ANGEL INVESTING

SHOW ME THE MONEY!

ENET
Waltham
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Henry Kay
WHO IS HENRY KAY?

- 40+ years in health care
- Retired Group VP Boston Scientific-Bus Dev/Strat Planning
- Active Angel Investor- more than 30 investments
- Several good exits
- Member of Boston Harbor Angels and Sky Venture Group
- Board member: Covina Inc*; Cannuflow, Cristcot medical, MyndTec, EP Sciences
- Mentor for Canadian Consulate
Let’s Start from the end of the process!

What do acquirers want to see from a technology or a product before they express any interest at all.
Can You Answer These 4 Questions?

“White Space” Opportunity

“Drop In The Bag”

1. Does The Technology Work?
2. Can It Be Proven?
3. Will Customers Believe In It?
4. Can we execute/financials make sense?
Sources of Funding

- **Grants**
- **Friends and Family**
- **Angels** - Equity or convertible note
  - Usually 3-5 million and 3-5 years to exit
- **VC’s** - Venture Debt/Equity
  - Potentially 10’s of millions needed
Angels, or angels???

Know your audience
There are 4 types of angels

Broadly, these individuals fall into 4 categories as defined by a study on angel investors by MIT’s Entrepreneurship Center:

**Guardian Angels:** who bring both entrepreneurial experience and industry expertise. May have been successful entrepreneurs in the same sector as the new companies they back.

**Entrepreneur Angels:** who may have experience starting companies but come from different industry sectors.

**Operational Angels:** who bring industry experience and expertise, but it is gained in large companies and may lack hands on experience in a start up.

**Financial Angels:** who typically invest purely for financial return.
Investors want to hear that…

Team brings sector, start up skills
Product changes market dynamics
Value proposition to customer
Radical design changes economics
Sound business model
Market growing, easy to reach
Regulatory approval process understood
Competition exists but is manageable
Financial projections make sense for investors
Always remember to tell these 7 stories well!

The fundamental business logic story
The total available market story
This is a $50m to $100 m business story
The product can be differentiated story
The product/service can be sold story
The management team can do it story
This is a good investment for the investor story