Switzerland.

Key Findings

- **Two thirds of respondents are not active as investors – but would like to be**
67% of the respondents expressed a desire to invest but haven't done so yet. 24% of these respondents say they would like to gain entrepreneurial experience themselves before making startup investments. As a reason for their inactivity, 17% point to their lack of skills to evaluate opportunities. Only 20% mention their inability to find the right startup to invest in. The risk of failure is not what stops them: Only 11% mention it as a barrier, and no one chose the answer "I invest in startups through a fund to decrease risk".
- **Portfolio size of female BAs: maximum of 4 investments annually**
20% of respondents made 1-4 investments per year over the last 2 years. A variety of reasons may explain why not more than 4: lack of time or capital, or both, or simply a desire not to invest further. There are no indications in the replies that portfolio theory, which claims that a higher number of investments would lower the overall risk exposure, is a concern. Only 7% of respondents consider themselves as very active investors and have made more than 4 investments per year over the last 2 years.

Key Findings

- **Mentoring welcome**

Of those who replied, “I am interested in Business Angel activities but I am not active” (67% of all respondents), 48% welcome the idea of having a mentor in their investment activities.

- **Appetite for learning**

The three most pressing education needs are valuation, legal & tax aspects, and deal terms. Due diligence, where you look closer at the company and the team to decide if you ultimately believe in the story or not, only comes as the 7th item out of 10 to learn about. The areas of least education interest are impact investing (20%) and financials (11%).

Conclusions

1. Investor networks could do a better job to attract female members

The lack of diversity in many investor networks is directly linked to our finding that women do not join them. Investor networks should make a targeted effort to attract active female investors and reach out to women who are interested in becoming investors.

2. Aspiring female investors are keen to learn – and have specific requirements

Female investors seem to have a pretty good understanding of what it means to be a Business Angel– but they are held back by a perceived lack of entrepreneurial experience and knowledge in very specific areas.

Conclusions

3. Education is one of the keys to increase female Business Angel investing

Improving education on legal and tax aspects of an investment, valuation and deal terms could unlock a new source of early stage capital and know-how for start-ups in Switzerland.

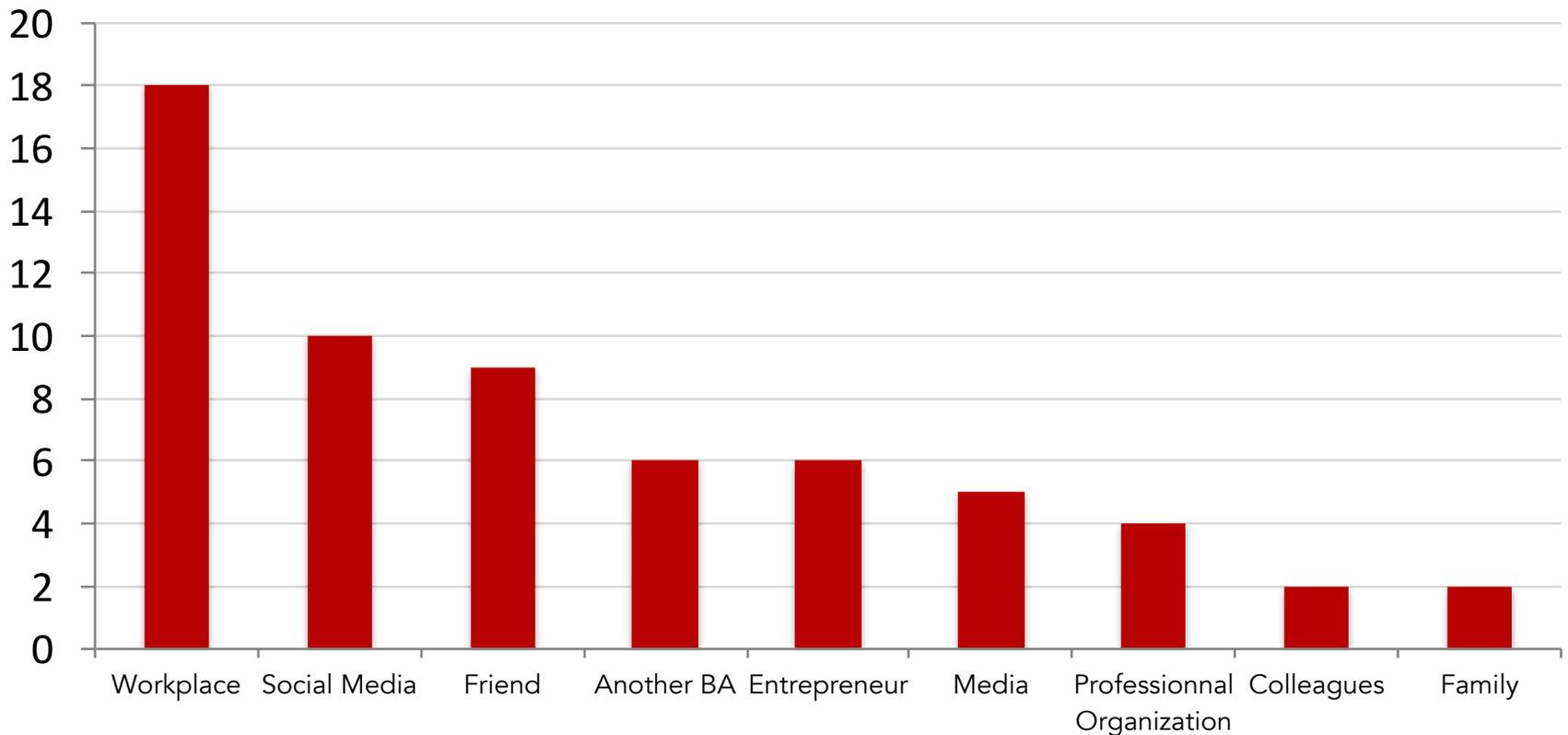
4. Wanted: Mentors that support women in their investment journey

The ability to draw on the knowledge of experienced Business Angels will give aspiring female investors the comfort to get started and become active.

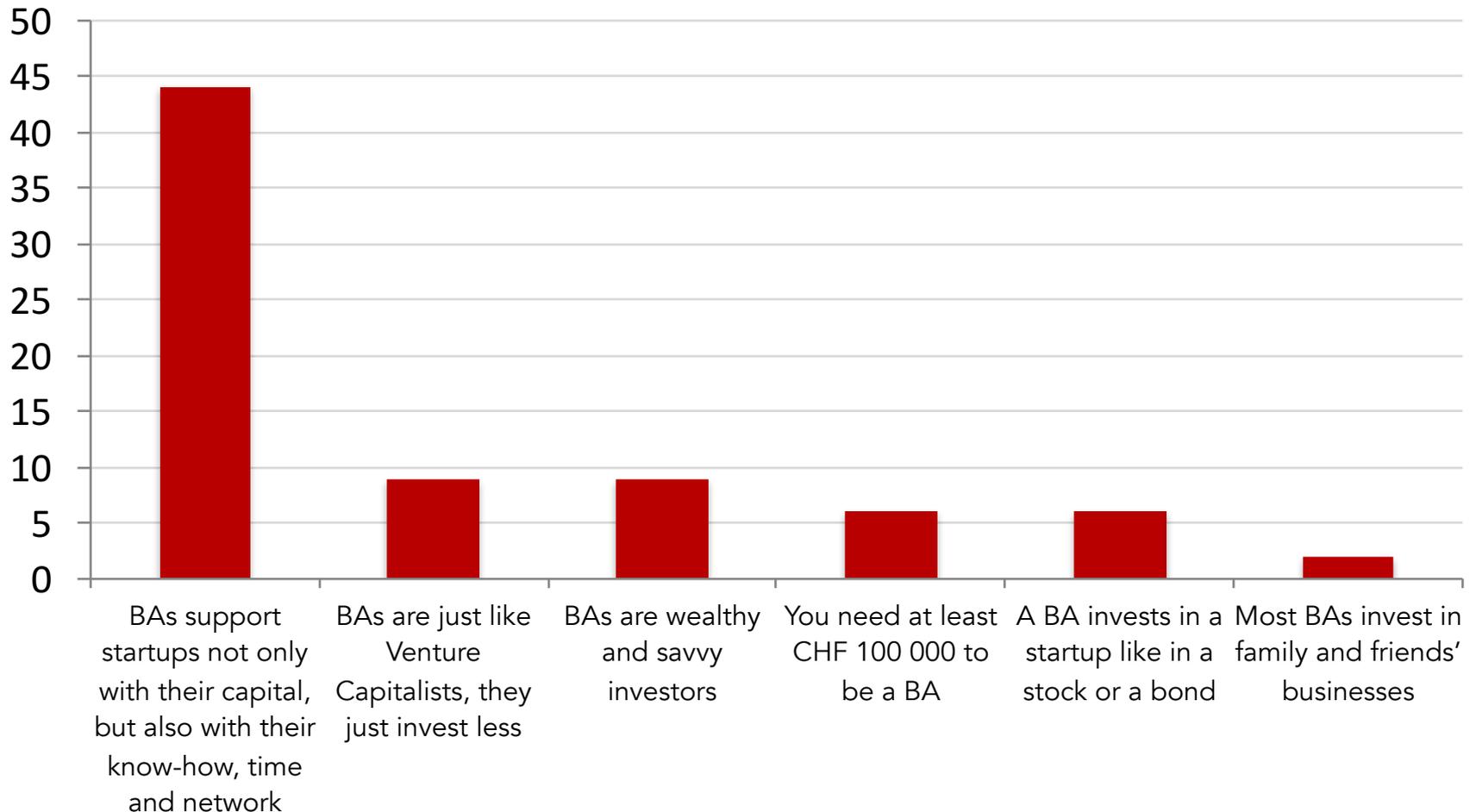
Especially experienced female Business Angels can act as role models and ambassadors for early-stage investing.

39% of women heard about
Business Angel Investing at
their workplace

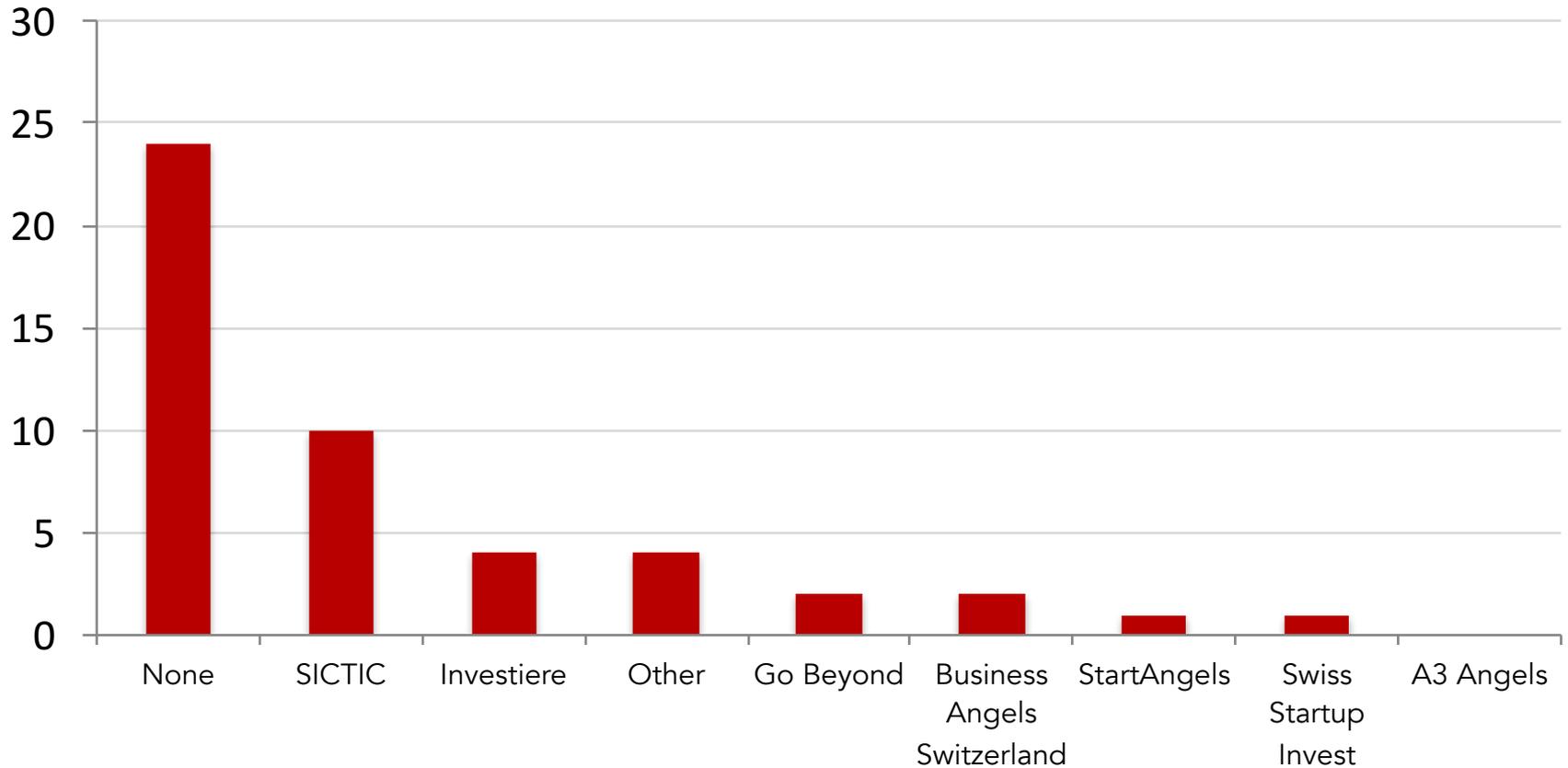
How did you hear for the first time about Business Angel investing?



Which statements do you agree with regarding Business Angel investing?

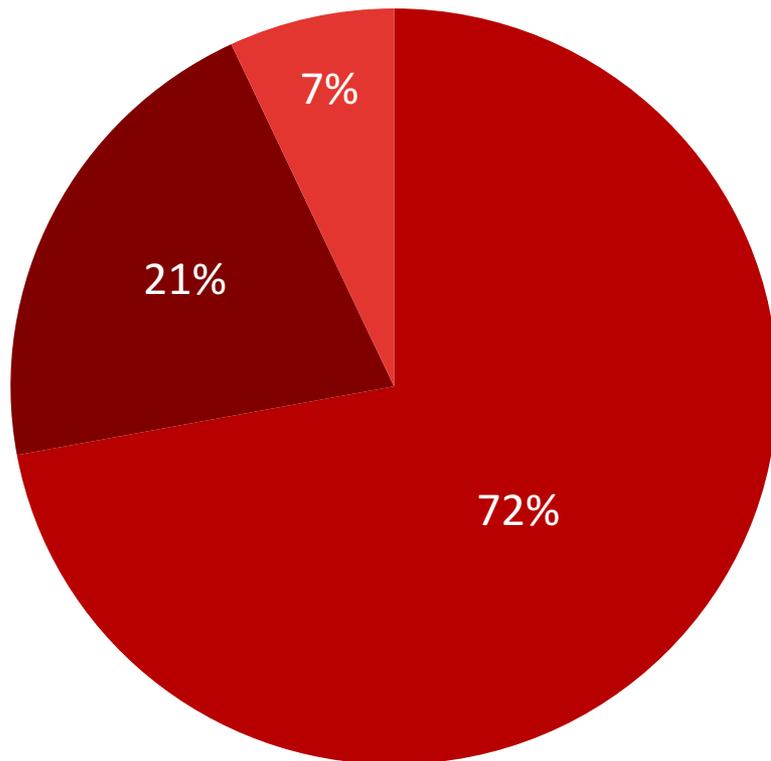


Which Business Angel network(s) are you a member of?



Only 21% of respondents
made 1 to 4 investments
per year over the last 2
years

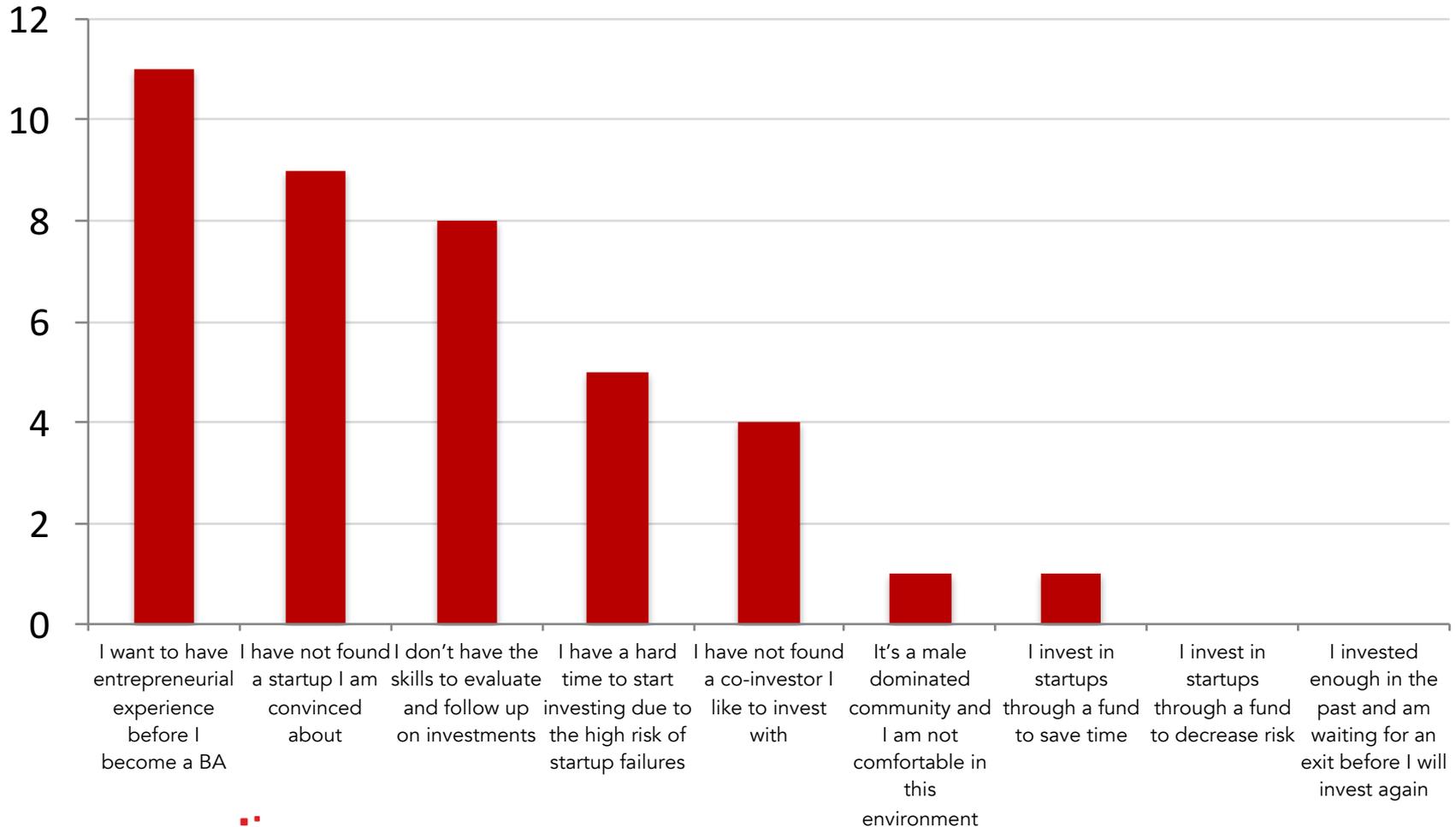
Select the answer that best describes your situation



- I am interested in BA activities but I am not active
- I am an active BA and have done 1-4 investments in the last 2 years
- I am a very active BA and have done more than 4 investments in the last 2 years

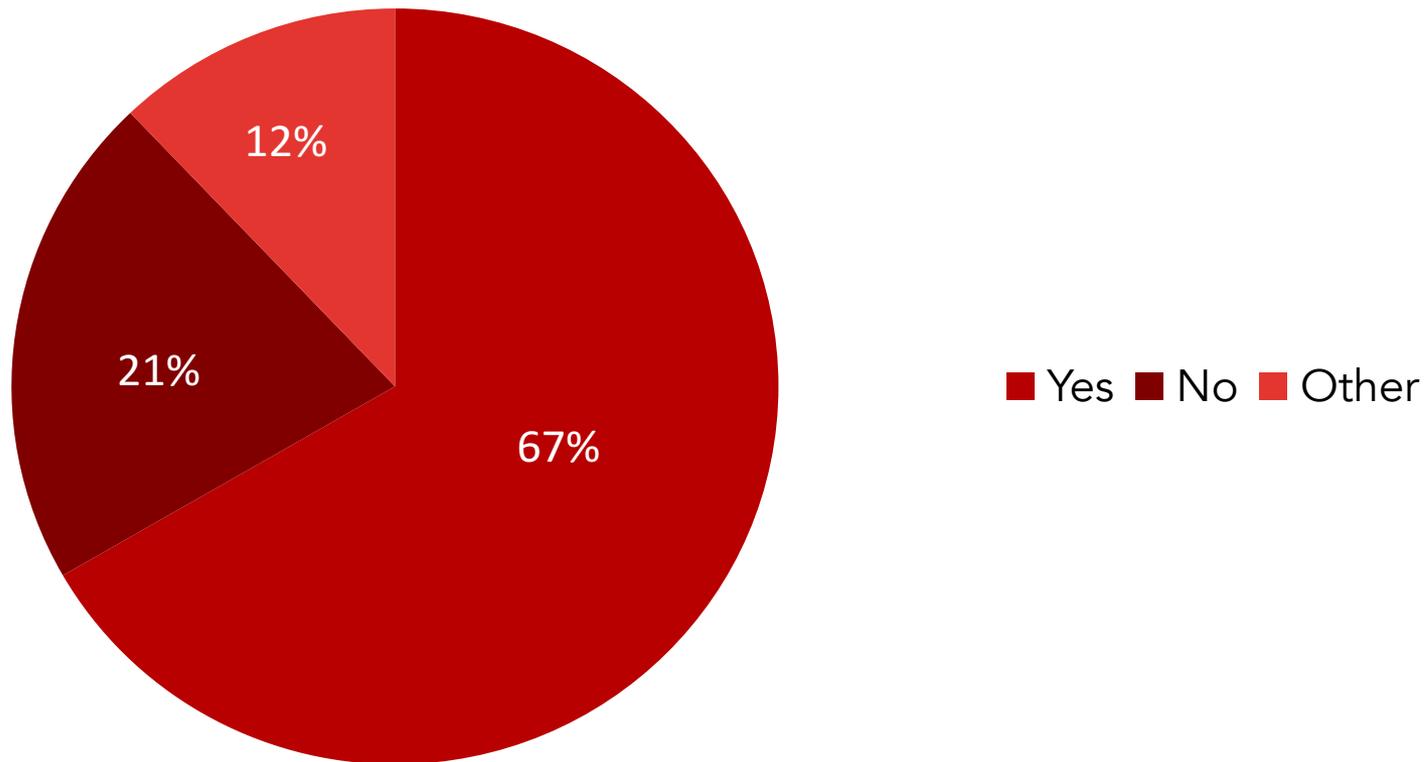
17% of respondents say
they would like to have an
entrepreneurial experience
before doing Business
Angel investments

If you replied, "I am interested in Business Angel activities but I am not active", what are the reason(s) that have prevented you so far to become active?



67% of respondents
expressed a desire to
invest but acknowledged
they haven't done so

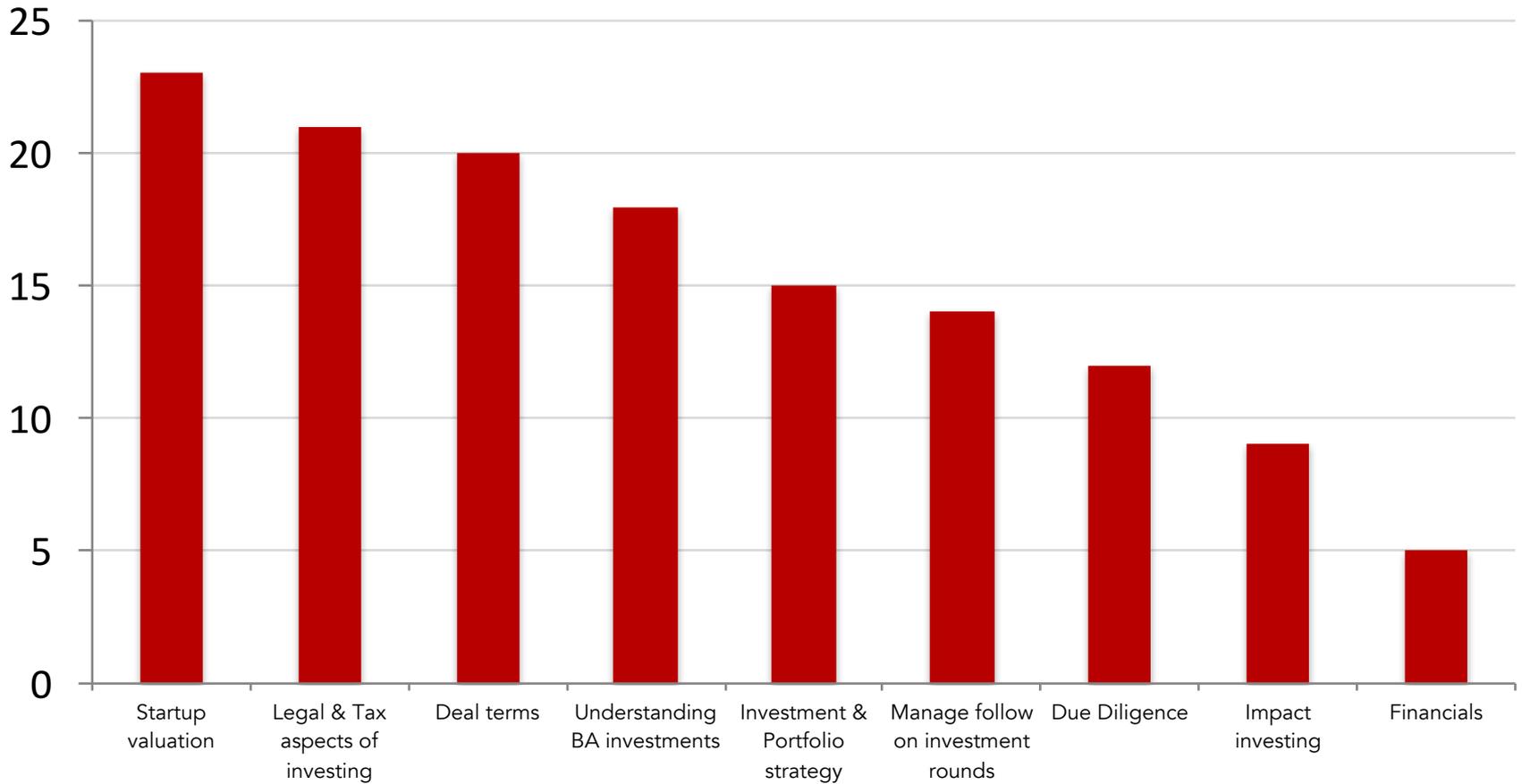
If you replied, "I am interested in BA activities but I am not active", would you welcome being mentored by an experienced BA while you start your investments?



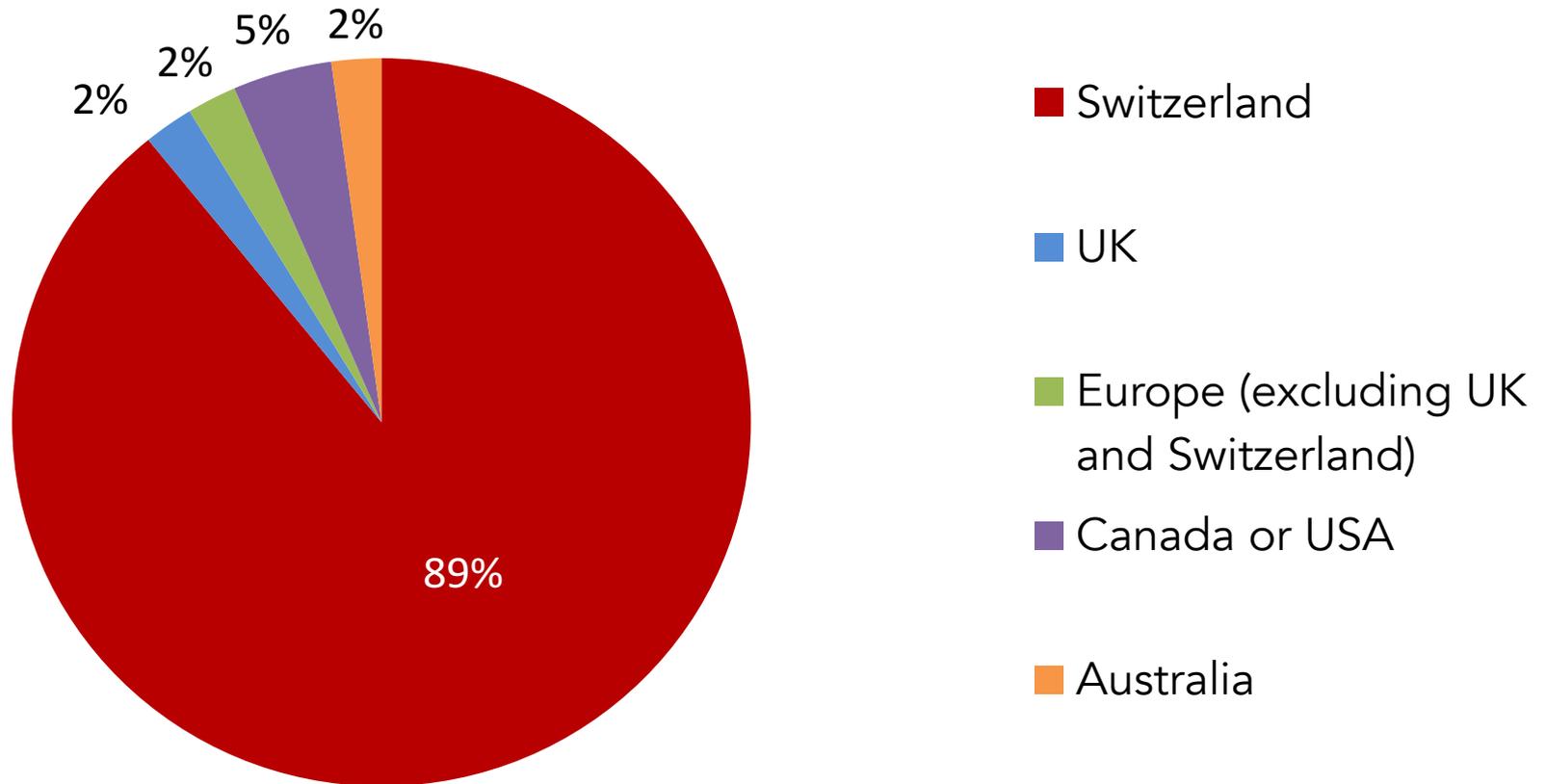
The 3 most pressing education needs are:

1. Valuation
2. Legal and tax aspects
3. Deal terms

In which areas could you learn most?



Please indicate where you reside





Thank you for
your interest in
Business Angel
Diversity!