



## Important Things You Need to Know to Help You Raise Capital: An Angel Investor Overview

2017 CIS-IEEE Engineering Conference (Encon)

November 11, 2017

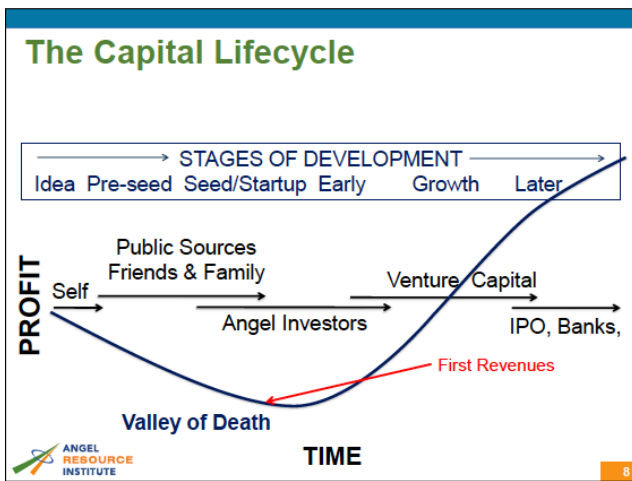


### Oscar Moralez

- BS, Medical Technology (Univ. of Texas Southwestern Med Center)
- MBA (Univ. of Colorado)
- Corporate Experience (13 yrs)
  - Boulder Community Hospital, Boulder
  - Mayo Medical Laboratories, Rochester
  - Covance Laboratories, Indianapolis
- Entrepreneur (>15 yrs)
  - VisionTech Partners (Founder & Managing Director)
  - StepStone Business Partners (Founder & Managing Director)
  - BioStorage Technologies (Founder and COO)
    - \$3.5 million angel capital raised (Indiana/Texas angels)
    - \$6.0 million venture capital raised (NY VC)
    - Acquired Dec 2015 for \$130 million by Brooks (NASDAQ: BRKS)
- Angel Investor (>10 yrs)
  - 29 portfolio companies

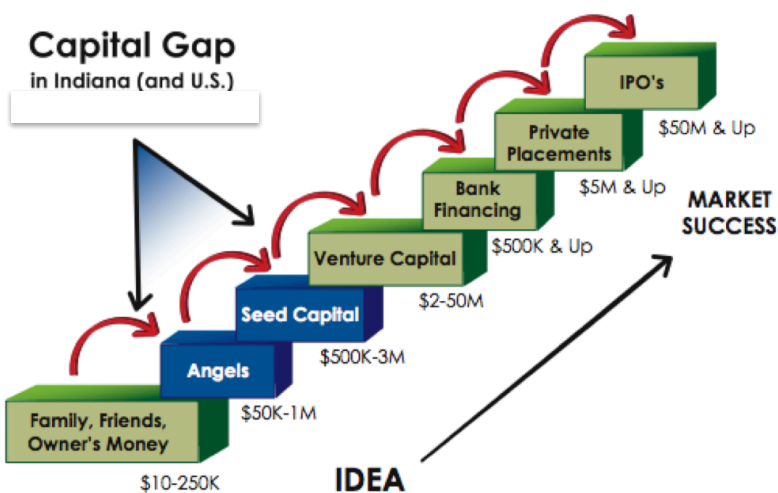
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### Where does the money come from?



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### Capital Raise Amounts by Source



Source: Angel Resource Institute

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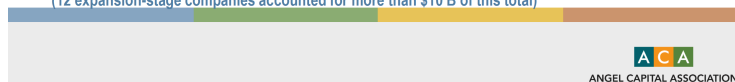
## Angels versus VC

### ANGELS FUND MAJORITY OF STARTUPS

Angel Investors	Venture Capital
<ul style="list-style-type: none"> <li>• \$24.6 billion</li> <li>• <b>71,000 deals</b></li> <li>• <b>17,750 seed</b></li> <li>• 31,950 early stage</li> <li>• 19,170 expansion</li> <li>• 305,000 individuals</li> </ul>	<ul style="list-style-type: none"> <li>• \$59.1 billion*</li> <li>• <b>4,380 deals</b></li> <li>• <b>186 seed</b></li> <li>• 2,219 early stage</li> <li>• 1,975 later/expansion</li> <li>• 718 active firms</li> </ul>

Sources: \*Angel Investing Market for 2015, Center for Venture Research/ UNH; NVCA 2016 Yearbook; PwC MoneyTree

\*(12 expansion-stage companies accounted for more than \$10 B of this total)

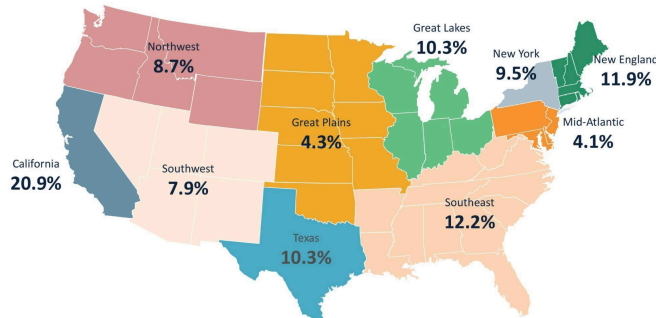


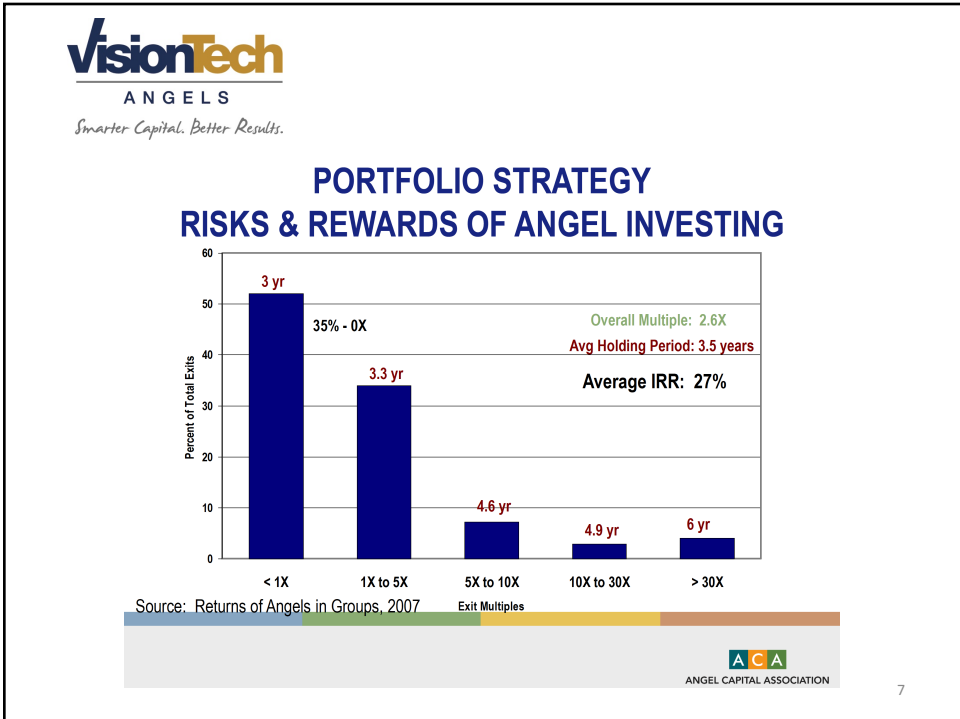
ANGEL CAPITAL ASSOCIATION



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### 2015 Share of Angel Group Deals by Region





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- ### VisionTech Angels: Strength in Community!
- Formed in 2009
  - Largest Angel investor network in Indiana (100+ members)
  - Chapters
    - Indianapolis
    - Fort Wayne/Warsaw
    - Greater Lafayette (Purdue University)
    - Bloomington (Indiana University)
    - Angel BOM (IU Business of Medicine)
  - Accredited Investors
    - Diverse group (physicians, attorneys, financial, business leaders, entrepreneurs, academics, athletes, etc.)
  - ACA-certified Angel Group
  - Sector Focus: Information Technology, Life Sciences, Medical Devices, Agricultural Technology, Advanced Manufacturing Technology
  - Geographic Focus: Indiana / Midwest

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## VisionTech Angels Overview

- Have invested ~\$12 million in 29 companies
  - Average: 9-12 members per deal
  - Investment Average per member: \$25,000
  - Average deal range of \$200K - \$500K+
  - Goal is 20X+ return in 5-7 years for each investment while exceeding industry average of 22%-27% IRR in portfolio return
- Portfolio companies have gone on to raise over \$200 million
- Portfolio Strategy
  - 20+ companies per member
- 6 Exits
  - (1) lost all; (2) returned partial capital; (3) returned higher than invested capital

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## VisionTech Angels Investment Process

- Deal Flow.....
  - 400+ applications reviewed each year
  - 50-75 selected for screening each year
  - 12-15 selected each year for presentation to angel group 1-2
  - 4-6 new investments per year Months
  - 5-10 follow on investments per year
- Presentations to Angel Chapters.....
  - 6 x per year
  - 12-15 companies
- Due Diligence 1-2
  - Team / Analysts / Angels / Network / Syndicate Months
  - Comprehensive
  - Objective
  - Average 4 weeks
- Publish Due Diligence report to all members; Capital Call
- Close Transaction.....
  - Single purpose entity for investment Total: 2-4
- Portfolio Management Months
  - VisionTech Partners

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## Investment Parameters

- Sector agnostic
- Stage
  - Pre revenue has to be compelling
  - Early commercialization (beta, pilot, etc.)
  - Greater than \$250K in annual revenue
- Market Size
  - Greater than \$250 million (addressable)
- Pre-Money Valuation
  - Less than \$6 million
- Size of Round
  - Less than \$2 million
- Preferred Equity or Convertible Debt
  - No common stock
- 10-20% equity ownership position
- Potential for 20-30X or more ROI

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## Characteristics we look for...

- Choose your **team** wisely
  - Number one reason angels invest
  - Stage appropriate team
- Know what you don't know and **get help early**
  - Advisors / board
  - Peers / team members
- Good **planning** and **execution** are key
  - Problem solving, flexible, adaptable, quickness
- **Communication** is key (timely, complete)
  - Good and bad news
  - Regular reports (operations, financials, key highlights)
- **Cash** is king
  - Manage it responsibly
- Sell, sell, sell...customer and market **validation**

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## Fundraising Lessons

- Time consuming process
- Plan in advance (months)
- Build a network (entrepreneurs/investors)
- Know your audience (investors)
- Know your business
- Manage the process
- Capital is available for a good opportunities

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Oscar Moralez, Managing Director  
[omoralez@viontech-partners.com](mailto:omoralez@viontech-partners.com)

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