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Differences between Women Business Angels groups and Mixed
Business Angels groups



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Abstract

In the past years more and more women joined the business angel's movement and new business angel groups were made of only women. The aim of this thesis is to study the differences between groups of only women angels and mixed angel groups, taking into account the opinion of both kind of community through papers and interviews made to the interested parties. Moreover, a focus will be made to understand the reasons behind the differences found, also taking into consideration the social aspects of women conditions.

Key words: business angels; women; mixed; group; entrepreneur; informal investor; innovation; funds; networks; startup; differences.

Introduction

The figure of the Business Angel is crucial for all the new projects that are usually carried on by the innovative companies or, so called, startups, their contribution, in terms of money, or also in terms of experience, gives the opportunity to these companies to make their way through the real world. Recently, these individuals are changing the way they work, shaping themselves following the transformation of the society. For the time being, the field of angel investment is mainly represented by mixed groups with a majority of men, indeed, even though women business angels are not completely new to this sector, they are for sure underrepresented and they face barriers to enter in this world. Nevertheless, the number of women business angels is increasing but it is still far away from being equally compared to the number of men business angels. What is happening, in the investment world, is that not only women join the business angel movement but also, recently, do they join, mainly, groups that are only composed by women. This implicates the belonging of women to a different kind of network compared with mixed ones, indeed, only women groups have different backgrounds which could apparently lead to different investment behavior. These characteristics are going to be investigated in this thesis which aim is to discover whether they are effectively relevant and what are reasons why there is this consistent difference between mixed groups and only women groups. To find evidence, a research has been conducted through either papers or interviews made to the interested parties. The first step made was to explain the reason why women decides to join groups of their same sex, secondly all the only women business angel groups in the world has been found (except for groups that may have emerged in the interim) and has been appropriately described and classified. Thirdly, interviews have been asked and were hold by the available groups. The last step was to analyze the answers received with the support of the already existing literature. Also interviews to mixed groups were attended, and regarding these even groups with a low level of participation of men were considered as mixed groups.

During the research a focus has been made about the, so called Fund, that are still groups of business angels, hence informal investors, who behave in a more similar way to the Venture Capitalists. Difference are shown in the fact that due diligence is made by an investment committee who has the expertise or knowledge to do the due diligence on the industry and decides whether to invest or not in the project, what also is different with the

usual business angel groups is that when the committee decides to invest, all the money raised in the fund are invested, thus the investors cannot back out.

1. Business Angels

1.1 Contest: who are business angels?

Startups are high growth companies non quoted with great potential. Their purpose is to innovate, and their aim is to solve problems, making people's life easier.

Since the beginning they go through different phases: pre-seed, seed, early stage, early growth; each one of these phases needs to be supported by one or more investments. Seeds are usually supported by non-institutional investors called Business Angels. They get through many searches to decide which startup to invest in, basing their choice on sectors they are more interested in. Not only do they become shareholders but also do they take responsibility for society. Specifically, thanks to their ability in the entrepreneur or management field they are able to facilitate the development of the startup.

1.1.1 From individual investors to groups

Since 1990s the Business Angel market has changed, there are now fewer solo Business Angel and more groups. The emergence of angel groups reflects the need for greater financial resources to make larger investments, including follow-on investments (Colin Mason, Tiago Botelho & Richard Harrison 2019).

In the past years it was way more difficult to find people who wanted to invest in startups, it was not much a matter of no investors, but a problem due to the difficulty in the search.

As Colin Mason, Tiago Botelho & Richard Harrison (2019) say individual investors are attracted by business angels groups because they have the possibility to diversify their investment, moreover, in this way, they get to invest in particular opportunities that they could have never invested in if they would have done it alone.

The arising of angel groups is considered helpful to the entrepreneurial ecosystem.

Firstly, they encourage the reduction of the searching costs either for angels or entrepreneurs. At the beginning it was hard for the entrepreneur to receive a steady flow of investment opportunities since the fragmented nature of the angel market and the invisibility of angels. Another source of inefficiency was that each investment made by an investor was typically a one-time investment. The angel groups are able to develop

structured routines for handling investment requests and screening opportunities and developed standardized investment documents.

Secondly, angel groups have encouraged the supply-side of the market. Not only do they attract solo angels, but also are interesting for high net worth individuals (HNWIs) who want to invest in emerging companies but lack the time, referral sources, investment skills or the ability to add value to be able to invest on their own.

Thirdly, angel groups have the ability to increase the value of their investments in a much greater way. Amongst angel syndicates there is a wide range of business expertise, it means that in most circumstances they are able to contribute much greater value-added to investee businesses than that of individual business angels, or even most early stage venture capital funds.

Fourthly, governments have found in angel groups important investment partners. In recent years the Government has changed the way they invest, they were used to do direct investment while now they collaborate with private investors, so that they can manage their expertise and eliminate the overhead costs of running their own investment funds.

Lastly, the creation of new groups allows researchers to study their behavior, it is also possible now, thanks to the internet, to collect more data about the different investments, through these new databases such as Crunchbase, Pitchbook, CB Insights, Owler and Beauhurst.

Groups are composed of members who eventually could manage them, alternatively, emerges a new figure who could take control: the gatekeeper.

There are different types of angel groups:

- 1) In one common model – the “dinner club” model – members meet regularly to hear pitches by entrepreneurs who have been pre-screened by the group’s management team.
- 2) Another is the “core-periphery” model which consists of a tight inner circle of lead investors, who provide the central decision-making function alongside the

“gatekeeper” and lead the group’s investments, and a larger outer ring of semi-passive investors who are given the opportunity to invest alongside these lead investors.

- 3) Another model involves the coalescing of members around an experienced angel who takes the lead role in an investment. Kerr, Lerner, and Schoar (2014) describe the investment model of Tech Coast Angels, a well-known angel group in southern California. These kinds of groups, which are larger groups – such as Tech Coast Angels, Keiretsu and Go Beyond – operate on a Chapter model basis. In this model groups operate in several locations, in some cases in more than one country, under the same brand management, but each has its own gatekeeper, use standard procedures for generating deal flow, screening and due diligence, and run common training sessions, seminars and other events which build collaborative social relationships between members across the group (Colin Mason, Tiago Botelho & Richard Harrison 2019).

1.1.2. The investment decision-making process

With the emerge of business angels group the investment process has changed. As Mason and Botelho, 2018 say different steps are followed to take decisions:

- (i) Awareness of the investment opportunities,
- (ii) Investor specific screen
- (iii) generic screening
- (iv) detailed evaluation
- (v) contract stage
- (vi) closing
- (vii) post-investment support
- (viii) exit

As said before, a new figure surfaces: the gatekeeper, which usually performs two functions, but their role generally varies between groups. First of all, they perform external-facing roles, notably sponsoring the group and attracting deal flow. Secondly, they undertake the initial screening of investment opportunities. The individual group members then consider these pre-screened deals in more detail. According to Mason and Botelho 2017, there are visible differences between the screening process of solo angel and angel groups.

For gatekeeper it takes more time to say “no”. They spend more time on the screening than solo angels. Moreover, their screening is less personalized. It often happens that personal issues influence the screening of the individual angels (Harrison and Mason 2017). Differently, the gatekeepers take into account the group’s investment criteria – these are typically few in number and dominated by the industry sector, the size of the investment and the likelihood of future funding rounds being required. Within these restrictions, they are able to consider a wide range of opportunities, not least because of the collective expertise of the group that they can draw upon and their wide range of experience. Gatekeepers also give considerably greater importance to the financial aspects of the proposal, not only in the terms of the frequency of comments but also in terms of the issues raised, notably valuation, the need for future funding rounds and returns. The entrepreneurs who pass the gatekeeper’s screening might then be invited to pitch to the group. After, those opportunities that attract sufficient interest from investors will then be subject to due diligence that is typically undertaken by a small group of angels.

There is emerging evidence that being a member of an angel group has a discernible effect of the investment decision-making of individual angels. As Botelho (2017) says membership of an angel group “is a discriminatory factor in decision-making cluster studies”. Indeed, angels who are members of angel groups invest more than solo angels, their investments reveal greater diversity, there is less consistency in their decision-making criteria, and they exhibit greater learning effects. Bonini et al. (2018) found that investment practice is very different between angels who are members of business angel group and others who are not part of it.

Angels are usually patient investors, even if this is not an intention but more by default (Harrison, Botelho, and Mason 2016), this is due to the fact that angels usually do not share an exit centric view (Mason, Harrison, and Botelho 2015). People might expect that angel groups would consider a much more exit centric view, but it is not the way they work, or at least there aren’t any evidence they are more exit centric than solo angels (Mason and Botelho 2016).

1.1.3 Follow-on investment

Solo angels generally do not do follow-on investment because of the bigger quantity of money needed for this investment they are beyond the range angels can afford. It is different for angel groups who can coalesce and invest all together providing larger resources. Indeed, companies always look for further investment and with time the need for finance resources increases even more, to the point that they have to find help in venture capital funds, bringing angels to a dilution of their quotes (Colin Mason, Tiago Botelho & Richard Harrison 2019). Because of this possible dilution it happens that groups of business angels often join venture capitalists in their follow-on investment, in order not to see their fee reduce too much. The outcome is that angels have recognized the need to band together to create the “deep pockets” needed to make both sizeable initial investments and follow-on investments (Harrison et al. 2010; Gregson, Mann and Harrison 2013; Harrison 2017).

1.2 Other investors

In order to become a startup, money is needed from the very beginning, Business Angels are not the only type of people who invest in these new ideas but there are other figures who undertake this investment journey. Typically, the type of investor depends on the stage at which the startups are, a bigger quantity of money is requested with time and not everyone is willing to invest such a high amount.

1.2.1 Friends & Family

Between the various investors can also be found family and friends who are the first one who believe in the project. The money raised by this kind of investors is not much but if a startup cannot raise money from them, investors might ask themselves why even the people closest to the startupper do not believe in the idea.

1.2.2 Venture Capitalist

There is also an institutional figure called Venture Capitalist, who invest in startups like Business Angels. Usually Venture Capitalists invest both in early stage, seed financing and in the more advanced ones like early growth and scale-up, when the financial requirements increase because large investments are needed to attack the market. Traditionally, companies that have exhausted their angel investment have had to seek further finance from venture capital funds. However, this puts angels in a vulnerable position, notably to dilution, on account of the different investment instruments used by venture capital funds.

The biggest differences between these two figures are that Business Angels invest little quantity 100k respect VC who usually invest from 100k to 1M. Another important element that differentiates venture capitalists from business angels lies in the way they provide risk capital to startups or new businesses, because they do so only through recognizable and defined legal structures, which is why venture capitalists are considered formal investors. Usually these structures are SGRs (asset management companies).

1.2.3 Incubators & Accelerators

The startup incubator is an entity aimed at facilitating the birth of innovative startups. Incubators usually offer physical space at subsidized prices (sometimes free of charge, if

the incubator is funded by universities, other public funds or large companies) and organize events and mentorship programs to accompany the startup in the early stages, when it is necessary to validate the business idea and prepare the first documents needed to move forward (lean canvas, pitch, first versions of business plan and financial plan). In some cases, incubators invest in the startups they admit. This investment can be in cash or in the form of services offered.

The startup accelerator usually lasts from 1 to 6 months and can include strategic, operational, organizational and business development consultations useful to provide a boost to the startup itself. These consultations are carried out by professionals in the field: mentors, tutors, industry experts and entrepreneurs. Mainly the consultations of startup accelerators are used to understand how the innovative startup can be brought to market effectively or, if already on the market, to understand how to speed up its growth. In addition to consulting, startup accelerators can offer physical spaces in which to perform work and promote networking activities with other businesses in order to grow faster. The business accelerator can be free or for a fee, and in addition to the services mentioned, it can also provide financial investment in the startup.

1.3 Network

Alongside Business Angels Groups there are other kind of aggregations which aims is to help investors to find the proper investment to put their money in. One of these kinds are Networks.

1.3.1 What are the business angel networks?

Business angel networks act as a financial intermediary between investors and start-ups and are a means of overcoming the problem of matching entrepreneurs and business angels (Knyphausen-Aufseß 2008).

Even if there are plenty resources in the market, it is difficult for start-ups to find the right angel and the investors hardly find attractive opportunities (Mason and Harrison 1994; Berger and Udell 1998; Teel 1999; Harrison and Mason 2000; Paul, Whittam, and Johnston 2003; Harding and Cowling 2006). Issues arise because the quantity needed is either too big for Business Angels or too little for VC, moreover as Sohl (1999) and BVCA (2001) say, the lack of information from both parties does not bring the agreement to an end.

1.3.2 Business Model of business angel Network

Since the late 1990s the EU has attempted to spread the concept of business angel networks throughout Europe in order to remove the market inefficiencies and to activate potential business angels (EBAN 2000; CSES 2001). Network could have clients as venture capital funds or governmental authorities as well as startups and business angels. Usually every European network follows four business processes, even if they could slightly differ from each other:

- Matching ventures looking for capital with business angels (Mason and Harrison 1997)
- Stimulate matching activities: it is particularly important to encourage and select both capital-seeking ventures and business angels, which will ensure that only sufficiently qualified partners meet (Aernoudt 1999; Ege 2000)
- Networking: they usually support networking between investors
- Consulting: they help young ventures to make them investment-ready

What is interesting to focus on is the fact that after helping with the investment transactions, networks do not offer further services, also they do not invest in the any funds themselves. This is a huge difference compared with venture capital firms. What is concerning is that there are studies that have proved that networks experience a mechanism that leads to a lack of successful profit. Many ways of gaining profits have been proposed for this scheme, as an example fees could help either if payed by business angels, to take part of the network, or by the young ventures who had success consequently the investment. But it is clear that angels are not interested in joining networks if there are fees to pay and also in this way, networks should prove that the investment done with them are really profitable, indeed, the networks could provide deals which are mainly profitable for their interest and are not reasonable for the investors (Nittka 2000).

1.4 The Investments tools

Investments highly depend on the taxation they are submitted to. This is the reason why investors usually pay attention to the taxation rules present in their own countries, which highly change from a nation to another.

In the European Union the aim is to “Fostering business angel activities in support of SME growth”. For example, in Italy capital gains obtained by business angels may be exempt from taxation under certain conditions. Also, in England there are many incentives for every kind of investor.

The design tax relief is an important drive for the economy. As said in the European Union report (2017), less taxes to pay on the money invested and on capital gains and losses, lead to foster the investment of SMEs and start-up, because, if the investment is not successful the money lost are limited and thus investors are more inclined to put money in a new idea, also helping the economy of the country. As reported in the European Booklet for Entrepreneurs, money can be invested in a company through one or more financial instruments. A financial instrument is the form that an investment takes.

The mainly used instruments are:

- **Ordinary shares:** this is the most basic form of equity participation in a company. These instruments allow investors to receive dividends and exit proceeds after all creditors, debts and other classes of shares have been paid.
The percentage ownership of the company is made of the total number of ordinary shares held divided by the total number of ordinary shares in issue.
- **Preference Shares:** this kind of shares is more commonly referred to as preferred stock. These are shares of a company’s stock with dividends that are paid out to shareholders before common stock dividends are issued.
- **Convertible loans:** are loans made by (institutional) investors to the start-up, which the latter, after a certain period of time, can repay (even partially) together with accrued interest; and/or convert in whole or in part into equity. In other words, they are financing contracts and not bonds, accompanied by private agreements that regulate the conversion process, setting out the timing and method of implementation.

1.4.1 SPV

Sometimes investors prefer the creation of a temporary company instead of investing with their existing structure. In this case Special Purpose Vehicles (SPVs) are made up, basically they are legal entities created to fulfill narrow, specific or temporary objectives. This type of business is also known as Special Purpose Entity (SPE). Its legal status as a separate company makes its obligations secure even in the event of bankruptcy of the parent company indeed, the financial data of the SPV may not appear in the balance sheet of the parent company as equity or debt.

One kind of SPV is represented by the Syndicate investing, which allows all backers to co-invest with lead investors in investment rounds that are usually not accessible.

In this way, it is possible to provide the startup with the necessary capital for its growth path, reducing the risk of investing alone.

In addition, with the same capital allocation it is possible to access more investment opportunities and thus diversify one's portfolio.

1.4.2 Side-car funds

This is a tool widely used by groups that set up funds in the United States to raise investments also by passive angels.

A sidecar investment is an investment strategy in which one investor allows a second investor to control how to invest the capital. A sidecar investment usually occurs when one of the parties lacks the ability or confidence to invest for themselves. This type of strategy effectively places trust in someone else's ability to gain profits. A variation of sidecar investment is the sidecar fund, which is an investment vehicle in which several groups with different interests are involved. For example, passive investors, as well as institutional investors or LPs interested in more deal-making opportunities, can be a part of the same vehicle investing in companies and startups.

There are several reasons why an angel group considers a side-car fund:

- The sidecar fund opens the angel investment and the group's assets to people who want to be passive investors or who do not feel qualified to invest on their own.
- The sidecar fund offers the chance to allocate part of their funds to angel investment in a stabilized way in an all group investments in order to supplement the investors personal active portfolio

- The sidecar fund gives the group an extra "critical mass" when investing with institutional investors or guides the investment cycles themselves. Having the chance to invest more money through the group can give it a place at the negotiating table with institutional investors or governance or allow the group to conduct a somewhat bigger investment cycle than the group members themselves could afford.
- The investors in the sidecar fund are usually charged a management fee compared to the capital under management. The money can be used to cover the costs of the angel group (such as the salaries of an executive director or staff or the costs of group meetings) and to lower the units.
- There aren't any passive investors who willingly accepts financial risk beyond his or her capital commitment and in this respect a side-car fund provides strong liability protection for the fund's investors and is a vehicle of passage for tax purposes.

This leads to think that in most states the fund will be a limited liability company or limited partnership. Properly structured, each of them normally provides strong liability protection and good tax characteristics.

A significant factor is that these funds are relatively short and simple, thus there is a substantial reduction of documents that has to be prepared which leads to a strong reduction in costs and understanding by the group and investors.

1.4.3 SPAC

Special Purpose Acquisition Company was born in 1992 and has been defined by the Italian stock exchange as an "investment vehicles, containing only cash, with a limited risk profile, a well-defined time constraint and significant earning potential."

They are companies that raise financial resources through IPOs in order to subsequently integrate with an operating company and thus directly list it on a stock market. This description highlights the purpose for which a SPAC was created, that is, to give the opportunity to an unlisted target company to develop rapidly and to access the stock market immediately, thus creating value for all the players in this operation.

The operational characteristics of the SPAC consist on the fact that they are companies with limited risk profile and a significant earning potential.

Therefore, it is a very complex instrument but suitable for the development of small and medium-sized enterprises with high growth potential because, through the SPAC, the

target companies can indirectly access the stock market by becoming a listed company in shorter times and procedures.

It is interesting to understand why the phenomenon of the SPAC has progressively spread and seems to be rapidly increasing, with more and more operations concluded through this institution. It appears that reasons are found the crisis that has affected and influenced the financial markets in recent years. The financial and credit crisis, the bubble of the new economy, have made the markets completely irrational and fibrillating, representing an enormous danger for companies and for the real economy and also significantly reducing the availability of risk capital made available by the classic private equity. In this connection, of complete market volatility and crisis of the classic banking system, the growing phenomenon of SPACs must be framed, because they represent vehicles capable of combining a high return profile with a reduced risk profile. Therefore, it is a very important instrument that is going to be used much more often also by business angels.

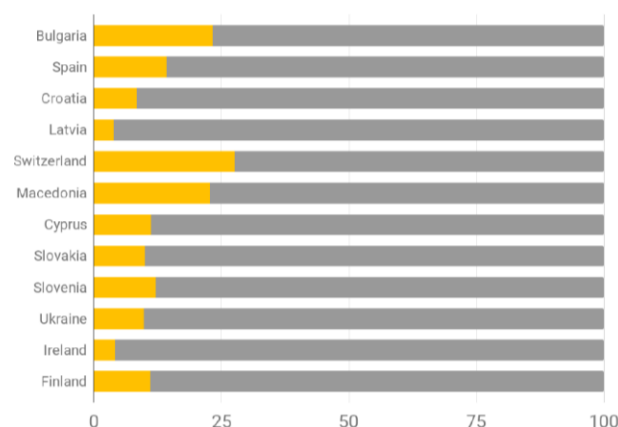
1.5 Women business angels

In the past years more and more women joined the business angel's movement and new business angel groups were made of only women. Nevertheless, according to Tenca, Croce and Ughetto (2018), 'the theme of gender has been much underexplored, even if it could potentially produce high-impact research'. Indeed, only five papers specific to the gender and the angel investing, are identified by the comprehensive review of Tenca et al (2018). Furthermore, there are many studies that still focus on gender and the demand for angel finance rather than on the supply of investment capital from women investors (e.g. Poczter and Shapsis 2017; Burke et al 2014).

The aim of this thesis is to study the differences between groups of only women angels and mixed angels, taking into account the very opinion of both kind of community through papers and interviews made to the interested parties.

1.5.1 Presence of Women Business Angels in the World

Since the beginning of the business angel era, women have always been underrepresented. As reported by EBAN in the "Statistics Compendium" of 2019, using the most recent data collected in 2017, Central and Eastern Europe show the highest percentage of women investing as business angels (about 30%). In the ovest part of Europe, women who invest as angels still represent a small part of the angel community, indeed, they are about 11% of the population. By comparison, in the United States in 2018, female angel investors accounted for 29.5% of the angel market. As a result, there is a growing interest in female angels and new initiatives to support and encourage them.





*Chart 1 BA Investors distribution by gender in 2017
[EBAN (2018)]*

Until now researches have been made to catalogue women's behavior; all of them are based on the notion of "difference" and assume that male entrepreneurship is the point of reference against which to judge female entrepreneurship.

1.5.2 Reasons of the creation of Only Women Business Angels Groups

Since the first appearance of informal investors in US at the end of '800, much has changed firstly with the creation of Business Angels Groups, only made by men, and later with the entering of women angel and creation of mixed groups and only women groups. What it is interesting to investigate is the reason why there has been the necessity to create groups exclusively made for women. It must be said that there are systematic differences between women and men that continue to limit women's participation in the angel investment market. Precisely these differences lead to find the major reason why women tend to join groups of their same sex, that consists in the proved existence of an ecosystem in which it can be identified the, so called, Stereotype Threat.

Stereotype Threat occurs when a person is concerned about behaving in a way that confirms negative stereotypes about members of their group. Taking into account the research of Steele and Aronson (1995) and Steele (1997), the stereotype threat theory says that the negative stereotype of a group will interfere with the performance of the members of the group (Cadinu et al 2005). It happens when a person in the discriminated group 'is at risk of confirming a negative stereotype about him- or herself' (Gentile et al 2018, 95) and is afraid of being judged or treated negatively on the basis of this stereotype (Spencer et al 2016). The presence of this threat will lead to a negative performance of the person stereotyped.

The reasons why women happen to be subject to this stereotype threat is because the group of women is stereotyped.

According to the theory of Harrison Botelho Mason (2020) there are cues which can lead

to identify this stereotype and consequences as differences in behaviors and attitudes, they have also underlined outcome in terms of investment behaviors and responses to this threat in order to reduce the consequences of it.

The most common cues highlighted is the fact we still live in a world where stereotypes are present deep in the culture of every country and these patterns usually associates men to entrepreneurship even the ‘the mere fact that the threat is in the air’ (Spencer et al 2016, 418) leads women to feel less comfortable and self – conscious. What is also an alarm is the presence of homophily which happens when people feel at ease with people who shares the same characteristics, hence men feel more confident between themselves and so do women. The presence of this pattern is proved to exists between entrepreneurs and also investors.

Concerning the consequences of stereotype threat two categories are identified:

- Vulnerability responses
- Reactance responses

In relation to Vulnerability Responses, there are researches that suggests that women usually are not inclined to compete and men are generally better when it comes to work under competitive conditions, thus women perform less well in mixed-sex environments than in single-sex environments where it is proved they are more competitive (Gneezy, Niederle and Rustichini 2002; Gneezy and Rustichini 2004; Niederle and Vesterlund 2007; 2011; Dato and Nieken 2014; Ergun et al 2010).

Therefore, this pattern leads less women to join mixed – business angel groups and to join more often, only women business angel groups.

Reactance Responses suggest that due to the stereotype threat women might not feel to belong the field of investments, leading to lower performances and by the time could bring to disengagement and hence, reducing the level of participation in the angel investment market. It is also underlined the fact that the affiliation of women and men to different networks will bring them to have different access to social capital and hence, they will do different investments.

Women not only choose to be together because of homophily based on the similarity between themselves but also do they join groups with the same sex because of “induced

homophily”. Induced homophily brings women together because these people feel not only similar, but also do they attract each other because they share the same structural barriers (Greenberg e Mollick 2017). Therefore, the higher the threat is, bigger is the chance of homophilous behavior and it is more probable that women gets into only women networks.

Outcomes, highlighting the differences between women investors and men investors will be discussed in chapter 3 of this thesis.

2. The Research

The chapter talks about the main way in which Business Angels Women could aggregate to make pooling investments.

A research has been previously made to find all the communities that comprise only women. Firstly, all the Networks existing in the world have been listed, secondly every member of the networks has been checked and only the women community has been selected. Lastly, the groups found has been asked for a meeting, five of them were available and has been interviewed (full description in the Annex I). As it is shown in the figure, [Figure 1] the trend is mainly spread around Europe and America. In order to equally represent either Mixed Business Angels groups or only Women groups, also a sample of mixed groups has been interviewed (full description in the Annex II).

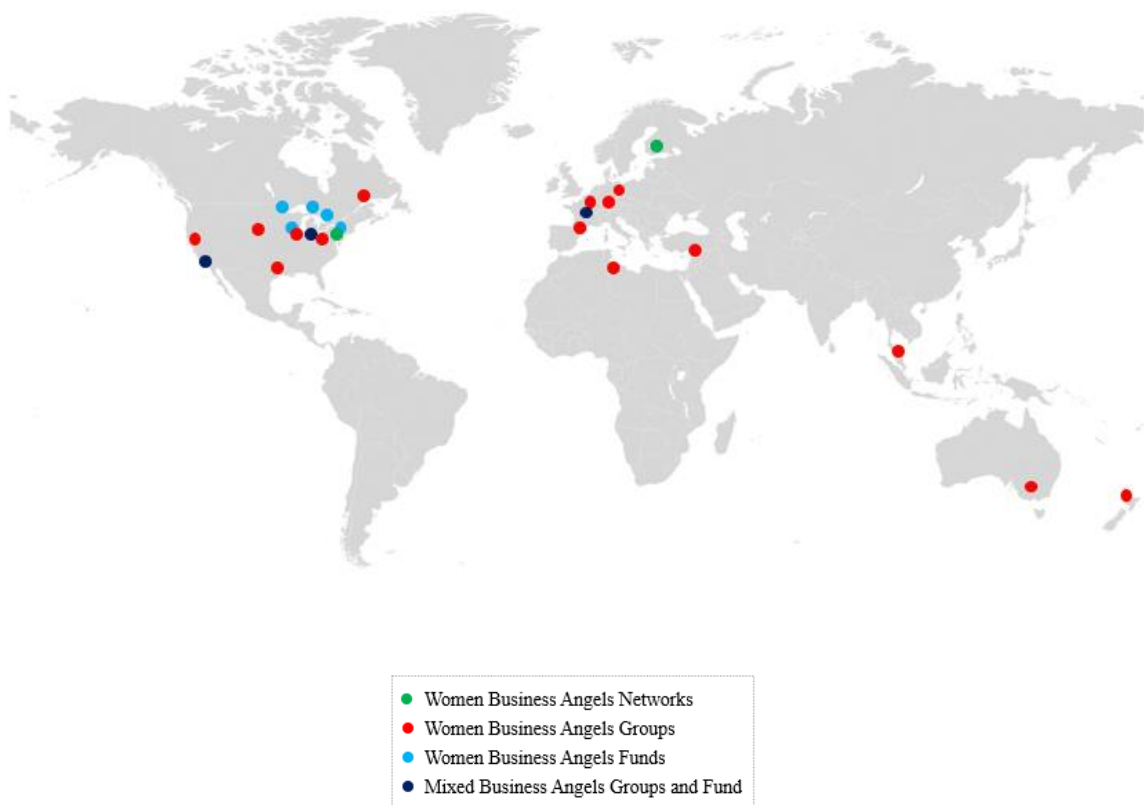


Figure 1 Distribution of Women Business Angel Community in the world [own elaboration]

2.1 Network of Women Business Angels

Through the researches that has been made, two Women Business Angels Networks have emerged [Figure 2]:

- NFBAN: Helsinki, Finland
- NNE WIN: Northern New England, USA

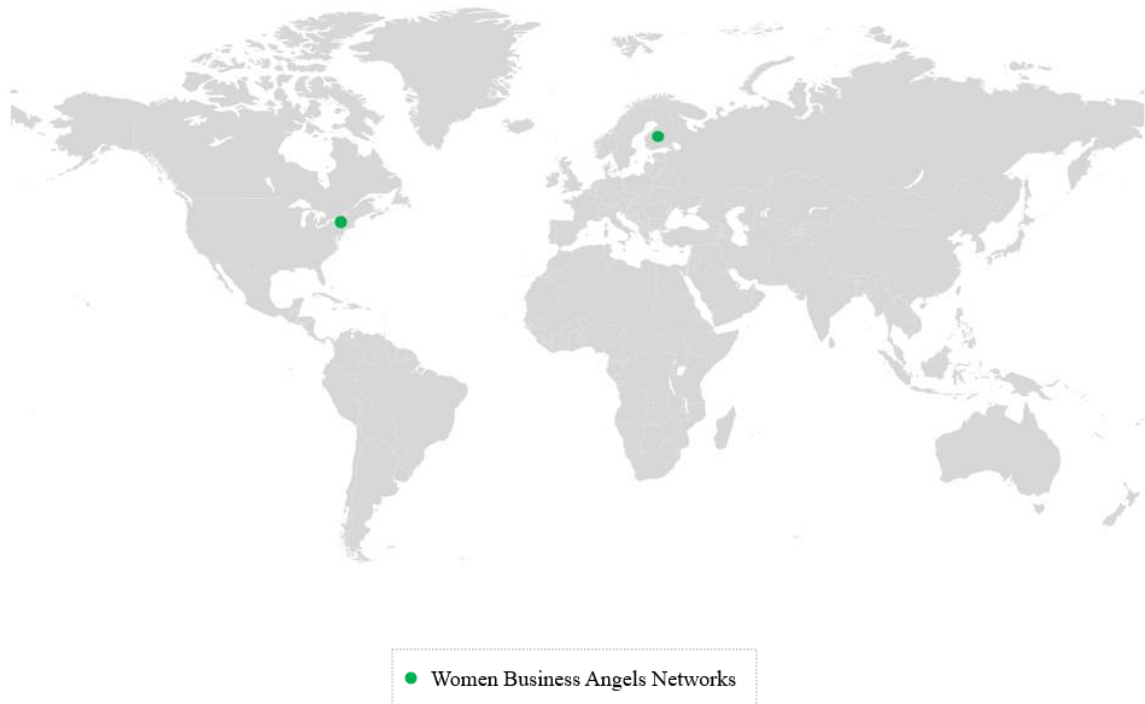


Figure 2 Distribution of Women Business Angels Networks in the world [own elaboration]

2.1.1 Brief description of the Networks

2.1.1.1 NFBAN

The Nordic Female Business Angel Network (NFBAN) was established in 2015 and has ever since been a member of the European Business Angel Network (EBAN). In 2019 the association was altered to an advocacy group and no longer accepts individual investor membership but maintains a high-profile investor network. It functions under the umbrella of Miraflo Ventures. Based in Finland, it serves angel investor members across the Nordics and other members across the globe. NFBAN advocates Impact Investing as a way to create measurable benefits to society through profitable businesses.

NFBAN provides a medium for both new and experienced angel investors to network, learn, and participate in various insightful events and strongly advocates gender diversity in organizations.

Their aim is Deal Flow. They do a diligent screening of start-up companies to make sure that they are viable growth businesses. Also, they make pitching events where pre-screened start-ups can speak directly to investors. Events are focused on first-time investing, impact investing, shared experiences, and networking and are available for investors, entrepreneurs, and partners.

NFBAN creates the perfect starting point to link up with other like-minded investors to create syndicated investments.

2.1.1.2 NNE WIN

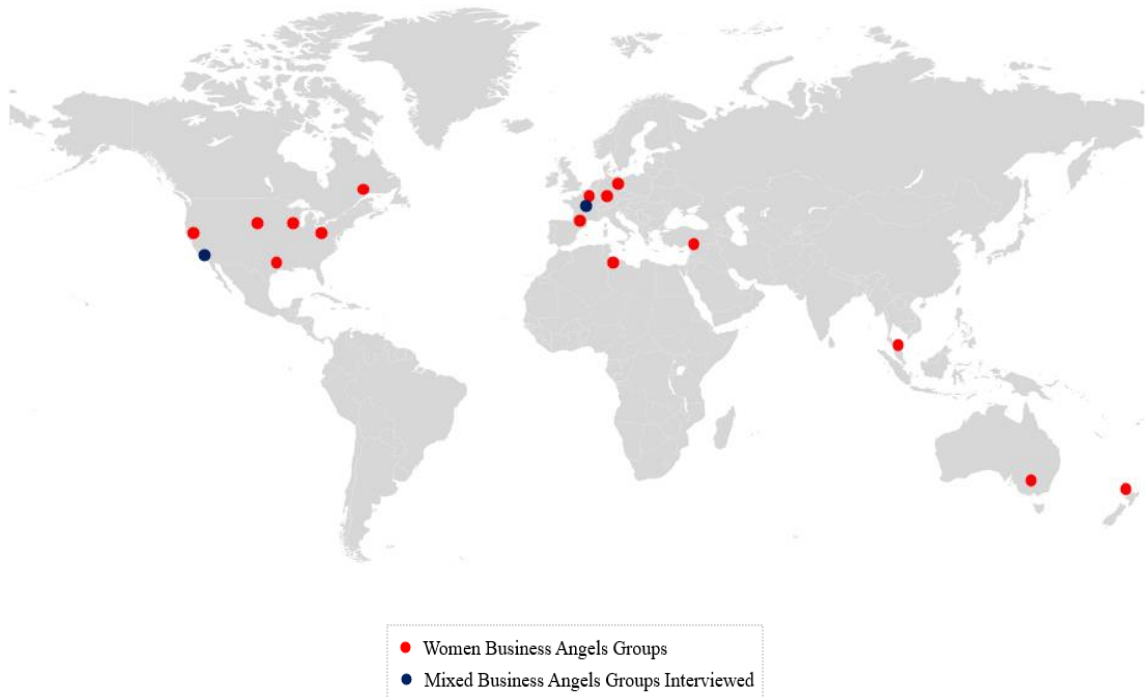
NNE WIN is a coalition of women across New England who are interested in learning more about Angel and Impact investment opportunities, they are actively participating in making this impact.

Tri-State events throughout New England are currently sponsored, also, they have active regional meetings in Maine, New Hampshire, and Vermont. These meetings and group events provide opportunities for women to expand their knowledge of investing, to meet and network with like-minded women, and to get more involved and engaged in investing in their communities.

2.2 Groups of Women Business Angels

Through the researches that has been made, fifteen Women Business Angels Groups have emerged, [Figure 3]:

- Angels4Women: *Milan, Italy*
- ArcAngels: *Auckland, New Zealand*
- Auxxo: *Berlin, Germany*
- Broadway Angels: *San Francisco Bay Area, West Coast, Western US*
- Citrine Angels: *Washington, DC*
- Femmes Business Angels: *Paris, France*
- Investing Women Angel: *Edinburgh, United Kingdom*
- Neome: *Tel Aviv, Israel*
- Pipeline Angels: *Houston, Texas*
- Scale Investor: *Melbourne, Victoria*
- She1k: *Singapore*
- WAIN: *MENA Region*
- Women Angel 4 steam: *Barcelona, Spain*
- Women's Capital Connection: *Fairway, KS*
- xElle Ventures: *North Carolina, US*



*Figure 3 Distribution of Women Business Angels Groups in the world and distribution of Mixed Groups Interviewed
[own elaboration]*

Between the many Mixed Business Angels Groups around the world, two of them were available for an interview [Full description in ANNEX II]. Following a brief description of the Mixed Groups interviewed:

- Angels Santé: Paris, France
- OSEA: California, US

2.2.1 Angels Santé

Angels Santé, through the projects it supports, raises public awareness of unresolved health needs. It aims to improve the health of this population by promoting the deployment of innovative solutions. The projects are therefore carefully selected with the focus on the real health benefit expected.

It also stimulates the economic development of the health sector through major investments, thus encouraging the creation of new jobs, the emergence of more accessible products, immediate access to scientific data, etc.

Each start-up is therefore selected according to a precise and detailed business plan, finely studied, and approved.

2.2.2 OSEA

OSEA Angel Investors is a membership-based private angel investment group driven by women executives and entrepreneurs with very diverse and successful backgrounds. The members of the group are both men and women and they provide a forum for the introduction of emerging companies to potential angel investors and offer access to meaningful education regarding the vetting and investment process. Educated entree to investment opportunities will allow the members possibilities to diversify their investment portfolios.

They are SEC accredited individuals who invest in early-stage companies and provide cash to young companies in exchange for equity (typically in the form of preferred stock).

2.3 Brief description of the only Women Groups

2.3.1 Angels4Women

A4W is an association composed of women who invest in startups funded by women entrepreneurs or that are aimed primarily at the female market. Based in Italy, their mission is to bring together these two categories, in order to reduce the gender gap and support women who have decided to get involved by founding a startup and challenging stereotypes.

The investments that Angels for Women is seeking are the early stage ones and in order to find them, they select the startups only after a screening process in which entrepreneurs explain, through a pitch, the project they are into.

The group is composed of 62 members who have to pass a screening process too; training sessions are made to ensure that all of our members acquire the knowledge necessary to participate fully in the social life of Angels for Women.

Up to now Angels for Women has invested in 4 startups.

2.3.2 ArcAngels

Born in New Zealand, ArcAngels is a group of private individuals focused on investing in female-led business start-ups. Since the beginning they have invested more than \$1.7M in over 20 early stage and emerging companies. Also, they have established New Zealand's first start-up fund exclusively for female founders, with over \$2M committed. The portfolio includes categories as diverse as career path software, dairy herd sperm- screening and on-line accountancy. They all have one thing in common – they are led by passionate, inspiring women.

They also have created the ArcAngel fund which is a practical fund for those who do not want to invest individually.

2.3.3 Auxxo

Auxxo is a German group founded by three women, who have more than 15 years of professional experience and together cover the entire spectrum from early to late stage investing, with experience in consulting, private equity and startups, among others. Their aim is to generate attractive returns on issues that add value to society, for example the fact that there are few female investors. They believe in sustainable growth and are especially passionate about supporting female founders.

Since May 2019, they have been jointly investing as active business angels together with leading VCs and their growing pool of co-investors.

2.3.4 Broadway Angels

Broadway Angels is an angel investment group made up of world-class investors and business executives who are all women.

They invest in the very best people and ideas in start-up and growing companies. Most of our investments are in information technology, an area they know very well thanks to their experience in the sector, but they are also open to other opportunities too. They are small investors and typically invest also with other angels and venture capital firms. Up to know their investment portfolio consist of 48 investments and they had 6 exits. Usually they do not take board seats when they invest but serve as excellent advisors and sounding boards to management teams. Also, they do not exclusively invest in women, but we are definitely open to women-founded companies.

2.3.5 Citrine Angels

The aim of the group is to support the growth and success of female-founded businesses in the Washington DC metro area and increase access to investment opportunities for women.

They provide the necessary education to their members aimed to invest in early stage companies founded by women; they also have courses for women entrepreneurs. Startups are prescreened by the executive committee and only after the investors can enjoy a curated selection of vetted investment opportunities. Every angel is able to decide whether to invest or not and also, they have the chance to invest alone or via SPV.

2.3.6 Femmes Business Angels

Femmes business angels is composed of 150 investors only women, the group has to its credit more than 200 investments and 10 million of euros invested. Investors are focused on high potential companies in various fields, at a very early stage (seed or development), led by men and women. Up to now they have invested more in sectors like education. FBA receives 600 applications per year and invests in two startups a month. Projects are prescreened and only after the associates can freely decide whether to invest or not. Training and mentoring are provided for the new investors.

2.3.7 Investing Women Angel

Investing Women Angels welcomes is a group only composed by women who are interested in investing in early-stage companies. They usually meet every two months to hear from two to three entrepreneurs who do their pitch, then the angels can decide what to invest in. Priority is given to women entrepreneurs. The members are professionals and entrepreneurs, they come from different sectors each of them offers her knowledge and experience to the wider group, moreover introductory trainings are available for the new members.

Investing Women also have a strong ethos of using skills and experiences to support promising founders. Though it is not a requirement, many members are willing to share their skills, knowledge and experiences to help founders grow and develop their companies. Some even take up non-executive

directorships with portfolio companies as investor directors. The portfolio consists in 14 investments.

We understand new members may feel they want to learn as much as possible about being an angel investor and how to be an ‘Intelligent Investor’. We offer introductory briefings to help new members understand the basics and to signpost them to additional information on investing topics

2.3.8 Neome

Neome is a Tel Aviv group composed of dozens of women investors who are redefining the profile of the traditional financial investor. They aim to get more women to approach angel investing and to do so, they give the chance to 35 women at the beginning of their career to join the group without paying fees. Members usually help in the screening and in the due diligence processes, but then each angel makes their own individual decision, based on their discretion, preference and choice. Companies have to do their pitch in order to allow angels to understand the project. Also meet-ups focusing on a specific startup market or vertical positioning are made to allow investors to analyze startups in each category and understand the overall landscape.

The group also offers professional training that allow investors to keep in touch with the material know-how and key competencies to make investments, which are usually made on early stage startups.

The Neome management team also gets a fee in case of successful investment. The team will share these moneys with the investment team that created the successful investment and helped the startup.

2.3.9 Pipeline Angels

Since Pipeline Angels launched in April 2011, up to 400 members have graduated from their angel investing program and have invested more than 6 million dollars in 80+ companies thanks to their pitch summit process. The

group serves as the friends and family round for entrepreneurs who may not already have support at that critical stage, their aim is to invest and create capital for the minority. They also provide training and give the chance to young women to enter the group without paying any fees but helping in the due diligence. The group also has a VC program.

2.3.10 Scale Investors

Scale Investors is a female-focused member-based Angel Investor network who invest in exceptional female founders. They are based in Australia and their aim is to bridging the female founder investment gap for angel investing and venture capital by empowering sophisticated high net worth investors to invest in and support talented & diverse teams in early stage businesses

We are committed to building innovation skills in Australia. Our work today is creating the jobs and companies of the future. The need for women to participate and to succeed is absolutely critical to deliver real equality. Till now they have invested over \$10 million in 19 projects mainly in areas related to development and networking.

2.3.11 She1k

She 1k connects female professionals with 5 to 15 years of experience in marketing and tech, women from New York, Singapore and Hong Kong join this group which gives the opportunity to follow mentorship programs with experienced people. Also workshops to develop hard and soft skills in marketing and tech are offered. Usually the companies are invited to do pitches to show their idea, if the angels decide to invest, the terms are negotiated and gather expertise to help the start-up to grow.

2.3.12 WAIN

WAIN is a network set up to help build an ecosystem of women investors who support women entrepreneurs in the Arab world.

Till now they have 8 investments in their portfolio, when they decide to invest, they not only do they help with economic support, but also, they assist the startups with their knowledge to make them grow. As angel investors WAIN is often the first financing round for a company. They educate and build self-confidence of women as angel investors in MENA and they support women-led start-up companies and women entrepreneurs.

2.3.13 Women Angels 4 STEAM

WA4STEAM is a growing international community of women angel investors seeking to expand women entrepreneurial presence in the STEAM fields. Members of this group are more than business angels driven by profitability, since they aim not only to provide seed capital, but also to become a strategic partner nurturing women future leaders and role models, moreover, members hold a wide variety of backgrounds with professional expertise in biosciences, mathematics, finance, engineering, law, accounting, communication, education and training. Altogether, these backgrounds combined add significant value to the early stages of start-ups life cycle. Furthermore, the group counts with a broad network of strategic partners and other angels' groups, which reinforces their angels' investment capability by connecting the companies where members invest to other ecosystems.

2.3.14 Women's Capital Connection

Born in Kansas (USA), Women's Capital Connection (WCC) is a regional network of business angels composed of more than 125 women, so far, they have invested in 25 companies providing nearly \$5 million. This network allows the angels to increase their access to investment opportunities and diversify their investment portfolio. They aim to identify and finance the most promising start-ups in the region, moreover, they believe personal wealth creates community wealth. They provide companies with their knowledge,

experience, and resources, in order to help other women, and by extension, the entire community.

Startups are pre-screened by a screening team, once they pass the screening if the investors are interested, the agreement is checked and confirmed by the Screening Committee, entrepreneurs are invited to pitch. If members of WCC are interested, due diligence can be conducted. After due diligence, entrepreneurs could be asked to consider a Strategic and Business Plan Review. The due diligence team will report its findings to WCC members along with a recommendation. If the recommendation is to proceed with an investment in the company, a term sheet will then be negotiated with the entrepreneur. Every member is able to decide whether to invest or not in the project.

2.3.15 xElle Ventures

Elle Ventures is an early stage Angel Fund, based in North Carolina, for women founders by women founders, executives and investors. Their mission is to invest in the ideas, products and services of women. With a broad range of experiences and expertise, the investors can offer support to new founders both financially and professionally.

They share a model, which they call 3M, and includes three status: Mentoring, Marketing & Money.

- Mentoring - the team has experience in a wide range of sectors and disciplines, usually they support the company they invest in
- Marketing - the team will advise the startups on best practices to understand and involve their specific market. They tell the founders what could work and help them to find the connections they need
- Money - the team offers new ways of financing the companies through various debt strategies that will not necessarily touch the organization's capital chart

The investment process is very similar to the one of other angel groups, but the biggest difference is that they do not provide equity financing but debt financing. The decisions which lead to the investment takes from 6 to 18 weeks.

Currently, they are moving to a fund structure to include women angel investors from beyond NC though the commitment to support NC based start-ups that are women-led remains.

2.4 Taxonomy and descriptive analysis

As claimed by the description found on the Women Business Angels Groups sites, some peculiar structure emerges. The following are the ways in which groups can be sorted [Table 1]:

- Groups can be classified on the basis of the education provided:
 - a) Some groups include education programs on business angels' investments
 - b) Some groups include education programs for entrepreneurs who want to make start-ups
- Groups can be classified on the basis of the type of investment:
 - a) Groups that invest only in companies founded by women or that are mainly aimed at the female market
 - b) Groups that invest in companies founded by men and women Based on collaborations:
- There are also groups which can be classified on the basis of the way they decided to undertake pooling investments:
 - a) Groups that collaborate with VC or also have a VC program
 - b) Groups that collaborate with other groups of Business Angels
- There are groups which can be sorted on how they invest:
 - a) There are teams in which the project study is carried out as a team, but each investor chooses their investment freely and independently
 - b) There are groups that also create a fund for those who do not want to invest individually

	Education		Type of Investment		Pool Investments		Individual/Group Investment	
	a	b	a	b	a	b	a	b
Angels4Women	x	x	x					
ArcAngels			x					x
Auxxo			x		x			
Broadway Angels				x	x	x		
Citrine Angels	x		x				x	
Femmes Business Angels				x			x	
Investing Women	x			x	x	x	x	
Neome	x		x				x	
Pipeline Angels	x			x	x			
Scale Investor			x					
She1k				x				x
WAIN			x					
Women Angel 4 steam			x			x		
Women's Capital Connection		x	x				x	
xElle Ventures			x					

Table 1 Classification of WBA groups [own elaboration]

Through the searching on the sites of the groups, have been found also the portfolios. A deeper research has been made: every investment present in the portfolio has been taken into consideration and classified on the field of reference. The analysis has been made on the following groups:

- 1) Angels for Women
- 2) Arc Angels
- 3) Auxxo
- 4) Broadway Angels

- 5) Femmes Business Angels
- 6) Next Wave impact
- 7) Pipeline Angels
- 8) Scale Investors
- 9) WA4STEAM
- 10) Women's Capital Connection

The sorting has been done taking into account 32 different field, portfolios have an average of 33 start-ups, in 8% of cases the startups in which the groups have invested in deal with issues close to women. Moreover, on average the groups invest 89% in companies belonging to their region. [Chart 2]

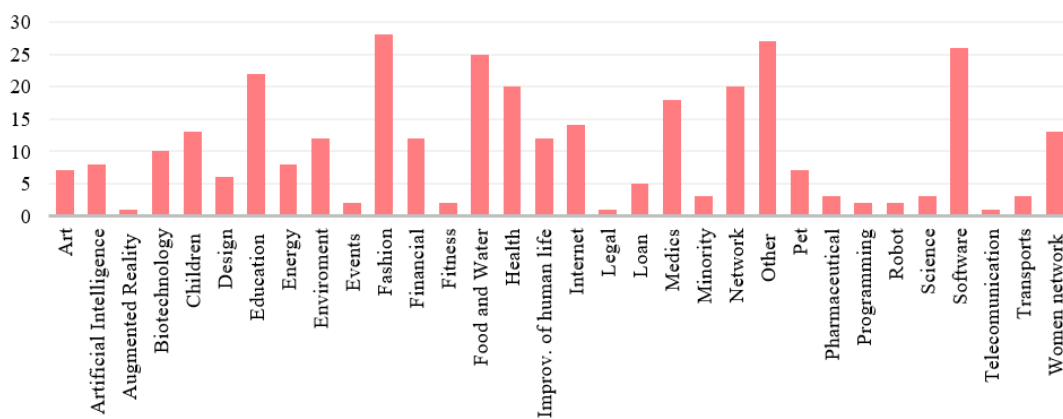


Chart 2 WBA groups sectors [own elaboration]

2.5 Women Business Angels Funds

In the research of Business Angels Groups, other different communities have been found. The so called Funds are groups of business angels that act as a fund, like Venture Capitals, but are not institutional investors, specifically the differences between these groups and common business angels groups are that, in this case, they have a structure in which the investment committee, does all the due diligence for the limited partners and when they decide to invest everybody does, hence, they can also have members who are passive investors and do not want to actively participate in due diligence and start-up selection. Moreover, once money is collected, they invest in the company chose also doing follow – on investments. Through the researches made, the following fund has been analyzed:

- Belle Impact Fund: Michigan, US
- BELLE VC: Great Lakes, Midwestern US
- Next Act Fund: Pittsburgh, PA
- Next Wave Impact: Greater Denver Area, Western US
- Sofia Fund: Greater Minneapolis-Saint Paul Area, Great Lakes, Midwestern US
- The JumpFund: Tennessee, US

As it is shown in the following figure, the movement is mainly spread around US [Figure 4]

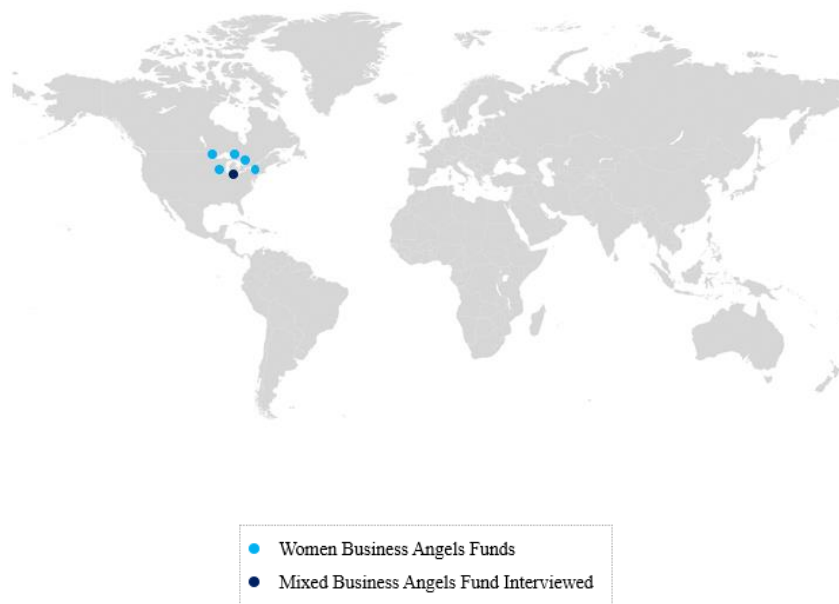


Figure 4 Distribution of Women Business Angel Funds in the world [own elaboration]

2.6 Brief description of the only Women Funds

2.6.1 Belle VC

Belle VC invests in capital efficient companies with a unique product or service filling an urgent market need. They target the digital, mobile, internet (IT), technology-enabled products and services, life sciences, medical devices, health IT (Digital Health), and Clean Tech market sectors; also, they invest in women - led or owned companies. So far, they have invested in 11 companies. They usually invest from \$100.000 and \$1.5 million in tranches depending on the milestones reached and preserve 25% of the capital for follow on investment. They approach the investment by asking for a board seat, in order to help the portfolio companies to prepare for high value exists by recruiting top female management and board talent, and by working closely with founders and senior management to achieve rapid growth and profitability. They look for companies with \$1 million or more in revenues, capable of reaching \$20 million or more within 3-5 years. Special consideration is given to companies requiring relatively small amounts of capital to achieve sustainability

2.6.2 Next Act Fund

Next Act Fund mission is to help women grow their personal wealth by investing in early-stage, women-owned or led companies, thereby positively impacting women, the region, and the nation. They get a seat at the table where the economic growth of the region is decided, and at the same time heighten the impact of women-owned or led businesses. The goal is to:

- Increase personal wellness
- Support and invest in women entrepreneurs
- Educate women in this asset class

They do not invest in the design or prototype phases, but they prefer scalable companies led by talent management teams with market-ready solutions that solve problems or create unique value in revolutionary ways. So far, they have

invested in 17 companies, the most targeted industry is the medical one and have invested a total amount of 3 million dollars.

2.6.3 Next Wave Impact

The mission of the group is to increase diversity, inclusion, and impact in early-stage investing and the entrepreneurial ecosystem through their innovative learning-by-doing progressive fund model. Their current global fund has 99 women investors, 25 of them women of color, which is led by an experienced investment committee of ten women. So far, they have built a portfolio of 15 companies, diversified across sectors and locations, over a three-year investment period and are now focused on follow-on investments. All of the companies they seek must be led by women and people of color. They have made 6-8 investments in each of the first two years as well as some selected follow-on investments. They usually invest as a fund but sometimes they exploit the SPV structure where it is possible to invest also with other people external to the group. Training to understand how to invest and how to do due diligence are provided. Together, they want to create the next wave of educated and trained angel investors focused on both social impact and financial returns and are investing in underrepresented entrepreneurs.

2.6.4 Sofia Fund

Sofia Fund focuses on gender-diverse teams with disruptive, scalable business models that use technology to solve real problems. They are interested in technologies which applies to health and wellness sector, till now, they have invested in 11 startups. Typical investments by Sofia are from \$100,000-\$500,000 in \$500,000-\$2 million rounds of equity. They look for opportunities where ideally there are no more than 2-3 subsequent funding rounds and exits are within 3-5 years. Preferred investments are in the form of preferred stock in C corporations. Companies can apply directly to Sofia Fund using the application link on this site. Right now, the fund is currently investing from Sofia Angel Fund II.

Deals are reviewed regularly by the screening committee, moreover the candidates will be asked to present to the Sofia Fund managing partners, followed by due diligence, if appropriate.

2.6.5 *JumpFund*

The Jump Fund has two main goals: to activate women's capital, and to provide access to capital for women entrepreneurs in the Southeast. Since the beginning, they raised two funds, invested in 29 women-led companies, got their first successful exit, and engaged the capital of over 100 women. Our portfolio is made up of high-growth, scalable, women-led ventures in the Southeastern United States. They have remained industry agnostic, but they invested in areas where the team could add the most value and create the biggest impact. Also, they recognize that the gender gap in capital continues to make it difficult for women-led companies to secure funding in later rounds. As such, The JumpFund is fully focused on supporting the current portfolio companies composed of 24 companies

2.7 Brief description of the Mixed Funds

Between all the Funds contacted, Belle Impact Fund was available for the interview, following a brief description:

2.7.1 Belle Impact Fund

Since, women-led companies are the fastest growing sector of new companies, Belle funds serve every aspect of this growth, they create jobs and opportunities for women and positive impacts on the economy and role models for women. They usually focus on early stage investing, the startups must be composed of a network of successful and connected women, and experienced leadership and operations support. Till now they have made 10 investments, mainly they focus on companies located in Michigan and other states nearby.

They seek to provide a trusting, learning environment for investors and founders alike, and to encourage more women to become early stage investors. Not only do they invest with other funds to achieve capital share but also, they use side-car funds.

2.8 Descriptive analysis

Through the searching on the sites of the funds, have been found also the portfolios. A deeper research has been made: every investment present in the portfolio has been taken into consideration and classified on the field of reference. The analysis, shown in the following chart, [Chart 3], has been made on the following funds:

- 1) Belle Capital
- 2) Belle Impact Fund
- 3) NextActFund
- 4) SofiaFund
- 5) TheJumpFund

Portfolios consist on average in 15 investments in start-ups, moreover in 13% of the cases, the start-ups in which the funds have invested deal with issues close to women. On average, the funds invest 98% in companies in their region.

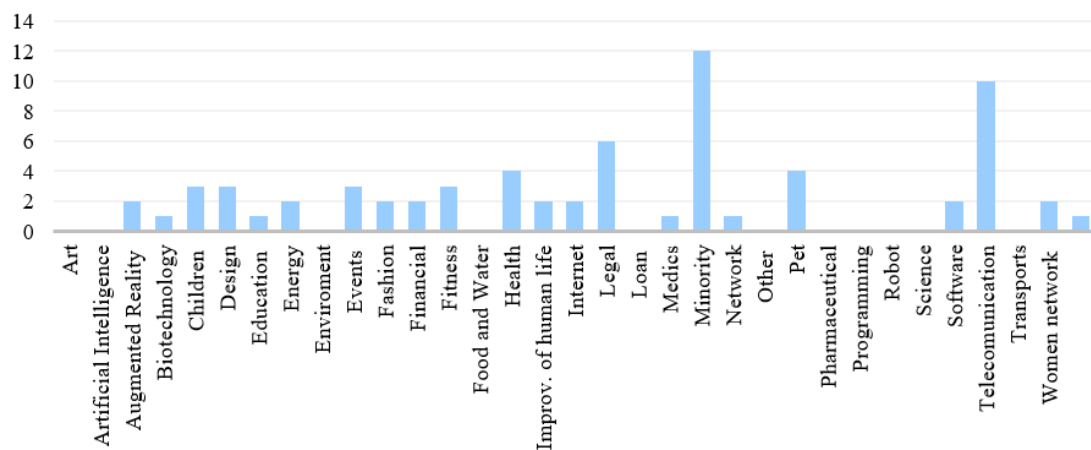


Chart 3 WBA funds sectors [own elaboration]

3. Differences between only Women and Mixed Angels groups

After contacting, and receiving the availability, from the investors based in USA, Europe, Mena region and UK, interviews were made to collect evidences of the differences between the two different types of community investigated, regardless of the place investors are based. Subsequently, further considerations are made about differences between USA and the other business angels around the world.

The groups objects of study were 8:

- 6 Only Women Groups
 - 4 Business Angels Groups
 - 2 Funds
- 3 Mixed Groups
 - 2 Business Angels Groups
 - 1 Fund

The following paragraph examine the answers received from the parties.

3.1 Evidence from the interviews

Q.1: Could you explain what is the process you go through to find a new start-up and decide whether or not to invest in it?

The question posed to the interviewees was aimed to understand the way these groups operate to find startups and to decide whether to invest or not in a new initiative. Moreover, the final aim was to understand if there are effective differences between the way mixed and women only groups operate.

The path followed from both sides usually is:

- 1) Most of the times startups apply from the investors internet site or come from other contacts the group has
- 2) First screening of the applications is made
- 3) The startups which pass the screening are invited to pitch; during pitching questions are made from the associates to understand better the project

- 4) If investors are interested, due diligence is made
- 5) After due diligence if there are associates that want to invest the negotiation is started

Another step, which almost every group follow, is to help the company they invest, sharing contacts that could help them or even sharing their experience and knowledge in the field. Basing on this evidence only women groups and mixed groups might seem completely the same, this is because the steps listed went through a process of improvement from the very beginning of Business Angels Groups existence, hence they are the most logic path to follow. But these are not the only passages, every group has its own peculiarity in the process.

From the interview with X. Laskowski, CEO of OSEA Angels, a mixed group with a low percentage of men and which aim is to approach more women to the angel investment, emerges some more steps. Firstly, after hearing the pitch of the company, an economic report is drafted by one of the members in order to understand better the situation before deciding to start the due diligence. Secondly, soon after analyzing the economic report, an expert on the field the startup is in, is invited to talk to the group to give an idea about the sector and about how it is performing. Only after these further passages the investors decides whether to invest or not. This process aims to make every investor to understand the sector they are facing, even if they are not expert in the field, hence, it allows to reach another category of women that have the money to invest but are not working because they receive sustenance from other sources.

S1: Groups that provide an environment in which newest business angels are helped and supported from the beginning, reach out a category of people who otherwise would not be driven to invest without the right conditions. Hence, not only is there a growing of women BA with the same human capital characteristics than their men peers, but also there is a new category of investors that do not cover management positions. Therefore, these groups enable growth of female participation in the investment world.

S2: Few groups contribute to raise an environment where women feel confident and these are the ones that are constitute by only women or that have an approach favorable to them

To sum up, this question apparently did not raise substantial differences between the two groups object of study.

The following question was made to understand if there are actually differences in the way mixed groups and only women groups are perceived.

Q2: Why do you think a woman should enter an only women BA group instead of a mixed one?

“I believe women only funds have similar values of helping other women. I believe women listen to other women better when it is an all women group instead of mixed. Women enjoy being with other women and gain an energy from women to women discussions”

~ Barbara Boxer, Belle VC

This is only one of the many answers received in the interviews. From all the women groups answers, have emerged differences in the way in which women approach to things, either about the way women invest or the way women take care of the investment. The fact that women are new to the investment domain, business angel's investments began as an exclusive men activity, leads them to think they might not be able to do it. Facing the entry in a new group, composed either by women or men (with a majority of men, because these are the way mixed groups are right now), it might be overwhelming.

Reasons are different, for example women might have different interest about the sector to invest in, compared with men, women who have less experience and get in meetings, often do not feel comfortable because they do not understand the terms the group is talking about. Also, all of it comes with the fact that women are much more timid and the first times they might not feel comfortable in making questions with the chance to ask something that could be already clear to everybody and maybe look stupid, therefore it could be that, at the beginning, they might not have much to offer to the conversation after the startup had finished their pitches either because they do not know the field or because they do not feel at ease. Of course, it could change from women to women, some decides not to invest anymore because they feel out of place, some could decide to join other groups like the ones composed by only women, other might keep trying and be successful in mixed groups as experienced X. Laskowski, who is part of many groups also mainly composed by men in the US:

“After a few meetings I understood that maybe I did not know what to ask about the deal structure, but I definitely understand the industry, and I can get some feedback on it. So, after going to a few meetings I started to get to know some gentlemen who are really nice. I felt more comfortable asking questions. But at the beginning it can be very intimidating, because you are in a room of people you don’t know (not that they are bad people!) you hear questions you do not know the answer, and maybe you do not really understand the deal, and that is ok, you might not understand what is doing the company. That is all normal.”

~ Xandra Laskowski, OSEA Angel

Due to the answers received the following statements could be done:

S3: Women have been shown to be much more timid investors and in general women have a tendency to feel like they need to be an expert at something before they do it

S4: To allow women to start investing an environment must be created, whether it is only made by women or not, this environment should give the chance to women to feel free to ask question and deliver their own ideas

A solution to these problems, but not necessarily the only one, consists on trainings. Almost every group has an educational program nowadays and it usually comprise modules that resumes the life of a start up from the beginning, but also trainings on due diligence and negotiations are made. Moreover, sometimes groups invite outsiders to do educational sessions, and it is also very important when the most experienced investors in the group help the newest ones to comprehend the way they operate to understand whether to invest or not in the project. These activities give women a low-pressure environment to learn and get more comfortable.

“All the time entrepreneurs tell us that they see a very different dynamic with our view from what they see was predominantly male group which have some women but maybe one or two and not enough to really change the dynamic; and the dynamic of female group is massively interactive and very supportive and that's what we get back from entrepreneurs: they see us healthy even if you can't invest and you will have members volunteering to give them a little bit of time to make connections and they don't get that from the other groups, necessarily something but not all. And then there is the dynamic with each other, so our members are just loving the networking with each other but it's

more than networking it's very much of giving each other support and it is very useful and also we find that everyone wants to learn all the time and so we're hungry for the knowledge and there's no complacency that and I have seen this in other groups."

~ Jackie Waring, Investing Women

"Looking at the data: women Business Angels are 15% [in Italy] of the total, female start-ups are 13% of the total, we take less and less money, but we do it better."

~ Lorenza Morandini, Angels 4 Women

The words of J. Waring' interview brings out the dedication and dynamic of groups composed by women compared with mixed groups.

S5: Difference are highlighted in the way women operates after they have decided whether to invest or not in the project, it appears they are more involved and helpful

Standing behind the previous words of J. Waring, also X. Laskowski underline the need of women to research for more information, compared with men investors, to learn how to practice in the investment field. She has also highlighted what, according to her experiences, is the difference between already existing business angel groups and new business angel groups, indeed, skilled business angel groups get straight to the point and expect you to write a check almost immediately, it takes less time for them to understand if the project is worth it, negotiation is fastest thanks to their knowledge and the fact that they have done it before several times. These statements are also supported by The American Angel report (2017) according to which the angel investing tenure does change the way angel investors evaluate investment. Indeed, it appears that more experienced investors write bigger check compared with the shorter tenure investors, respectively the first one invests \$42,000 and the second one \$25,000. Moreover, also the number of investments made change from an average of 3.8 per year for skilled angels to 3.0 per year for newest ones.

The approach is different for new business angels who want to understand the investment, who want to be aware about the place they are putting their money in. As X. Laskowski said, even Golden Seeds, which is a mixed group mainly composed by women, is a more seasoned group and its investors already know what to do, hence, new women entrants would not feel so much comfortable. These facts might also be experienced by men even if with a smaller percentage because they are not submitted to stereotype threat.

“I think things are getting better in some of the other groups in the early days but there's no hunger for learning so I think it brings to there's no calendar for learning and I think that it also make some kind of blind to see some opportunities.”

~ Jackie Waring, Investing Women

It also appears that differences are in terms of hunger for learning which leads groups to take into considerations the more various projects without foreclosing the opportunity at the first sight. There is a deeper dive to fully understand what they are facing.

S6: There are differences also between more seasoned groups and less experienced ones, in terms of dealing and understanding the terms, the process is fastest in the first case and it takes more time for new angels to understand fully what to do and how things are done.

S7: Hunger for learning lead to a deeper understanding of startups and allow to take into considerations projects that would not have been taken into account at first sight.

Another mixed group gave an insight of what it means to collaborate either with men or women together, the object of study has been Angels Santé, mixed group in Paris, specialized in healthcare investment, composed by 100 investors, 27 of which are women. The interview was made to Maëva Joalland, general delegate of the group, who said that, according to her there are not many differences between the two kind of groups [Mixed and Only women groups]. It must be said that since the field in which they operate is the healthcare investments, they are very specialized and only health care managers or people from big pharmaceutical companies join the team. Since we talk about very experienced people with a great career, people with high studies and high positions and also skilled investors, it is hard to figure the chance of existence of stereotype threat or the enters of women who behave in a more timid way considering that they deal with men daily in their work.

According to M. Joalland, from their experience with a business angel group only made by women, the one diversity emerging “is their dedication in looking for startup made by women”. This fact engraves with the process every group goes through in the choice of the investments since a whole part of project is steered away because of this choice. Hence, something that did not emerged from the first question analyzed was the fact that the two types of groups have different scope.

It is the communication field that is different, Angels Santé focus on innovation regardless of the gender, the women group they dealt with was more interested in feminism entrepreneurship.

It must be underlined the fact that not every business angels group made by women focus only on female entrepreneurship but, according to The American Angels report (2017), women care about the gender of founders nearly 10 times more than men, and for sure the ones who does have more than one reason to pursue this path indeed, according to the Italian group Angels for Women:

- female founded startups have outstanding results with a +10% revenues of startups founded by women vs. founded by men
- there is a +75% probability that the fastest growing companies (+200% of growth) are founded by women

Also, numbers highlight the Golden Seeds as the best mixed business angels Group USA, mainly composed by women angels, in recent years and they only invest in women entrepreneurs.

Besides the reasons purely objective, above illustrated, there are also social aspects which leads women investors to invest in women entrepreneurs, as the achieving of gender parity in investment and entrepreneurship, the aim of every business angels group which is focused on female entrepreneurship is to create an environment in which all women entrepreneurs would be seriously considered, treated fairly and have a real shot at getting funding. It seems like there are also significant differences in how men and women evaluate the social impact of an investment, indeed, women are twice as likely to say social impact is important: 33% for women and 16% for men (The American Angels report, 2017).

The growth of women business angels has, of course, several silver lining, and thus it is important to stimulate their presence. One reason, among all, according to Becker-Blease and Sohl (2007), is that the existence of homophily brings more women investors to invest in women owned businesses, giving more chance to WOB to get funds. Homophily is the tendence of people to associates to others based on similar characteristics; in the investment world it appears that women and men entrepreneurs usually seek financing from investors of the same sex. This is one of the reasons why women entrepreneurs

receive less funding compared to male entrepreneurs, indeed, women investors are way less than men. Taking into account the previous research, according to which homophily could also exist in the supply side, indeed the 51% of women investors consider the founders' gender to be highly important, the rise of women angel groups could lead to increase the flow of women owned business deals and therefore generate a higher participation of women entrepreneurs in the high growth, high-return industries typically financed by private equity.

S8: It appears that groups with a majority participation of women often aim to support other women and projects which have a social impact

Q3: What is the profile of the investors of your group in terms of average age and professional experience?

From the reply received by both kind of business angel groups [Mixed and Only Women Groups] members are middle age investors who occupy or has occupied managerial position, some of them also might have been, or still are, entrepreneur themselves. Differences, as already said in S1, are consistent in the fact that only women groups reach out also categories that has the money to invest but do not cover managerial positions at work, hence, these groups are more inclusive.

As experienced X. Laskowski, people do not only invest because of the money they could gain, that is of course important but not the only reason, because when you invest you could either win or lose them, the most important thing is the journey that people make in order to invest. Also, it takes time to get revenues, so people must not invest money they know they could need in short time. This is a simple condition which unites every investor regardless of gender.

S9: To be an investor you must have a sort of wealth that enable you to use money that eventually could never come back.

Behind this latest statement there are social issue that should be taken into account. Gender gap is a reality and has consequences which indirectly lead to not allow women to even consider taking part of an angel group. Because, as said before, investing is an

activity that requires money, hence the wellness of a person must be set in order to even consider the fact of undertaking this path.

There are several factors which have an impact on the fewer presence of women in the investment word, as the fact that there are fewer women in middle and top management compared with men, through the analysis conducted by Carter & Benson it was possible to highlight the difference, with tangibles numbers, of the gap existing in Italy. Indeed, as shown in Chart 4, women occupy only 25% of middle - management positions and even less when it comes to talk about top management where women are only the 15%.

It is also true that women reach top management earlier, indeed, men in top management positions have a higher average age, 52 years compared to 50 for women. The same applies to middle - managers (46 against 50). These numbers show that the management of Italian companies is old. As to say that the young people hardly arrive to detain the levers of the command, that in an economy that is changing skin fast, thanks to the new technologies, is not a reassuring sign. These evidences reinforce the reason why few young women, and men, can afford to enter in business angel groups to make their own investments.

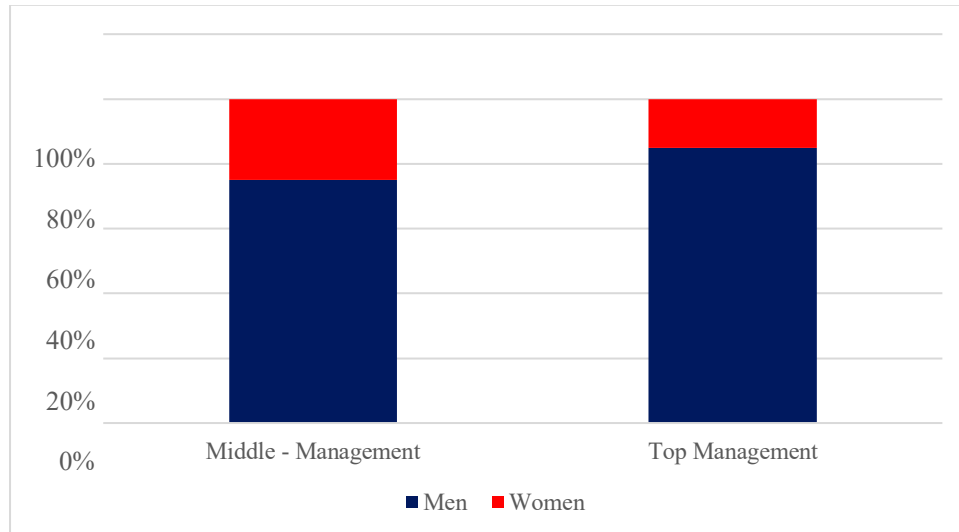


Chart 4 Women and Men in Middle and Top management positions in Italy
[Repubblica, 2019]

Differences in terms of payroll are less obvious although there are actually some variations, in terms of middle management, real differences are shown in top management. Indeed, while distinction in payroll are not made at entry – level positions,

because when companies hire, they don't differentiate between men and women, but look at skills, issues emerges in the long terms because another variable comes into play and regards the theme of maternity.

According to The American Angel report (2017), through the data collected from the ACA, and based on the American Investors population, it seems like individual women are more interested in impact investments and focus more than individual men in gender investing, they also give a higher importance to the growth potential to the investment 62% of women rate market growth as the most important factor versus 52% for men. Gender differences also emerge concerning investment behavior. Male investors tend to write larger checks, compared with women, and invest in more companies, net differences are that women invest almost less than \$10.000 respect men, and invest in 3.6 less companies [Table 2].

	Men	Women
Average Check Size	\$37,671	\$26,652
Companies in Portfolio	15.9	12.3

*Table 2 Individual Investment Behavior, Average Check Size and Companies in Portfolio by Gender
[The American Angel, November 2017]*

Differently, with the study made by Harrison, Boteltho, Mason (2018), it has been proved, with quantitative analysis that women angels, when reunited in groups make significantly more investments than mixed groups, suggesting that a women-only environment provides both a learning opportunity and a 'safe space' for investing.

Referring to the check's topic, WA4E (2018), investigated the women investors populations, in Europe, and found out that nearly 60% of women investors put less than 20.000 € per year, the 25% invest from 20.000€ to 50.000€, only the 8% invest up to 100.000€ and remaining 7% invest more than 100.000€ per year. This behavior reflects two aspects of women investors:

- Immaturity of the women angel investment market, the data shows that experienced angel investors tend to invest more money per company/ funding round. This evidence is consistent with the previous statement S6; indeed, women

angels invest a minor quantity of money in startups and hence are less experienced investors. This fact could suggest that, practicing and learning how to invest, when women become more skilled investors, the difference with mixed groups reduces and only women groups will start investing higher sums and also will be less risk adverse (Maltby and Rutterford 2012)

- Lower level of investment capacity of women angel investment market, due to the fact that many of them may have to support family commitments or feel less comfortable or able to significantly commit.

From the further researches made in The American Angel report (2017), examining measures of investment performance, it emerges that men angels seem to have a bigger chance of making returns through positive exit. These differences may support the idea that there is a gender dissimilarity concerning the investment preferences and criteria, this is consistent with the fact that women are more interested in social and gender aspects of the venture rather than pure financial returns. It seems like that female investors are more likely to rely on “gut feeling”, as also said X. Laskowski, to make their investment choices, and they are driven by social impact, potentially sacrificing higher returns. According to Harrison, R.T. and Mason (2007), male investors tend to more aggressively look for returns, by investing in riskier and more diverse portfolios [Chart 5].

S10: Basing on the data showed by the The American Angel report (2017) and WA4E (2018) it can be stated that women BA are less risk tolerant than men and experience less possibility to make returns by an Exit. Nevertheless, risk adverse disappears once education, knowledge and access, marital status and wealth are taken into account (Maltby and Rutterford 2012)

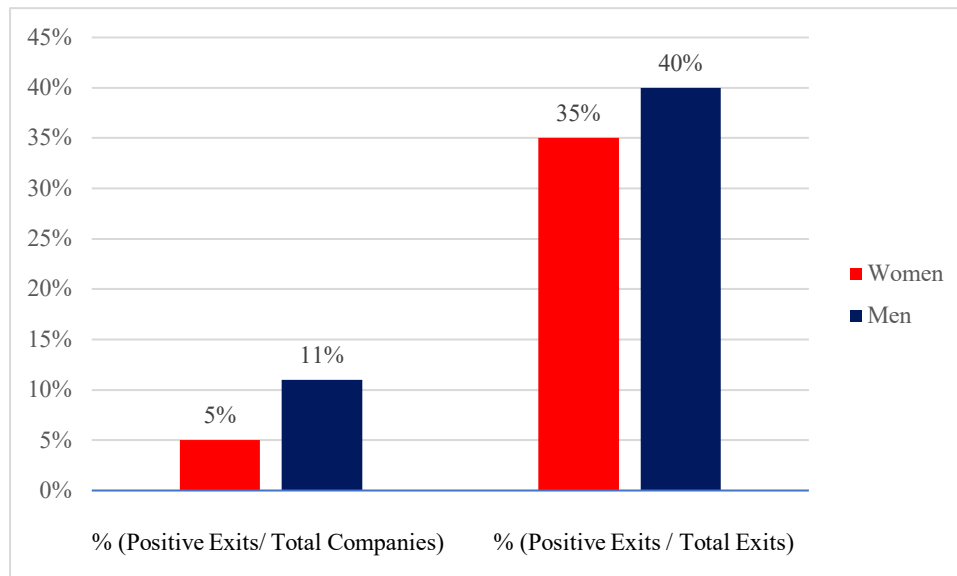


Chart 5 Percentage of Positive Exits by Gender [The American Angel, November 2017]

Q4: Which improvements would you make to incentivize woman participation as angels?

“It’s about putting money into the awareness raising and for the education side of it”

~ Jackie Waring, Investing Women

“It’s much more about how we create an ecosystem of participation and how do we educate women about the opportunity, giving them the confidence to participate in this”

~ Jodi Pederson, Next Wave Impact Interview

“.. if you look at the population of the rich in Italy, which can be measured in various ways, for example people with at least 10 million assets, or people with at least 5 million assets, the number varies between 0.5% and 1%. Since 1% of 60 million is 600.000 and 0.5% is 300.000 people, then if we are in 1000 business angels in Italy there is a pool of 299.000 or 599.000 who do not participate.

... All this to say that there are 900/1000 business angels and that outside there are other 300.000 that if they knew what could be done with €10.000, they would probably do it.”

~ Lorenza Morandini, Angels 4 Women

Women need to be educated. Many of them do not even know what business angels are, hence, they do not know how it works. The majority of whom decides not to invest because “it is too risky”, might not even be aware about the tax incentive, that are available in some countries and could help mitigating the risk. Also, there is the chance to invest smaller quantity which in turn reduce the risk (WA4E, 2018).

The choice of being a mother, according to a research made by WA4E in 2018, leads women to have much less time compared with men because they take care of the family, the house and they also work, the free time they have is carefully allocated to every activity and there might not be the space to start angel investing, which means following pitches, due diligence and negotiation. In this case it must be said that some groups give also the opportunity to be passive investors which means they take care of the choice of the investment, negotiation, due diligence and people must only decides how much they want to invest, if they want.

There are many issues that act as a barrier to the investment word for women, as said by J. Waring, government should be taken into charge to spread this opportunity using money to raise awareness to possible investors, as already done for women entrepreneur.

The use of tax schemes, as already said, is way to help investors and incentives them, by now exists only incentives which are independent by gender, as an example, UK is the country with the best tax relief in the European continent [even though UK is no more part of it] , specifically they have the two following schemes that really encourage people to invest:

- Seed Enterprise Investment Scheme (SEIS) is made for earlier stage companies that can take up to £150.000 worth of the investment under the scheme and then the actual benefits are for the investors: so if for instance, investors invest £10.000 into a company within SEIS if the investor has to pay income tax, he could receive £5.000 worth of that base with 50% back
- Enterprise Investment Scheme (EIS) Enterprise Investment scheme is almost the same as SEIS but it's 30% that the investor get back and that is for companies that have therefore established big amounts of money, they have been around longer,

so most companies qualify for EIS

According to B. Boxer and L. Morandini, action which support tax relief should be intensified in order to invite more women to join the movement. Tax policies should be made easier and more understandable. Moreover, from the interview with L. Morandini, she suggested the following actions:

- Deduction should be raised to 100%, if not even 110% to encourage investments in start-ups, which is common knowledge that have a very low survival rate
- Deductions should be divided over few fiscal years, in order to see the result more quickly
- The maximum limit of "fiscal niches" should be to eliminated and outgoing capital gains should not be taxed

Aurelia Florence also gave her own thought, which concern the creation of a so called "Opportunity Zone", a sector or a social issue is chosen, and investors who invest in this kind of activity have the chance to enjoy extra tax benefits.

Specific incentives for women are not present in almost any state, indeed, only in France had some national government subsidies to establish and support the Femmes Business Angels network as part of the national association of Business Angels.

Unfortunately, not every country value angel investing, hence, women investors, in the same way, some of them have old incentives that do not even allow the very chance to use them.

"...our goal is to increase the number of women who are involved but we even didn't succeed to get any sponsorship from the local bank so others because, I think, the conception or the assumption is that if a woman has money to invest she doesn't need our support, they said, this is the assumption. What they don't understand is that we need to motivate those women to actually use their money in a way that supports innovative disruption solution and so on..."

~ Orit Alperovitz, Neome

Many differences can be spotted in the American landscape [Figure 4], where the tax

incentives are wide different from a state to another, because the administrative-tax system in the United States, consist of different interacting levels:

- Federal: the set of incentives offered at the federal level is quantitatively small compared to what is offered by individual States
- State and local: the range of incentives is broader than at the federal level and has characteristics that vary according to the type of investment, the location to which the investment is targeted, and the social protection measures associated with the investment itself Each of these levels individually presents a more or less broad range of incentives.

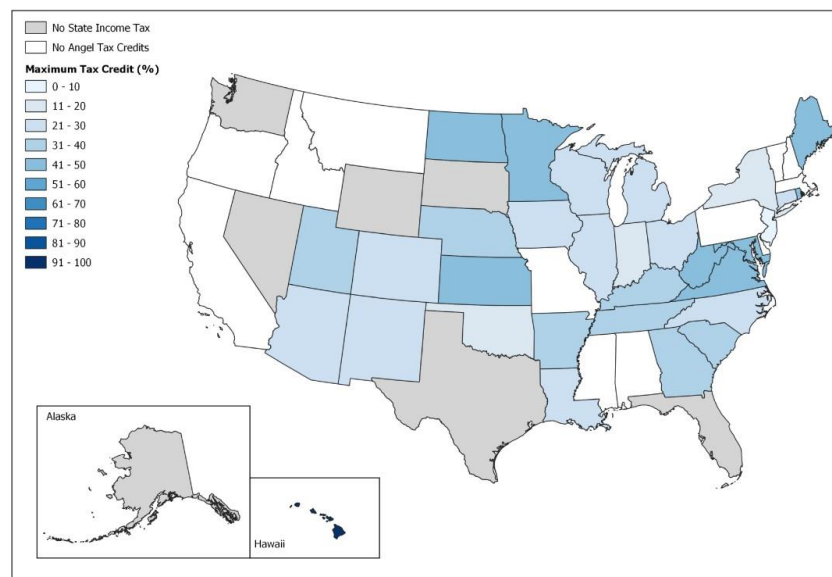


Figure 4 Map of states that have adopted angel tax credit programs from 1988 to 2018
[Denes, Wang, and Xu (2019)]

Other ways to reduce the risks and to encourage women to take part of the investment words is to use SPV – Special Purpose Vehicle or the newest SPAC – Special Purpose Acquisitions Companies, which allow investors to put money in a company, even with a lower quantity, these are pooling investment, also created to reduce risks.

From the interviews with the groups, many of them have underlined the fact that they either co – invest with other Business Angels Groups or Venture Capitalists.

“We always try to syndicate our deals, because we think that we can help a company to raise their fund quickly is in them and in our interest.”

Nancy Philippart - Belle Michigan

These kind of activities, pooling investments, also allow the groups who are more interested in follow – on investment to continue the run with the startup without seeing the dilution of their share. It must be underlined that results from The American Angel report (2017) which highlight the fact that women business angels make less follow - on investment compared with men, it is possible to highlight a difference of 5 percentage points [Chart 6].

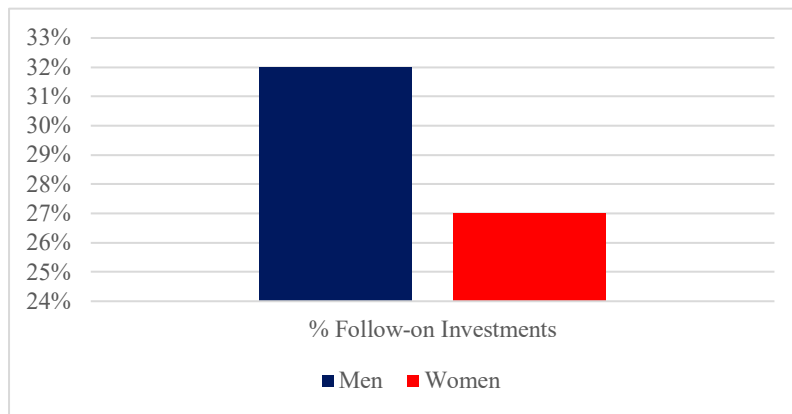


Chart 6 Investment Behavior, % Follow-on Investments by Gender
[The American Angel, November 2017]

Anyway, between all the only women business angel groups found, also some different kind of groups emerged, the so called “Funds”. These groups actually act as a fund, they have a structure, investment committee, that does all the due diligence for the limited partners and when they decide to invest everybody does. The only difference with Venture Capitalist is that they are not institutional investors. These groups also differ from Angel Groups in terms of follow – on investments, which are part of their own structure and hence do a lot more often.

3.2 Further evidence: differences between USA and Europe

Differences can be spotted between USA and Europe. Indeed, according to the witness of N. Philippart (from the fund Belle Michigan) her fund had the chance to get in touch with a Sweden group whom women members had 30-40 years old, they were women who have worked in their profession for 10 or 15 years and have a good understanding of the business in their industry, these women have children, families, and even though they were younger and they were active investors taking their own risk. The huge difference which emerges is that US people must pay for their children college and family insurance, this is a reason why times get longer for them. It could be stated that on average in Europe there is the chance of becoming angels at an earlier age, of course other variables could change this sentence as the fact that in many countries, as already said, there are still gender inequality which slow down the process. Notwithstanding a separate speech must be done with Sweden since, up to now, it appears to be identified as the only Member State recognized, by Europe, complaint with the provisions of the European Committee of Social Rights (CEDS) which concerns the right to equal pay and the right to equal opportunities for men and women in the workplace. This means more women in management positions, more equality in terms of payroll, hence, more women who can afford investing, these facts could justify the bigger amounts of Angels Investors in Sweden, in 2018, compared with the Italian investors, 820 versus 450.

3.3 Business Angels Groups in the future

The angel groups investigated during the research can be divided in three types:

- Only Women groups
- Mixed groups with a low participant of women
- Mixed groups with a low participant of men

By making a focus on the mixed groups studied percentages of the presence of men out of women are highlighted:

- **Belle Michigan**, that has 8 men out of 64, hence, 12.5% of the members are men
- **Osea Angels Investors**, that has 4 men out of 35, hence, 11,4% of the members are women
- **Angels Santé** that has 73 men out of 100, hence, 73% of the members are men

It appears, from the answers received in the interview that only two groups (Belle Michigan and Osea Angels Investors) out of three think that there are differences in the way groups approach the investment and so they think there are differences between mixed groups and only women groups.

“I think there are less women for sure in the business angel landscape, but I don’t see any differences [between mixed groups and only women groups], they are very experienced people with a great career, people with high studies and high positions”

~ Maéva Joalland , Angels Santé

It emerges that groups with a majority of men do not see any differences, it might be because the number of women in these groups is so low that, when they join, they just adapt to the approach of the group, hence, they do not have the power, to change the way they work, or the confidence, to make men understand that they might feel overwhelmed especially at the beginning. Two facts from Harrison, Boteltho, Mason (2020) must be underlined, first of all, women in stereotype threat environment have lower level of self – confidence and self – efficacy compared with women who are in an identity safe – environment, secondly, what usually happens when women join mixed groups is that, in a stereotype threat environment, to succeed, they will become more like men (Harrison et al 2019), and will not differ from them in terms of self – confidence and self – efficacy (Harrison, Boteltho, Mason, 2020) , this leads to call them “Honorary Men”

(Harrison and Mason 2007) because they separate their work identity from their gender identity (von Hippel, Issa et al 2011) in a process of identity bifurcation (Pronin et al 2004). What needs to be highlighted is that, according to Hoyt and Murphy (2016) over time, this behavior that lead women to become more like men could promote persistence and determination in short term, but eventually, could also lead to demotivation and low performances as well as withdrawal.

At the same time, men cannot see differences because they continue as they have always done. On the other hand, groups with a minority of men investors operates like they are only women groups, because, in the same way, men have not the power to change the way the group operate.

So far, the researches made have highlighted the existence of several mixed business angel group in the world of which the majority has a little percentage of women [Chart 7]. Indeed, groups of mixed business angels were found on the web and, where the list of investors were shared, every women and men were counted.

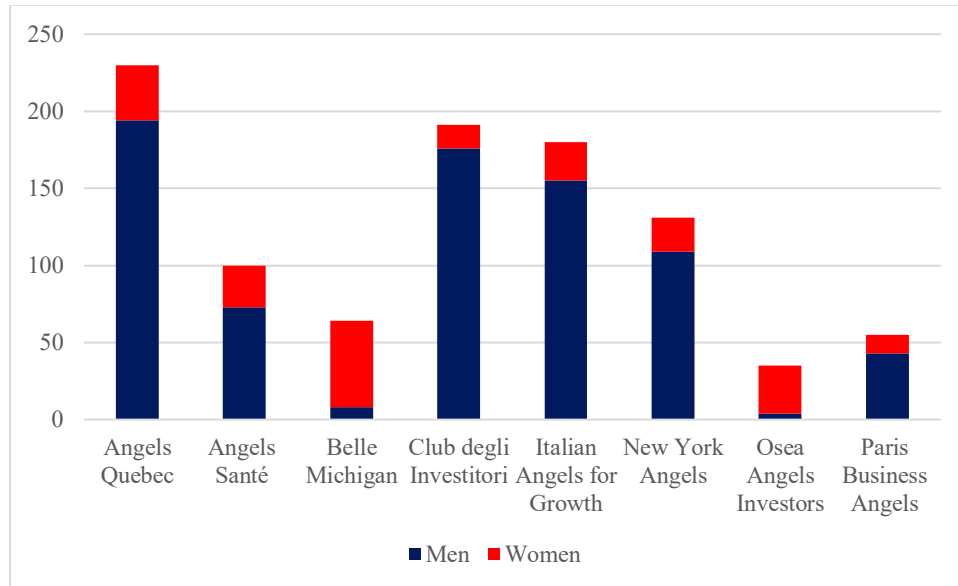


Chart 7 Presence of Women in Mixed Business Angels Groups Around the World
[Own Elaboration]

As it is shown, six groups out of eight present a majority of men, also, these groups are the ones who have a foundation date which is around 2004 – 2008, much earlier compared

with Belle Michigan and Osea Angels Investors, respectively created in 2012 and 2017. This outline the growth in the recent years of the presence of women angel investors, hence, the creation of new groups that create an environment where more women can join without feeling misplaced or stereotyped. This fact leads back again to support the idea that groups with greater experience do not induce women to join because the processes followed, and the atmosphere is more suitable for skilled angels instead of newest angels.

“...It came out a female investment club giving them the confidence in what they need, in order to feel that, they have the skills and know how. I pretty much hope that in the next few years we can also open our club to male angel investors to participate because then it will not be any longer an issue and by the way, already today, some male Angel investors join our investment, they even choose to invest under our umbrella structure but they are not part of the club.”

~ Orit Alperovitz, Neome

As came out from the interview to O. Alperovitz, whom group is composed by only women, she hopes one day to open the doors to the enter of men as well.

As she underline, this is a change she is committed to do only on favorable conditions, which could be when women will feel more sure about their investments, when there will be no more stereotype threat that, so far, do not enable women to do their best when facing the investment world. If it will be possible to reach this environment in the future, it could be fair to ask themselves if, in the next year, the new groups only made by women could also become mixed groups, with a little share of men at the beginning that could increase by the time, as long as they will become real mixed groups with equivalent share from both parties (women and men).

Conclusions

From the qualitative research made it appears that differences, in terms of investment behavior, are impacted by the theme of gender only consequently, because the real difference is inherent to the fact that exists two kind of investors: experienced investors and new investors. Therefore, the fact that more and more women are joining the investment field in the early years leads them to be classified as newest angels, and differences between them and new men investors are due to social barriers that do not allow them to feel comfortable in an environment predominantly made by men.

The arise of business angel groups only made by women is a movement that is growing day by day and will certainly demand more attention in the future with consequent requests of custom policies.

What would be great to achieve in the future is the reduction of the necessity by women to build their own ecosystem in order to practice in the investment field. This aim could be far away from now because of ingrained stereotypes in society which, it must be said, are topics frequently discussed nowadays especially concerning gender equality. There are still many steps to do and what certainly could contribute would be researches that involves responses to solve this situation, in order to shape an environment with equal opportunities either for investors or for entrepreneurs.

ANNEX I

Group/ Fund	Country	Member	Role	Material	Duration
Only Women Groups - Annex I					
Angels 4 Women	Italy	Lorenza Morandini	Managing Director	Interview	40 min
Belle VC	USA	Barbara Boxer	General Partner	Interview	Written
Citrine Angels	USA	Aurelia Flores	Executive Committee Member	Interview	Written
		Stephanie Marshall	Board President & Due Diligence Committee Chair	Interview	Written
Investing women	UK	Jackie Waring	Founder & CEO	Interview	41 min
Neome	Israel	Orit Alperovitz	Co-founder & CEO	Interview	30 min
Next Wawe Impact	USA	Jodi Pederson	Investment Committee Member	Interview	35 min

Table 3 Detail of contacts with only women groups/ funds [own elaboration]

Angels 4 Women Interview - Lorenza Morandini, Board Member

What do you think about the present policies in place to support angel financing (e.g. tax incentives, state contributions)? Do you think there will be some kind of improvements to incentivize women participation?

There are two important topics, it would be interesting to talk about it also with the heads of other groups of business angels; one is that if you look at the population of the rich in Italy, which can be measured in various ways, for example people with at least 10 million assets, or people with at least 5 million assets, or measured in other ways, the number varies between 0.5% and 1%. Since 1% of 60 million is 600.000 and 0.5% is 300.000 people, then if we are in 1000 business angels in Italy there is a pool of 299.000 or 599.000 who do not participate.

Then, I've only been doing it for a couple of years as a job, but every time I see a Porsche pass by now, I think it's a missed investment in a start-up and so I wanted to launch the

campaign "Take the Porsche out of the garage and put the start-up in it" which I think could be fun and have its appeal. This means, let's look at the Porsche park in Italy today: those are all missed investments in start-ups.

All this to say that there are 900/1000 business angels and that outside there are other 300.000 that if they knew what could be done with €10.000, they would probably do it. As for the 50% tax incentive included in the relaunch decree, in reality, without implementing decrees, it is not yet applied and so for now it is only 30%. So, we need policies that can lead to invest in start-ups, which is still a somewhat unexplored asset class that gives returns, and has a very important theoretical return, which in a world of negative rates is worth looking at. This leads us to the famous investments in start-ups through peers, which would bring a lot of capital into the world of start-ups, and will also lead in the first instance to an inflation of the average value of a startup, so all things being equal we will start to cost a little more and this will obviously lead to the fact that these start-ups can grow faster.

Why Italian start-ups are worth less than French or American start-ups? Because if you have the constraint on capital, it is also important growth projected by the same business case between the said and unsaid, it also counts what our local entrepreneurs have in mind. This is a bit the issue then, 50% tax incentive, make the implementing decrees, and as for peers and other investments do it in the right ways.

As far as women and female investments are concerned, there is basically no investment. Looking at the data: women Business Angels are 15% of the total, female start-ups are 13% of the total, we take less and less money, but we do it better. If we want to make a difference, the tax exemption should not be 30% or 50% but 110%. If you want to have an impact, you do not play on the second decimal place, play on 110. In how many years? 3. Not 50% in 10 years but 110% in 3 years. Because when the rich make the 730 (tax return) they can say "I paid it in December and I already see my return on investment". And it must be more for women than for men to really make a difference. We should talk about it behind closed doors, with the right people, at the right times even to make a difference for a few but good people and let's make it immediately implemented so that good people know it immediately.

I am in favor of any intervention in the legislative and fiscal framework, but with some extremes. This is a very important tool because to make it operational the tax agency had to put in place a series of controls, they have to do controls in a certain way, so I am not

inventing something that may seem strange, you take what there is (the tax credit) and amplify, it's okay whatever goes in this sense to the female, with the will to make a difference, because the numbers are gruesome. So, I would bet on the same law, without improving it from the technical point of view but from the numerical point of view.

Then if you say, "1 out of 100 of start-ups will survive", it is game force that the tax must be 99, because you pay for one, I pay for the others (State).

Belle VC Interview - Barbara Boxer, General Partner

Which are the main differences between Business Angels Funds and Groups? Do you follow different processes? Do you feel more to be like a Business Angel or a Venture Capital? Why?

In what you call groups vs funds, the funds have a structure that does all the due diligence (DD) for the LPs (Limited Partners). In groups the LPs do their own due diligence and decide based on their DD to invest or not. In a Fund there is usually an investment committee who has the expertise or knowledge to do the due diligence on the industry and the potential investment. Belle Capital USA operates more like Venture Capitalists.

How many angel members is your fund made up of? What is their profile (ex. average age, professional experience)?

Belle has about 75 members and the age range are from 35-75. All different professions are represented from lawyers, doctors, bankers, financial advisors, real estate agents to non-working women who have college degrees.

What is the process to be accepted as an angel member of the fund? Any fee to be paid to be a member? Any process of referral from current members?

All our investors have to be accredited investors and sign that they fit that definition. Basically, they make \$250,000/year or combined assets with partner, spouse of \$375,000 and have \$1 Million in assets besides their home. This is something you can look up in the US Federal regulations or google definition of accredited investor for Angel investing.

Referrals from other LPS are accepted, but each potential LP is interviewed by a General Partner. Each LP commits to invest \$100.000 based on when a call is made for an investment. We have several LPs that have 2 units.

Why do you think should a woman enter an only women BA fund instead of a mixed one?
I believe women only funds have similar values of helping other women. I believe women listen to other women better when it is an all women group instead of mixed. Women enjoy being with other women and gain an energy from women to women discussions.

How many investments do you make on average in a year? What does it depend on?

We made 2-4 investments per year one a 3 1/2 period. It depends on if the companies meet our criteria and we have enough bandwidth to do the DD with our LPs and General partners.

Tell me briefly about the investment process: Which feature makes you realize that the startup could be a good investment? What are the criteria considered to screen start-ups? Do you usually invest in a peculiar sector? Which are the main sources of information used to pick up investment opportunities (ex. information from website applications, or that comes from other members, VCs, incubators...)?

Due Diligence list:

- Corporate records
- Intellectual property
- Material agreements
- Personnel and employee benefits
- Rights, permits and other regulatory matters
- Litigation, investigations and other disputes
- General financial information
- Cash/investments
- Property and equipment

- Purchased and developed software
- Accounts payable and accrued liabilities
- Revenue
- Product expenses & other operating expenses
- Taxes

Do you have an educational program to teach investors how to be Business Angels? If yes, how does it work?

We have semi-annual LP meetings pre Covid-19 and we had educational sessions at those. Plus, each region had dinner meetings that we invited speakers to, like a CPA that educated us on spotting red flags in a P+L statement for example.

Do you co-invest with other Business Angel funds or with VCs?

Yes, we co invest and syndicated to other Angel groups our portfolio companies.

Has the Covid-19 crisis affected the way in which you usually invest?

We stopped investing before Covid-19 hit so not applicable question to our Fund.

What do you think about the present policies in place to support angel financing (e.g. tax incentives, state contributions)?

I support Angel Tax Credits because they encourage people to invest in startups. I have spoken and written on this and will send you my article on this subject [Krista Tuomi & Barbara Boxer (2015): The costs and benefits of early-stage business tax credits: a case study of two US states, Venture Capital: An International Journal of Entrepreneurial Finance].

Are you aware of any policies that are going to be implemented or that have already been implemented in your region/ country to promote BA investments by women?

I am unaware of any policies that promote investments by women vs men and women to promote investing in startups.

Which improvements would you make to incentivize woman participation as angels?

Ideally, what kind of policy would you like to introduce? Which are the best forms of support and incentives that would encourage angels (and especially women) to make more investments?

Do you think the creation of only women funds could influence the policies?

I believe women have to commit and reach out to other women to support black and minority entrepreneurs. Women who are Angels have to get on boards of their portfolio companies and help advise the women entrepreneurs in the C- Suite of the company. This is how women in women only funds influence policies. Also, women investors getting involve in speaking and writing articles as I have done will and do influence policies.

Citrine Angels Interviews

Aurelia Flores, Executive Committee Member

In the meantime, our angel group is very new - we've only been in operation for one year, so take these answers with a grain of salt, since I don't know that they'll be our 'averages' - rather, they're what happened during the first year.

How many angel members is your group made up of? What is their profile (ex. average age, professional experience)?

Over the first year, we've had 47 members. Since we just started going through renewals, hard to say how many will stay, and how many new members we'll get. I don't have a profile of the women since we don't collect data on them specifically, but I would say most are over 45, but not all, and unsure the breakdown after that. They come from professional careers, and some are in corporate, but many have had their own businesses (after being in corporate settings).

What is the process to be accepted as an angel member of the group? Any fee to be paid to be a member? Any process of referral from current members?

Anyone can join our group that wants to. We specifically made it very open. There is a current membership fee of \$875 (we expect that fee to go up in the next year or so), and every member has to certify they are an accredited investor. We do not (yet) require a specific amount to be invested per year (similar to other groups), but it is under discussion within the Board.

Why do you think should a woman enter an only women BA group instead of a mixed one?

We know that women behave differently when they invest, and since the majority of angel groups are majority men, we wanted to make this group open and welcoming to new angel investors. Many of our members who have been in other angel groups say they were one of only one or two other women among dozens of men. So, this makes our group quite

different. Additionally, we focus on investing in women-founded startups, so we understand the needs and outlook of the founders as well.

How many investments do you make on average in a year? What does it depend on?

Over the past year, we invested in 4 companies. Investment decisions are made by individual members, NOT as a group. So, anyone is welcome to invest directly with the companies that pitch to us. Additionally, if a member cannot (or does not want to) invest the minimum the company requires, several members can come together to invest via a Special Purpose Vehicle (SPV), set up specifically by several people to invest in a company. For example, say a company's minimum is \$20k, and a member only wants to invest \$5k, she needs to find 2-3 or 1 other person to invest with her to make up the \$20k. So, investment depends on how many people in the group are interested in investing, how much they want to invest, and how committed they are to the project. We won't even take a company into due diligence unless they're a number of people interested in the company.

Tell me briefly about the investment process: Which feature makes you realize that the startup could be a good investment? What are the criteria considered to screen start-ups? Do you usually invest in a peculiar sector? Which are the main sources of information used to pick up investment opportunities (ex. information from website applications, or that comes from other members, VCs, incubators...)?

We have a standard application process (you can see on our website). once someone submits, their application goes into a screening process. If the company looks like a possible good fit, they get a pre-pitch interview where they do their pitch for a screening committee and then are asked questions. The committee decides if they pitch to the whole group, and then the group decides if they're interested.

You can see our minimum criteria to consider a company on our website - good traction, some investment, etc. - but we do not limit our investments to any one industry.

Re our deal flow, we get recommendations from other groups in our geographic area, we source deals from a group who helps us find them, members refer companies to us, and we look at all applications that come through our website.

Do you have an educational program to teach investors how to be Business Angels? If yes, how does it work?

We have education sessions, but we're not set up as a 'bootcamp' to teach women to be angels. I do recommend that women go to Pipeline Angels for that (another organization). That said, we do have meetings where we give people information about investing, the terms, the process, etc.

Do you co-invest with other Business Angel groups or with VCs?

We definitely join in other investments with other groups if members are interested. We post opportunities on our internal message board/forum.

Has the Covid-19 crisis affected the way in which you usually invest?

Pre Covid-19, we used to have in person meetings, and since the pandemic started, we've only had remote meetings via Zoom.

What do you think about the present policies in place to support angel financing (e.g. tax incentives, state contributions)?

I don't know of policies or actually any governmental institution that encourages angel investing. My sense is that government doesn't know much about it or understand it.

Regarding tax incentives, income from angel investments does get treated differently than regular income. That is, we're taxed at the 'capital gains' rate, which is generally different than the 'ordinary income' rate. But all investments get treated differently. So, it doesn't matter if I invested in the stock market or an angel investment. The income that comes from investments gets treated differently.

If you're doing a more in-dept dive into whether or how tax law would affect angel investment, I don't know how many women who qualify as accredited investors have intense tax law knowledge, and if/how it drives their decision-making. I don't think, however, that it would incentivize them to invest as an angel any more than any other type of investment. Hope this makes sense.

Are you aware of any policies that are going to be implemented or that have already been implemented in your region/ country to promote BA investments by women?

I do think that our startup eco-systems need to share information about women investing, as well as other under-represented groups. For example, when we put on a panel about women angels, we made sure the panel was diverse - had two Black women, one LGBTQ. We also work to keep our angel group diverse as well - not just in membership, but in governance.

Which improvements would you make to incentivize woman participation as angels? Ideally, what kind of policy would you like to introduce? Which are the best forms of support and incentives that would encourage angels (and especially women) to make more investments?

When you asked about 'policy' I thought maybe you meant different kinds of things. For example, we do have 'Opportunity Zones' that an investor can invest in that gets *extra* tax advantages (over and above the capital gains tax rate), and I could think of how that might be applicable to angel investments to women, for example. But never considered that before and would have to think about it a bit.

I'm sure if there were a number of incentives to do this type of investing, more people would know about it since it would be discussed more frequently.

Do you think the creation of only women groups could influence the policies?

So, I think that those of us in the eco-system need to encourage more to join. I also co-host a podcast where we talk about the importance of diverse investors.

Stephanie Marshall, Board President, Due Diligence Committee Chair

How many angel members is your group made up of? What is their profile (ex. average age, professional experience)?

40-50 members, wide age range, most have professional experience (lawyers, doctors,

corporate executives, women-business owners, consultants)

What is the process to be accepted as an angel member of the group? Any fee to be paid to be a member? Any process of referral from current members?

- Our membership fee is \$875
- Members do refer other members
- Requirement is that they are a female investor, or identify as female

Why do you think should a woman enter an only women BA group instead of a mixed one?

No preference - diversity is good all around

How many investments do you make on average in a year? What does it depend on?

We launched in Sept 2019 and have made 4 investments in the first 6 months. Would probably have made more if it weren't for Covid-19.

Tell me briefly about the investment process: Which feature makes you realize that the startup could be a good investment? What are the criteria considered to screen start-ups? Do you usually invest in a peculiar sector? Which are the main sources of information used to pick up investment opportunities (ex. information from website applications, or that comes from other members, VCs, incubators...)?

- We invest in all sectors as long as there is a female founder, female led, generally US mid-Atlantic region
- We have a Gust application, build relationships with the ecosystem, and get referrals from members

Do you have an educational program to teach investors how to be Business Angels? If yes, how does it work?

Yes, we are members of the Angel Capital Association as well as host our own education sessions

Do you co-invest with other Business Angel groups or with VCs?

Yes

Has the Covid-19 crisis affected the way in which you usually invest?

Yes, we cancelled our March meeting and investment slowed. I think that will change.

What do you think about the present policies in place to support angel financing (e.g. tax incentives, state contributions)?

Would like to see more tax incentives for angel investors to reward the risk.

Are you aware of any policies that are going to be implemented or that have already been implemented in your region/ country to promote BA investments by women?

I am not aware of any incentives to invest in women other than it is good business sense.

Which improvements would you make to incentivize woman participation as angels? Ideally, what kind of policy would you like to introduce? Which are the best forms of support and incentives that would encourage angels (and especially women) to make more investments?

tax incentives, education

Do you think the creation of only women groups could influence the policies?

Yes, absolutely. That said, important that men are part of the conversation and need to be part of the solution

Investing Women Interview - Jackie Waring, Founder & CEO

How many angel members is your group made up of? What is their profile (ex. average age, professional experience)?

So at the moment I think we have a couple of people joining, I think it's 10 since that some people join profile and then maybe move, and so in total if we had probably 10 a year or more than that, so we are at least 40. It's been because there are so few women angel investing and obviously, we have to find a weapon to begin with, so that's it, we're not huge yet but it's growing. About half, more than half I think, of our players have run their own company, some of them are still running their own companies; we have quite a few professionals and we have people in very specific professions, like bio-scientists and I think I've only got one physicist. I think members coming on board here are, for example, very senior women and worked across the public and private sector, in a very big talk rules, they are extremely well connected and that's very useful for doing the network.

What is the process to be accepted as an angel member of the network? Any fee to be paid to be a member? Any process of referral from current members?

So, this is a legal requirement here, in the United Kingdom, it's that people have to possess a self-certification and it's really just a form. They are high net worth individual or sophisticated investors, and I think that both those terms takeaway many women because for instance high net worth makes it sound like you have to be a multi-millionaire and you don't have to be a multi-millionaire, you need to have enough money that you can afford to worst case of lose whatever you invest; but in reality you don't lose it all because of the tax environment could probably come back to them. For instance people who have been really well paid jobs, which qualifies high net worth, also need other conditions to be up to investing, such as understanding the rules of finance, because all of that self-certification is all about just government protection for individuals so that was basically signing to see: "I understand enough about investment and I understand the risks and I know that it's not just give money and know what's trying to fool me". Our lawyers keep a register of angels to do a quick check to see that the people haven't been struck off as a

director, and then they have to sign like a membership agreement which is really about ethics and about confidentiality. Then in our membership we have some extra things in there which are about supporting female founders and wanting to help. So people just have to do the documentation but they can come to a meeting to see a pitch as a guest and they can listen and speak to the other to make their mind up and then they do the documentation: they can't invest until they've done the documentation and we have a deal management platform which is for startup and all of our members and they can access documents and communicate with companies each other which is really useful. There is an annual membership fee that's actually not really high enough, it's 350 UK Sterling and then there's BT on top of that so it comes to 420 pounds that's what it costs per year. People do not know that Angels groups aren't just a membership organization with members but there's a lot of administration that we thought behind the scenes: for example people that we need to pay and so there's a membership fee going towards to cover the costs.

How many investments do you make on average in a year? What does it depend on?

So we have been investing for five years now, with backed 19 companies, now in the process other two actually pipeline, so right now we'll go up to 21 but if we concentrate on the 19, we've done multiple investments, our forward is not fine with our longest standing company which is a biotech company, they need to raise lots of money in that sector. So, in I think I'm right in saying it's no probably over 40 actually investment ratings that we've done.

Why do you think a woman should enter an only women BA group instead of a mixed one?

This is very interesting because some of the women that have joined our group, and I always speak to all of the new members well ahead of them joining. Some will say: "I'm really interested in investing, but I don't know about all women". And many are quite cautious of it and I've had a number of women who have said "Oh great, all women, this is super I want to do this!" so you get different approaches to begin with.

But what we found without exception is that even the women that have been slightly unsure of that, probably because they've had maybe not so great experiences of things

that have been 'just for women' before. I think [the women] haven't had a high enough aspiration level. But when they join, they have all said they are so glad of women on their group because they love the dynamic and we get paid back. All the time entrepreneurs told us that they see a very different dynamic with our view from what they see was predominantly male group which have some women but maybe one or two and not enough to really change the dynamic; and the dynamic of female group is massively interactive and very supportive and that's what we get back from entrepreneurs: they see us healthy even if you can't invest and you will have members should be volunteering to give them a little bit of time to make connections and they don't get that from the other groups, necessarily something but not all. And then there is the dynamic with each other, so our members are just loving the networking with each other but it's more than networking it's very much of giving each other support and it is very useful and also we find that everyone wants to learn all the time and so we're hungry for the knowledge and there's no complacency that and I have seen this in other groups maybe; I think things are getting better in some of the other groups in the early days but there's no hunger for learning so I think it brings to for there's no calendar for learning and I think that it also make some kind of blind to see some opportunities.

Tell me briefly about the investment process: Which feature makes you realize that the startup could be a good investment? What are the criteria considered to screen start-ups? Do you usually invest in a peculiar sector? Which are the main sources of information used to pick up investment opportunities (ex. information from website applications, or that comes from other members, VCs, incubators...)?

Opportunities come to us from many places, we have a separate company that runs, AccelerateHER, thanks to which we do a lot of work to help great female founders really to get ready to grow their companies, to full understand, to pull together really good proposals for investors, that a woman should get them in front of investors, not just ask, as we're not big enough to mark everyone but we encourage them to go elsewhere.

We have started now, it takes time to develop that, we usually give priority to the companies led by women. We get to know about some start up thanks to other angel groups, also there are the festival sites that are almost useful because quite often means that due diligence process of checking paperwork and everything is basically right.

Another way to meet some companies are events that now are digital, but it's still better to almost oversee the pitch of the companies.

We occasionally invite companies that we've seen, that we know are starting to look for money, to come and give us the information, as we like the look of them and then there are the people that just make an approach without any background and they would be well.

In all cases, we will ask all of the companies to upload some information and register to some questions and answers on our platform and then from there we have a screening group that used to be the old way with a gatekeeper.

From day one I never liked that because I always felt that was absolutely limiting, you know what might look cute by the knowledge of one person that's not getting us because none of us know enough; so we have five members of our group on a voluntary basis forms and they looked at what we've got, maybe some of the companies are not ready yet so we will be back to the type of account, there are others who are ready but maybe it doesn't look attractive enough but we still try to help them and we make a donation.

Once the company's system is good, it's ready and looks attractive and we decide that the business can be solid enough, we put them in front of the investors and then from there we have companies to pitch to us. Almost there, documentation becomes visible to all of our members of the platform so ahead of them coming to talk to us, the investors ask the last questions. We usually allow companies to pitch in front of us six times a year; we try to keep the pitch of all the companies.

From now on, we are testing altogether the details of how much each member wants to invest and it depends if we are the angel group that is leading on the investment which is usually forever spitting the most money yet, because we're still small and growing, we have led but you know more often for coming alongside other angel group, in that case is a lot easier because we just followed their process, there's the anti-money laundering checks that have to be done, every time of the investment need. There's process with documentation that you have to sign up to and eventually there is a term sheet with the company, that's the starting point they had promised investment agreement and in between there may be some extra due diligence done on the company and that information is shared with everyone. Everyone signs the documents and the funds are transferred to the company on the day that that's all signed off.

We are not a fund, so we do invest together and the amount we invest we total-up (add together) but on the companies share table, the cap table as it is referred to, we all appear as individual investors. It's completely individual decisions every time, never an obligation [to invest].

Do you have an educational program to teach investors how to be Business Angels? If yes, how does it work?

We have some general open sections, which are very top level, but just a little bit top line information about being an angel investor, that anyone can come and join us. Once people are members, we have one of our members that [she] leads on this every time, her background was in investment banking, so she is really good at delivering these sessions. We have something we called Intelligent Investor, it's not expensive program, it's just a kind of common sense and good practice and then we have regulars get together (on Zoom now), people get more comfortable they understand how other people make their decisions, what they look at, we don't have endless resource so we do a massively extensive education for people, and there's a lot of material that exists online, some of that it's really good, so on our platform with our members, we are giving them links to videos and information that they can look at as well just to talk their knowledge.

Do you co-invest with other Business Angel groups or with VCs?

I think we've done all these things actually.

Has the Covid-19 crisis affected the way in which you usually invest?

It definitely affected; the interesting thing is that the ones reacted worst were definitely Venture Capitalists. Two of our companies, they are both biotech companies, so big sums of money involved, one of these companies actually had their settled documents that needed signing with a venture capital organization in the USA and one of them would actually have been signed, even partially, but since Covid-19 has started, Venture Capitalists just walked away so we didn't order any agreement which left the company in a terrible position because of course they start to get more stuff, there are very high cost

operational in clinical trial, in the middle of clinical trials, so that was really difficult: they had to take some quite radical action and to survive they came back to the obviously smaller angel investors and others in the network including some extremely wealthy individuals that will invest in the biotech sector and they have the knowledge because they have been medical partners themselves.

Between them and us and the Scottish Investment Bank, that is funded through the private sector but comes in alongside private investors, we were able to raise 3 and half million, with the company which wasn't the amount that the VC were looking at, it was bigger. But it's enough for that company for the next year and they are also doing clinical trials for Covid-19, and it will complete funders trials and actually that may have created a new opportunity for that companies, quite exciting but very difficult to the companies to understand, really quite advanced companies that has happened to and it has been venture capitalists every time.

The angel investors in Scotland, all of us have problems when Covid-19 came along and every single one of those commitments were followed through one; there were new dropping off companies at all and some of the Angel investor groups haven't stopped at all, we've been really busy, some of the other Angel groups haven't be looking at any new opportunity but they continue with their commitments with the existing companies. So that's what happened this year and actually, it's been exceptionally here in Scotland because there's been more activity than normal and so that's good but it is very difficult for any companies, that are raising for the first time and they haven't yet got a relationship with investors.

Do you invest more in a Covid-related sector?

Before Covid-19 we have invested in biotech companies and it is relevant, but you know some of the investments that we're looking at are technology and in fact they had new opportunities because of Covid-19: one of the companies come up with a new sort of contactless type of technology and with an application, nothing to do with Covid-19, and they have seen a big demand.

I think it's just looking longer term, where the longer term market opportunities are going to be in health, digital, biotech, life sciences are definitely very big, always have been big, but are going to be even bigger for the future, for example technology based companies,

there's generally speaking a lot of opportunities there.

What do you think about the present policies in place to support angel financing (e.g. tax incentives, state contributions)?

Sadly, none of these taxes are for women only, but Scottish government it's been very good trying to supporting women entrepreneurs in Scotland. A lot of activity actually has support from Scottish Government, they put money into it, so that allows us to do a lot of activity, that's more for the entrepreneurs. For Angels it's really hard just having to use our network to get to them, we don't have the usual events, we do things in the media, so it's hard work.

The tax incentives that all investors get, not just women, in the UK are probably the best globally so that's why it is good for investment in this country; there's the Seed Enterprise Investment Scheme (SEIS) and the Enterprise Investment Scheme (EIS) and the first one is for earlier stage companies and they can take up to £150.000 worth of the investment under the scheme and then the actual benefits are for the investors: so if for instance I invest £10.000 into a company within SEIS if I was paying income tax, I could receive £5.000 worth of that base with 50% back.

Enterprise Investment scheme it's same but it's 30% that you get back and that's for companies that have therefore established big amounts of money, they have been around longer, so most companies qualify for that.

The really big game is if you leave your money in those companies for three years or more and the company has a successful exit, and there is a profit, I'm not saying for everybody, most, if not all of that profit for investors, is tax free. Some of it has to be rolled over [keep using the money] you have to use that money to do other things. Sometimes I think that people maybe imagine that investors might take the big risks and this is the riskiest end of investment, so there really should be some rewards but it's not just about the financial rewards, it's actually about risk mitigation and it takes the level first down and that it encourages more investments, it's a very clever scheme.

Which improvements would you make to incentivize woman participation as angels? Ideally, what kind of policy would you like to introduce? Which are the best forms of support and incentives that would encourage angels (and especially women) to make more investments?

I imagine, in an ideal word, if there were any extra tax to help women specifically, I don't know how well seen that would be in the larger community, I mean government can do a lot to promote this and actually, the government probably can involve more actor, for example banks, to level up the investment. I think that to do that, you need more women Angels, you need more women investors and I don't think anyone's really, the Scottish government, love to hear all our statistics, about Angel investment even if they are very encouraging.

Another thing it's not tax, it's about putting money into the awareness raising and for the education side of it. That for us we're limited by having so little resource, in the Angel group, it's hard to get your head around because the angels themselves might have money to invest and say "there's a lot of money in that!" but the operating of it there's hardly any money in it at all. It makes it hard to pay people to do lots of education so we can just do ourselves, amongst ourselves, because we do have the money to do it, so that probably would help, can go into that whole education system and initiatives, programs that could be run at the more social media attention around, that would really help.

Neome Interview - Orit Alperovitz, Co-founder and CEO

How many angel members is your network made up of? What is their profile (ex. average age, professional experience)?

Well, we currently have in our club around 52 or 53 women, they come from very multidisciplinary background, we have women from the High-Tech which have very extensive technical experience and know how, we have lawyers, we have accountant, we have doctors, physician, we have women from the pharmaceutical, from biotech, in general people from the retail, food and fashion, PR marketing. I think that the main advantage is that for almost every startup that we review, we have an industry expert in the club so it is easy for us to evaluate really the problem, the needs and whether the solution is really a good answer, what will be the implications of the company that requires inventing lots of efforts, time and money. I think that the fact that we are not a club that is addressing one sector gives a lot of advantages in the due diligence.

What is the process to be accepted as an angel member of the network? Any fee to be paid to be a member? Any process of referral from current members?

First of all, there is a regulation: in Israel not everyone can do private investing in startups, so they need to meet certain criteria to be categorized as eligible, classified or accredited investors. We do also have an option to include up to 35 women who are not accredited, usually we leave this part for young women at their early career stage that want to enter our network and also learn how we do an investment. So first we have the regulation, second thing for women in high positions that can really contribute to the growth and the success of our investments and third one, they do have to pay an annual membership fee, do at least one investment in here.

Can you tell me more about young women? How do you find or select them?

Basically most of the time they are reaching us, sometimes we do encourage our members to bring with them their daughters, if they have young daughters at the age of 20 and above, we encourage them to bring them along because we believe that what you see, then you would believe you can do it. We believe that we need also to educate our

daughters and give them the role model of women investors. There come doctors, or members or mostly young women come from the high-tech industry either that are working in some very high-tech company or they come from accelerators or incubators and they would like to have the broader picture of how you really make your assessments and how you decide to invest in companies.

Do they also have to pay a fee?

Yes, they pay a fee but what we do up today is we all pay the same fee. We start something new: we built an educational program, so they will pay an extra fee for the educational program, and then they will have the ability to have access to our meets and all the deal flow that we share with our members and all the other teams events that we have and will bring a lot of contact, so they will have a full length free access to that furniture.

Why do you think should a woman enter an only women BA network instead of a mixed one?

Well, at the beginning I never thought that I will establish something that is only designated for women, and I come from the financial industry, I'm a lawyer, I worked also in big financial institutions and I never really thought gender as an issue until the last 7-8 years: I worked in one of the big global enterprise and then I actually saw few issues. First, I've noticed the man clubs, how they really support each other and how it works when one is being promoted, all his team is going with him and they're all male. Second I learned that for all the investment events, where we invited women always to joint, they never really raise their questions during the event and they would come after the events and provide us with a question, which, by the way, were very good question, but they were not sure if they are really good question or they will look very stupid asking. So I understand that there are some barriers for women when it comes to thinking about money, about investment, they feel that if they have not learned it, in diversity, they might not be very good investors, so we understand that we first need to create the environment. It came out a female investment club giving them the confidence in what they need, in order to feel that, they have the skills and know how. I pretty much hope that in the next few years we can also open our club to male angel investors to participate because then it

will not be any longer an issue and by the way, already today, some male Angel investors join our investment, they even choose to invest under our umbrella structure but they are not part of the club.

Tell me briefly about the investment process: Which feature makes you realize that the startup could be a good investment? What are the criteria considered to screen start-ups? Do you usually invest in a peculiar sector? Which are the main sources of information used to pick up investment opportunities (ex. information from website applications, or that comes from other members, VCs, incubators...)?

We have few processes: there are companies that come into the club through our website, members, personal connections, other VC we coinvest along with, other Angel investors and so on. We created a group of leading investors out of our club, they are 12 females who have extensive background in investment or extensive background in business, they let companies, they were entrepreneurs themselves, they made an exit, they invested in more than five companies. Basically, together with them we try to evaluate a company. So, we start with lead investor who find a company that comes through our channels, very interesting, she will take the lead of that investment and then we have two option:

- we can carry all the due diligence process and before we bring the company to pitch in front of all members; this is the case for an early startup, pre-seed or something like that; then there's not much really to look into, it's usually to evaluate the team, the value, it's really the market, the market size and the potential of the product and then she come with the conclusion and, if she decides to invest, she will present the company. The company will come to pitch, we open the discussion for Q&A to everyone and then she will present her conclusion from the due diligence she feels, so she will say that she is interesting, she decides to invest and call for other Angels to join her. This is the first case but it's a very early stage company.
- There are some other cases when there are more progress, if we have the lead investors interested, then with the company we make initial checks on the market and the potential, then if we decide it's interesting we bring it to pitch before the entire club, and only there is a majority of female, for at least \$150k, and checking the disinvestment with stablish due diligence team and go forward due diligence process. Then if the due diligence

process in the team is positive and they decided to invest, they summarize their conclusion, their pros and cons into the due diligence report and then they do a general report that will be brought before all members; and again those who already said that they were interested now will give their commitment size and those who didn't were, they have the opportunity to change mind and to jump in and join.

Do you co-invest with other Business Angel networks or with VCs?

Yes, we also invest with some groups or VCs abroad, less with institutional partners because we invest in early stage companies, from pre-seed to A-round, while institutions mostly do invest in much more progress stages. So, we basically mostly invest with VCs that focus on early stage companies, or with other angel investors or similar groups like Neome. For example, with Golden Seed in the USA and we invested in Israel with other VCs and other angel investors.

Has the Covid-19 crisis affected the way in which you usually invest?

No, I think it did not affected the way we usually invest, I think that at the beginning it impacted on certain members who told us that they decided to put the investment on hold until there will be a better understanding of the economic effects of the Covid-19, so there are members who decided not to invest. In my view, I think that Covid-19 brought many opportunities, so even valuation got more reasonable and very good companies that ran out of money and then needs urgently money and you can invest. In the other hand we were more selective. What we did was that we looked into companies that are not nice to have but must have. So, I think that's the way it impacted, and, by the way, we closed three investment since the Covid-19 has arrived. So, I think we became more selective, some member decided their account and then we do search and we do believe that opportunities and also valuation can get more reasonable.

Did you invest more in Covid related sectors?

We invested in life science in this very advanced search engine, two months before Covid-19, disruption was crazily high during that period. We did invest in Telehouse: it's hearing tests that can be done through your mobile. After the test the hearing tools is being

installed in your device and raised the audio so you hear better and since the Covid-19, because we use more Zoom and we use many other remote communication, that improves the way people actually can hear their conversation if they had hearing issues, so you don't need to use the volume anymore to increase it or decrease it, it actually gives you the right level that fix your condition.

We closed another deal in the foodtech: it's less connected to the Covid-19 but it is also a company that develops very unique technology based on enzymes then now has to break all the sugar locals in fresh juices and they reduced the sugar level by 80%. It is the only solution today that really dissolve all the sugar molecules fructose and glucose from the juices.

What do you think about the present policies in place to support angel financing (e.g. tax incentives, state contributions)?

For Angel investment there are no policies that supports female investments or increasing number of women that are involved in the investment industry, there are many other programs for female entrepreneurship. I think we tried to initiate a discussion with the authority of information in Israel, but it didn't work so good, maybe it's time for us to reconnect with them. There is one very old tax regulation, but it only focuses on a deep technology so if the startup is not considered deep-deep technology that require long hours of developments you will not be able to enjoy those steps. So unfortunately, up today none of our investments are under this and we didn't enjoy tax incentives.

Do you think there will be some kind of improvement to incentivize women participation?

I don't see it in Israel unless we fight for that, I don't see anything that is really down, basically when we established Neome that was our agenda, our goal is to increase the number of women who are involved but we even didn't succeed to get any sponsorship from the local bank so others because, I think, the conception or the assumption is that if a woman has money to invest she doesn't need our support, they said, this is the assumption. What they don't understand is that we need to motivate those women to actually use their money in a way that supports innovative disruption solution and so on; so we are working on it and we just initiated Neome three years ago so we are kind of start up by ourselves but I hope that in the next year we will be able to have more progress

on that level.

Do you think your group could influence future policies?

I hope, I really hope we will create an impact.

What made you started Angels, why?

Me and my partner, we both used to work in one of the biggest financial institutions, we both invested for many years and we manage our publicly traded portfolio, but also in the last 10 years we started to invest in startups and we were always so amazed to see how few women were used to invest. We didn't understand how it comes because we know women today are in their best position if you look at the last 100 years, we did so many progresses, we've achieved so many goals and are leaders in so many industries.

Why the financial industry is still lagging behind that was a big question mark and we also understand that a big key player in this junction of investor in the early stage companies, we can lead ourselves for a gender equality policies in the companies we invest and we can be active and to mitigate this inequality gender. When I invested in companies, I appoint women to the board of directors, I don't need to wait to their CEO or other shareholders to appoint a woman to the board of directors. I appointed as my representative and she, as a board member, can lead to a gender equality policy in those companies so that's why we wanted to establish this agent to have active role in this topic that you know is so such annoying. We are in the 21st century and it's really unbelievable that still women earn less than men, there are so few women at board level, there are so few women on management and CEO level so come up, we don't need to wait to the regulator or to other CEO to do it for us, we need to take the responsibility and create a better future for our daughters.

Next Wave Impact Interview— Jodi Pederson, Investment Committee Member

How many angel members is your group made up of? What is their profile (ex. average age, professional experience)?

The interesting piece for us is that we have a model where you can be as hands on as you would like or you can be a passive investor; so for us, there wasn't a requirement to participate in the due diligence, we prefer that, but we also happily took money to invest passively for folks. There was a minimum of investment of \$50,000 over three years, then beyond that, it was through referrals that we didn't go through an extensive vetting process there was a discussion, but we didn't do any background checks or anything like that.

What is the process to be accepted as an angel member of the network? Any fee to be paid to be a member? Any process of referral from current members?

The way it works is, there is 10% of your investment went for fees. So \$200,000 goes for legal and accounting to manage the deals and then the other half goes to the investment committee that was involved in the deal during the due diligence and the investment committee only gets paid if the fund is successful, or if the deal is successful. And I think that is something in our model that has to change, they need more compensation.

All of us did this voluntarily and hopefully they are fine down the road, but there has to be for the general partners especially compensation. And I think that's something, as women have a tendency to give away our expertise and our time and that's what we're looking at going forward is, but it has to be a bigger fun to justify the means. They are paid only if the deal is successful, and I think that it should change, even for the general partner it has to change, because we are using our time and experience to help.

Why do you think a woman should enter in an only woman business group?

Women have been shown to be much more timid investors and risk adverse and in general women have a tendency to feel like they need to be an expert at something before they do it. I think this gives women a low-pressure environment to learn about it and get more comfortable. I always think 80% of angel investing is learning the lingo and then after you get through that, so much of it is common sense, what you have just done in your

career anyways; but I think angel investing and VC gets kind of wrapped up in their own internal lingo just like any industry does and once you get through that and you understand the basic there is so much of common sense involved and I think that helps women remove the mystery and you can ask questions you might not ask in a different environment. So, I think that's a key piece.

How many investments do you make on average in a year? What does it depend on?

Next Wave Impact has three funds to date. Next Wave Impact fund is the most recent fund that is still active. There were two more funds prior to that, they were more pilot funds. They were both a million. One Rising Tide Europe, one Rising Tide US.

On average it's about 6-8 investments a year and about \$1 million total. So anywhere from about \$100-200,000 in early stage investments and then follow-on investments could be another \$200-300,000.

Do you help the start up to raise?

Our early phase is typically seed or pre-seed where we do our first round and we like to do companies where there will be follow on rounds, so when we invest in a first stage, we don't like to be the lead typically, it's pretty uncommon for us to be the lead but we will introduce them to connections in our network. So, as they're raising, we will reach out to others who they seem to be a fit for. If they are education based, we have our network that we know like to invest in that. We have a number of other angel funds that invest solely in women or, in our case, solely in impact companies. We do an initial round, we won't always do follow-on, but it's our objective to do follow on, that's what we would like to do.

Do you usually invest in a peculiar sector?

No, that's actually what is pretty unique about us. Besides impact investing, it must have an impact, for people or the planet. We actually think that's one of the values a women network is we have a really diverse sector experience and so usually we can find someone who has consumer package goods experience or has something related to water based or mental health-based experience. Using that network, we can usually find a subject matter expert. There are a few areas, we don't do pharmaceuticals, and there are certain areas

that are too specific. And we don't go into because of the complexities of them.

Which are the main sources of information used to pick up investment opportunities (ex. information from website applications, or that comes from other members, VCs, incubators...)?

So that's again another benefit of the network. Probably about half the women in our network are in another angel fund. If they are not, we encourage them to go to local accelerators and really start identifying in their area creating networks. We want to be geographically diverse as well. In the US so much of the angel investing takes places on both coasts and the middle of the country can have a lot of opportunity because it has been underinvested in. So that's the joy of having 99 women across the country sourcing deals.

Do you have an educational program to teach investors how to be Business Angels? If yes, how does it work?

So actually, we're super proud of that. I think our biggest educational program is 'learning by doing'. I think the best way is to jump in and participate in due diligence. Our due diligence is actually led by two women on the investment committee who have experience, so we know, no matter what, that there are going to be two women who have done due diligence before. Then anyone can volunteer to be on it. It's nice to jump into something you know, if you have the industry expertise to look and evaluate the company. But also, if you have never evaluated a term sheet, join me on that section and I'll go through the term sheet with you. So, I think 'learning by doing' is the best model then we also have videos that have 5 minutes, 30 minutes and hour, on different topics. Just at any time, you can go and download a video and watch snippets of training. We also meet twice a year in person, where we do all day education topics as well.

Do you co-invest with other Business Angel Networks or with VCs?

There are a couple of different models we have done now on the coinvesting. We never take full round, so every round we are a part of, we are one of many. In addition to the fund investing, if there is enough interest for the individual angels in our group, we will also create an SPV. Individuals can come in below the minimum threshold so often people

come in with \$5-10-20.000 and at the end we will end up with \$100.000-150.000. That's when we have a lot of excitement with a company, we will do an SPV and we'll open that up to external folks as well. We have a third party that creates an LLC and we manage it and we open up that SPV to everybody.

Which are the pros of the SPV?

I think the biggest pros are for the entrepreneur keeping minimizing the number of investors to communicate with and manage paperwork with. Often entrepreneurs, especially with females who are finding it hard to find funding, it's hard to say no to \$10.000 even if you want \$50-100.000. I think the biggest benefit is for the entrepreneur and to make sure they have a better chance of success. I also think is a nice way to empower women in our network to choose for their own. They choose on their own if they want to go in more.

Do you decide what to invest on all together?

The investment committee decides. The due diligence team will make a recommendation. We adjusted the process along the way. We do a 'shallow dive' to start. We were finding we were spending too much time on companies. So, we shall dive and bring that to the investment committee, find out if they have deal breakers, and understand if is worth to go 'deep dive' and do the due diligence. Out of that the due diligence team will come forward with the recommendation and then the investment committee votes, and it needs a majority of the investment committee. There are 10 women on the investment committee that decide.

Has the Covid-19 crisis affected the way in which you usually invest?

We were wrapping up our fund's first investment, so we were \$4.2 million in our fund and we had set aside \$X amount for second investments. We decided we had enough for one more investment when Covid-19 hit. We actually had money for two more investments, but we decided to make only one more investment and use that money to help our existing portfolio companies. We did an analysis of our portfolio and decided that we wanted our companies have 18 months of burn rate at the start of Covid-19 and we had to make a decision about whether we thought they were going to make it. We

wanted to support, if they were doing a bridge or a round, to make sure they had burn, we figured 18 months is what they needed to get through. It was amazing how our entrepreneurs pivoted through this, it was just amazing to watch them. It helped us think about how to help the ones we thought could make it through Covid-19 but might need a little more cash, because they might need to hunker down through it. Others it actually created huge opportunities for, one example is we have an amazing woman. In order to be a therapist, you have to get coached by another therapist and you have to have 200 hours of supervision, and she had done that online. Before Covid-19 only 1/3 of States allowed it online. After Covid-19 2/3 of States allowed coaching online so she was really able to take advantage of that. We still did make a new investment in a new company, but we focused on what our existing companies needed to get through this. We ended up doing a few investments that we hadn't planned on. In the angel community it was amazing to see the support people gave to their companies.

What do you think about the present policies in place to support angel financing (e.g. tax incentives, state contributions)?

I think they are important, there is not enough education about them, it is important for women to understand what those opportunities are, I think there is more education needed. As a part of Next Wave, we are part of the angel capital association in the US and it is a nice side benefit. Angel Capital Association has a group to deal with policies around angel investing and one great example that they were just successful on. There was a limit of 99, that could be part venture group, so we had to cap out at 99. When we started Next Wave, it was limited at 99, they have successfully lobbied and now that number is at 250. That creates opportunity. You can raise a much larger fund when you have 250 LPs. We haven't been involved on our own with policy work, but that partnership with Angel Capital Association and being a member of that association that is involved in policy, makes a lot of sense. I think you need one associate that is looking and doing that work.

Are you aware of any policies that are going to be implemented or that have already been implemented in your region/ country to promote BA investments by women?

I'm not no.

What kind of policies would you introduce?

I would love to give you a really insightful answer, but I have to say that I cannot come up with a specific policy. It's much more about how we create an ecosystem of participation and how do we educate women about the opportunity, giving them the confidence to participate in this.

ANNEX II

Group/ Fund	Country	Member	Role	Material	Duration
Only Women Groups - Annex I					
Angels 4 Women	Italy	Lorenza Morandini	Managing Director	Interview	40 min
Belle VC	USA	Barbara Boxer	General Partner	Interview	Written
Citrine Angels	USA	Aurelia Flores	Executive Committee Member	Interview	Written
		Stephanie Marshall	Board President & Due Diligence Committee Chair	Interview	Written
Investing women	UK	Jackie Waring	Founder & CEO	Interview	41 min
Neome	Israel	Orit Alperovitz	Co-founder & CEO	Interview	30 min
Next Wave Impact	USA	Jodi Pederson	Investment Committee Member	Interview	35 min

Table 4 Detail of contacts with mixed groups/ funds [own elaboration]

Angels Santé – Maéva Joalland, General Delegate

How do you work? Do you usually invest in a peculiar sector?

Angels Santé is a mixed group composed of more than 100 business angels of which 27 are women. The Executive Board is made of nine people both men and women, and there is also an operational team in which work three people who are the only one paid because they perform the operational work also supporting the due diligence. The only sector we invest in is healthcare.

To get into the group business angels must pay a fee of 5 thousand euros a year and at least you have to invest 10 thousand in a company a year. Due diligence takes a lot of time and as a business angel you have to work with the team in your free time because we have to make sure it's a strong project and team.

Which working role usually covers a woman that decides to take part of a BA group mainly composed of men?

Since the sector, we invest in is healthcare you should be a manager in this field or an expertise in finance in order to join the group

Why should a woman enter a mixed group instead of an only women BA group?

According to my experience it absolutely not depends on the gender, you should enter a business angels network because you are interested in startup for us is a bit different because Angels Santé it's dedicated to healthcare investments so we are very specialized and only health care managers or people from big farmacle company join us

What do you think are the differences (if exists) between the male approach versus the female approach?

I think there are less women for sure in the business angel landscape, but I don't see any differences, they are very experienced people with a great career, people with high studies and high positions. I think it's because there are more men at the top management positions rather than women, so there are less women who can afford to enter a business angel group.

Instead, for startup teams there are more women at the top management position in the healthcare field and we have more teams of only women and they are highly skilled to, and our network don't pay attention if you are a man or women, we invest independently

Do you have a training program to teach investors how to be Business Angels? How does it work? Do you think it is useful? Do you think it would be important for these educational groups to be only attended by women?

Almost every business angel network has it. We have 8 sessions with the basics of business angels investment, and it's really from the moment in which you discover the investment to the one in which you decide what to invest, how to lead the due diligence, how the investment pre-money is calculated, how do you negotiate.

To be honest I don't think there would be any differences whether these trainings would be attended separately from women and men, maybe it happens in real life, but in business

angels groups I don't think so because these are people with high studies and high position and when you reach this status you have to stand and ask your question

Do you usually invest all together as a group or at the end everyone decides where to invest?

That's more how Funds operate, we prefer allowing every business angel to decide whether to invest or not

Do you cooperate with other Business Angel groups mixed and/or only women groups?

We cooperate with other business angel groups but also when we can we cooperate with business angel networks especially when we are both interested in the same project to make an investment. Regarding business angel networks we call an investment vehicle when there are a lot of members interested in the investment.

It's a bit different working with groups only made by women. We worked with Femmes Business Angels because it's the only business angel network only made by female investors around Paris, it almost doesn't change anything working with them because they are also very great and skilled. The only thing that changes is their dedication in looking for startup made by women, for us is more like innovation, the communication field it's different, they are interested more in feminism entrepreneurship

Do you cooperate with Venture Capitalists?

Venture Capitalists usually work between them. We don't work with them because it scares us the ranking of the investment, we don't invest on the same round.

How covid has affected the way in which you usually invest?

Since we are working in the healthcare field, it's less complicated compared other field, we have started online pitches session, actually right now we had to organize a lot more session because we got way more start up, maybe during this period of lock down they really worked on their material, to update some document and then they started to apply for funds.

Belle Investment Fund - Nancy Philippart, General Partner and Co-Founder

Which are the main differences between Business Angels Funds and Groups? Do you follow different processes? Do you feel more to be like a Business Angel or a Venture Capital? Why?

The biggest difference of why we are a fund, is we are a committed capital fund; when people join our fund, they buy a unit in the fund, so in our fund a unit is \$100.000, we tell people that we will invest that (\$100.000) generally over a four to five year period of time, they are committed to loan that amount of money in investment. We are a very participative fund because not only is our fund objective to make capital available to women or gender diverse companies, but we also have a mission of teaching to women how to do this type of investing. In our first fund about 95% of our LP had never done this kind of investing before. In our second fund we have many people who have invested in our first fund, still a majority of our LP are learning how to do it, so they are really collaborative, they are involved in the investment decision, they help with the screening of companies, they help with the due diligence, they actually do some of the work of the fund, but when a decision is made, that we are going to invest in a company, everybody has to invest unlike in the angel network where every investor decides if she wants to invest or not. In our, everyone invests if we decide to.

How many angel members is your fund made up of? What is their profile (ex. average age, professional experience)?

We have 64 LP but those are not individual, we are certified as social impact fund and as a result of that certification, we were able to have institutions involved that want to support social impact issues. We call ourselves 64 entities of which 1 of those is an institution, and some of them are families fund or some other kind of legal structure.

What is the process to be accepted as an angel member of the fund? Any fee to be paid to be a member? Any process of referral from current members?

In USA security in exchange commission has several requirements, as to how much wealth or assets that you need in order to do this kind of investing, so people are certified,

but the only other requirement is to believe and support our mission. Our mission is that we are going to make capital available to female entrepreneurs. Then they have paper to sign and fees to pay and they are in.

Why do you think should a woman enter an only women BA fund instead of a mixed one?

Because this is new for many women, women are really underrepresented in angel group in general, maybe because those groups could not be much welcoming making women feel intimidated to be in a group of men who might be experienced doing this. We also find that the fund structure is very good for women because we tend to collaborate a bit more than men, so being part of a fund structure gives women the opportunity to work with each other and to leverage each other with making the decision about where should we invest or should we not. I would say this though because even if we are a majority of women investors (men are 8 out of 64) we also have a number of men investing, who are also part of other angels group, but they believe in our mission and how we do our work; we have also couple of husband and wife teams which is an opportunity for them to work together. We have promoted ourselves to say that this is a comfortable space for women, to be able to advance the mission, but also to personally learn how to engage in this type of investment.

How many investments do you make on average in a year? What does it depend on? Do you only invest, or you usually take care of the companies you invest on, helping them?

In our first fund we invested on 14 companies. In the second fund we are in year three now and we have invested into 10 companies by now.

We generally invest in 3 to 5 companies a year. This year we only made 2 investments, even though we have tried to actually work despite Covid-19; things have been slow, because we've gone totally virtually, and the participation of our members has increased because of working from home.

Has the Covid-19 crisis affected the way in which you usually invest?

We didn't change our kind of investment specifically for Covid-19 but of course there are different opportunity that have come up, but we were pretty brought in the types of

companies we wanted to invest in. We like to invest in companies where we have some expertise in but because we have 64 people in this group, we are pretty brought expertise. In our first fund we only had 24 people and we didn't have a lot of consumer package goods experience (retail experience), because even though we invest nationally and we have LP (they don't have to live in Michigan), because of network many LP actually are in Michigan, and if you look at Industry in Michigan, many of us are part of automobile industry, healthcare, our tendency has been to invest in industry that we know. But since now we have 64 LP we invested in food and beverage; we've also invested in a company involved in retail. Covid-19 has changed how we work with our portfolio companies, obviously many of them had to pivot they business models, so we helped them to raise a bridge round, because they needed cash, because customers used to pay in 60 days, now because of Covid-19 they pay in 120 days.

Tell me briefly about the investment process: Which feature makes you realize that the startup could be a good investment? What are the criteria considered to screen start-ups? Do you usually invest in a peculiar sector? Which are the main sources of information used to pick up investment opportunities (ex. information from website applications, or that comes from other members, VCs, incubators...)?

We like to be rather active investors, that doesn't mean that we want to micromanaged them but we want to be more than a check, we want to know if we are first money in (with equity of course), we help them set up a board of directors, maybe a three people board (very small), often we take a board seats and we help them start to establish a good governance procedures. We also ask how can we help, we have a strong network, sometimes we can make introduction to potential customers or potential suppliers, we have a lot of expertise, in our fund we have a kind of people who are entrepreneurs themselves and maybe that are CEOs so they know better how to help. Companies become part of our family.

Do you have an educational program to teach investors how to be Business Angels? If yes, how does it work?

We do some advance with our limited partners to educate BA, in our first fund we created our own train, but we found out that so many other organizations that have good

information that we can just leverage. We are part of groups in the USA like ACA (Angel Capital Association), we are also part of the Michigan VC Association and then we are also, part of a nation-wide network fund, the largest group is called the Golden Seeds (started in New York in 1990) by a number of women.

Do you co-invest with other Business Angel funds or with VCs?

We always try to syndicate our deals, because we think that we can help a company to raise their fund quickly is in them and in our interest. We syndicate in two ways. In the fund that we made there are two of us that are general partners. My partner because of her work, has very strong network within the State of Michigan so she participates every month with 7 different angel funds or early stage funds in Michigan, they share deals so we can syndicate in that way. I, in the other hand, participate in syndicate through the ACA where there are 27/28 funds that focus on women and gender diversity, we do a call once a month. And every time we invest in a company, I try to reach out the other investors, because we want to know who the other investors involved are. We share due diligence.

What do you think about the present policies in place to support angel financing (e.g. tax incentives, state contributions)?

It could be stronger in my region. In USA a lot of the policies are more local, there are local policies that impact in the way people do this kind of investment; for example, in California there are very favorable policies, it is no coincidence that many people start their activities there. The area to start with is make it easier for example with tax policies (the tax on money that you invested, and, on the return, you get, can have positive or negative forces).

Are you aware of any policies that are going to be implemented or that have already been implemented in your region/ country to promote BA investments by women?

I belong to an international women's organization that gives the opportunity to go in many places around the world, every time I had the opportunity, I talk about it. The biggest impediment that we have in USA, as women, is the fact that when you are an entrepreneur

here, you are on your own, in USA you do not really have good social services, and entrepreneurs don't have the health opportunities that people who work in big companies have. The problem with entrepreneur is that on one hand you can find very young people, who are at university and have parental support, on the other one you can find people with a successful career that made money in their main career and are embarking on a second career.

In other countries like Sweden the typical investing women have 30-40 years, they have worked in their profession for 10/15 years and have a good understanding of the business in their industry, these women have children, families, and when we speak with them, we are kind of "Hey, there is a lot of risk involved!! How can you pay your children college, how do you pay health insurance?". This problem does not happen in their countries because of their national policies!

One thing they talk about at the ACA is even trying to figure out, if is there a way to let entrepreneurs go after affordable health care. When you are 28 years old and without children you may say "I take the risk" but there are social policies that make entrepreneurship heavy especially for women. Some have a husband with a job, and health insurance, with savings for the children's college and therefore have no problems.

Do you think the creation of only women networks could influence the policies?

It could, someone says to us "The only way you going to drive change is you need to diversify", I don't think this is the only system. It was a hard decision, you know, to focus on women. We are going to develop forms that value diversity and have forced a diverse and that is why we start the network the way that we did. Are we doing this system of service because we are segregated? We have man, in 64 partners we have 8 men, they are in minority, it is a good thing for them, I guess our philosophy is you can implement what you can implement. We cannot solve all of the problems for the country or in the world, but I can assure you that for the 10 entrepreneurs in second fund, we have changed their trajectory and their ability to make the difference.

Do you think being a fund helps to reach more women compared with business angel groups or networks?

I think because we focused on women, on gender diversity (the companies we invest in have at least either a female CEO, or a woman that have an ownership position).

I like the fund structure because we all know what happens to money and we make decisions. From an entrepreneur perspective they like that because elsewhere (for example Golden Seed) there are too many meetings, presentations or other, but then only three people decide, it is too centralized.

There are two ways in which we invest:

- We have a fund, we usually invest between \$200 and \$250 thousand, and since there are 64 of us you should do a lot of checking, then we set up a side car fund; if you like this company, the check size is small, if you believe in this company you can put more money in the side-car.
- We have another example, a fund that is not a sidecar, in which we have invested \$400 thousand but the sidecar has generated about \$600 thousand: in total with the two funds we have invested \$1 million in this company.

We make events twice a year in which we invite all entrepreneurs, socializing kind of event: the more an entrepreneur develops relationship with individuals among the fund the more the investors can think “this is a good company for the next round of investment”.

In the side-car fund, who can invest? only limited partners or others?

We have opened it to other people but we do not want to complicate the cap-table, because we invest a lot of money and do not want to toil, we let other angels that are outside the fund to invest in side-car just paying a little hiring fee, because we have to provide all the documentations; nobody has taken advantage for that.

We do not ask for special requirements because we are a small group.

OSEA Angel Investors - Xandra Laskowski, CEO

Could you explain what is the process you go through to find a new start-up and decide whether or not to invest in it? Do you take into account some peculiar features?

I have companies coming to me, because I am an Angel investor since 2014, I have over 30 companies in my portfolio that I have invested in and I have at least 20 to 30 companies coming to me each week, from LinkedIn, from the network of the people I know etc.. Most of them are accepted from other business angels or any of the groups I also invest with, so I try to point them in the right direction. We invest at a very specific stage, we invest at the seed and the bridge to the A round which means: there are seven point criteria each company needs to meet before I take a deeper dive and I have a meeting with them to understand where they are at.

One of the criteria is that they have to have a very high barrier to entry. As you can imagine fintech is a very popular sector right now for Venture capital in angel investments, but there are many types of fintech companies all along the different needs of fintech. And there are some sectors which are very crowded, for example I saw a company last week that is a kind of a messaging email tool for financial advisors, and they have to be very careful because they can't put too many things in writing they have to go through a process so they are compliant. We see a lot of tools in this arena, so when I look at a company like this I look at what's the differentiator, typically that means, because it is a crowded market they have to have advantage with a company that is already aligned with that could be considered a differentiator with a higher barrier entry. Another keys is that they have to have a go to market strategy that is working they need to really understand the customer acquisition cost they already know what the process is to acquire those customers and they are already working on the metrics to lower that cost, they need to be precision focused on building that customer model that they are very good at. So, we stick with these early stage teams, that is very important to understand how to acquire, how much it costs and the metrics behind that, what is working and what is not, so customer acquisition, go to business, go to market strategy, metrics to really understand where their financials are. The founder has to have built, scaled and sold the company or they will fail. In angel investing when we look at companies many of the founders are grounded to what they are doing, that is fine, someone in the team that is helping them in building up the company must have built some other company, that is very important.

They have to have an angel investor or a venture capital firm that I know that has already invested. That is important because it reduce the number, I can make a few phone calls, speak to this groups, speak to my counterpart, ask them how the team is performing how are they with the customer acquisition, are they really understanding haw to spin the process and how to scale, are they looking for tolls that are going to bring them to the next level, that's very complex skills that are very important to have in the funding team. They have to have one year of capital in the bank to support the current burnt unless they will fail. And then the exit can be anywhere from two to seven years out, that is very subjective, but we want them to start to think what does an exit look like what would be an acquisition target for us require our company and now there is a new thing called SPAC (Special Purpose Acquisition Company). That is so new that is something our group is going to take a deeper dive on but everyone has a SPAC now, it seems in venture capital for the portfolio company when they are going to a series B to C they are looking to public market to put a special acquisition, corporation together to get liquidity and to bring in more capital, so that's another avenue to go it is either Acquisition, APO or SPAC.

We want to make sure that the funding team is looking forward to seeing an APO or SPAC so we want to make sure that the team is looking forward to see, you know, you never want to bring a process or service or technology to the market that is meaningful to the sub-sector, that is meaningful to the investor to invest in but you also need to look down the road and how is this going to end.

How many members is your group made up of?

We have 35 members and our model is very similar to other angel venture capital groups, once a month we have two companies which come to present to us, they have from 15 to 20 minute to pitch their idea and they answer our questions. We also have one of our members who is an investor maker. She gives us an US economic report, that is very important. It is very important especially today with everything changing, with COVID, with company and sector not doing very well, company and sector to avoid, how our stock market is doing and interest rates. That is very important for our members to really understand, (some of them have), deal with, to look at the daily sub-dot. So, for her to give a little summary about It is very important and it is going to affect our portfolio company. And then we have a speaker that comes to speak to us regarding the companies that are going to pitch to us; so the last week we had two fintech companies, and an expert

came to speak to us about fintech trends and innovation about what we are looking to invest in, where are the sectors that really need some opportunities. Later on we decide are we going to look forward and do due diligence, and we do due diligence if there are five or more members who are interested in the deal, we set up a due diligence call for the following week and then typically like I said we have other angel or venture capitalist who have already invested in so the due diligence process is smaller for us because we have access to the deal rooms, to the financials and the contracts. At the end, within a week from the due diligence each one of us decides whether to invest or not. I think that is very important that that process to decide is very strict because we talk about running a company and there is no time to waste. We are not a fund, so each one writes their own check.

Why should a woman enter an only women BA group instead of a mixed group?

I am also a member of all new majority male angels groups, (tech coast angels,...), and those are good groups because I get to diversify my investment dollars when I participate in many groups, but the sole reason I started OSEA was because I had many counterparts set in in south of California that knew me, good friends and colleagues and wanted to know how to angel invest, so I invited them in the other groups and they came to the meetings and they didn't feel comfortable because they didn't understand the terms we were talking about the deals that we were seeing because, maybe they were good deals but not interested to them because they were not passionate about that sector, the deal they were seeing, they were like "Those are interesting deals but not really to me, I'm not passionate about and I just don't see myself in this group". So, I was used to say "Come on! Give it a try! Those guys are great, really nice". But I get it is a learning curve, so I thought that there is a better way to do that and I started OSEA in 2017.

Our mission is to educate and inspire people, other groups expect you to start doing the deal flow, start writing checks, as women we want to research what we are doing I teach people in our group that number one angel investing is done with money you can lose, because I guarantee you will lose your money. Because exit does not happen all the time in the runaway some people can get very lucky at the beginning, maybe it is an unicorn but it does not happen all the time, we don't look at those deals because there are too many people in the pool we don't want to play in there there's so many deals between a unicorn and the very beginning. And I teach them the seven-point criteria, that's my

personal investment de sects that is taking me 7 years to build based in my success, and on my losses and I'm very forthcoming with that.

You can invest anytime you want, you can invest any stage you want but this is the stage we look at because there is a little bit more de-risks because they are in revenue, because they understand the customer and the money to get there and they are bringing the cost down, they are scaling.

When people join my group, they get not only the economic report but also do they get an overview of what is happening in that sector, they see the deals, we just want to understand three things:

- The problem you are solving
- The size of the market
- The people doing it

The main difference is that our members have the means, but they want to learn what it is and that is the difference. The angel's groups already existing have angles investor that are more seasoned, and really does good doing. They walk in there with a deal, they stand with the deal terms and they are ready to negotiate.

Do you have an education program to teach investors how to be Business Angels?

Yes, and also, we make it simple. It can be very overwhelming, there is no right or wrong to do due diligence. You can look more, you can look less, at the end of the day you are just making a bet.

Since the experience you had in groups mainly composed by men, have you ever been afraid to ask a question because you were feeling uncomfortable?

Yes, I did in the beginning, a friend of mine brought me in the group. I was looking at those deals and they all knew each other you know, they had their language and I was very overwhelmed because even if I come from a business male dominated and I was used to that, I joined these groups only after I had my children I was just taking it in, at the beginning I didn't feel like I had much to offer to the conversation after the startup had finished their pitches. After a few meetings I understood that maybe I didn't know what to ask about the deal structure, but I definitely understand the industry, and I can get some feedback on it. So, after going to a few meetings I started to get to know some

gentlemen who are really nice. I felt more comfortable asking questions. But at the beginning it can be very intimidating, because you are in a room of people you don't know, not that they are bad people, you hear question you do not know the answer, and maybe you do not really understand the deal, and that's ok, you might not understand what is doing the company. That is all normal.

What do you think are the main factors that lead fewer women to invest?

I have had the opportunity to talk to other BA women around the US and I have been told that having to put money aside to pay for their children's college education is a limiting factor, do you think this is a common opinion? Do you think that this factor is also shared by men or they are less concerned about this point of view?

I am going back up to why you become a business angel. You only become an angel investor in my opinion when your wealth is set, you have to have money you can burn in a trash can, that is the money you spend investing in a startup. You must have already paid for your insurance and your children university that must all be set, you should not be angel investing only because you want to make money, of course you do, but mainly you do it because you want to be in that journey you are aligned with that team, you are passionate with the problem that they are solving and how they are going to do it, you are going to invest in that team because you want to bring the idea to the market and you want to have an exit. You do not make money in a venture capital funds that invest in a seed level, you are going to lock them away and say goodbye for ten years. You do it to be on the ride.

Women I work with do not have these problems, they come to me at different times in their life to learn about the different asset class the different type of diligence, you should not be angel investing unless your life financial are set.

Which do you think are the main reasons that lead women not to invest?

I think its access to the deal that is not so easy, I also knew some people in my network who didn't know they could enjoy being part of this group, I realized they could have been good angel investors, I invited them to a few meetings and they enjoyed themselves. So, you do not think it is because there are less women in management positions?

I have a lot of women in my group who are board members and come from different companies big and small and then we have women who are really blessed in the life that made their wealth elsewhere throughout their husband business or their business or whatever. They are not infinity involved on the daily basics of things. But they are smart, they give to charity and they are still on the board and so I teach them that you have an eye, and you have a sense of where your money is going and they are going to be used in a good way, you can do that even if you do not come from a business background. Of course, it helps but is not a requirement, you just have to have curiosity. Also, I started OSEA when my children were majoring at the university, I realized my children never see me work and I needed to find another job, different from the one I had before because we had a different situation, my husband and I needed flexibility. So, after starting to invest in startups I then started investing in them, only after I started OSEA.

Has COVID affected the way you usually invest?

No, when COVID hits we were very scared, and did not have meetings for two months. Then I took a pool to understand if OSEA's Angels wanted to start investing again, they wanted to, so we took over the situation. We invested in perfect companies which were at the perfect spot at the perfect time. I can say COVID has not affected Business Angels or Venture Capitalists here in the US, there are more deals than usual. We haven't seen any slow down.

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