



2022 Angel Investing Market in Italy

Results of the Annual Survey

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Who am I?

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Agenda

- Presentation of the IBAN Survey 2022
- Characteristics of Business Angels
- Characteristics of Business Angel Investments
- Characteristics of Business Angel Divestments
- Focus – ESG factors and impact investing
- Focus – BAGA: a successful vertical initiative
- IBAN scientific research: conclusions and next steps

The IBAN Association conducts annually a Survey that records the extent and role of Angel investing in Italy.

Prof. Vincenzo Capizzi (University of Eastern Piedmont and SDA Bocconi) is the scientific supervisor of the survey.

The Survey is carried out in the first months of 2023 and is promoted with the aim of analyzing the Italian market, both from the point of view of deals made in 2022 and the characteristics of Business Angels involved.

The data collection is structured through the dissemination of a specific online questionnaire, through the SurveyMonkey platform.

Other sources for the recognition of investment transactions are:

Italian and international trade press

Telephone/e-mail recalls to investee companies in order to obtain more relevant information

Specialized Databases

Commercial Register Database

Data collection and methodology



The Survey is aimed at a population of subjects considered highly representative of the universe of Business Angels existing in Italy, with the aim of drawing a comprehensive picture of investment operations in new companies by informal investors (natural persons and legal entities established for this purpose).

The questionnaire was sent to a large number of operators in the startup ecosystem, specifically:

Individual members associated with IBAN;

Members belonging to clubs and BANs associated with IBAN;

Stakeholders connected to the world of startups (individuals, Investor Clubs, Bodies and Institutions, Business Incubators and Accelerators, Family Offices, etc.) identified by IBAN, as subjects known to be active in the startup ecosystem;

Entrepreneurs who have conveyed their project in the Reserved Area of the IBAN website during the period from 2014 to 2022;

Innovative startups and SMEs registered in the special section of the Business Register.

Data collection and methodology



Characteristics of Italian Business Angels

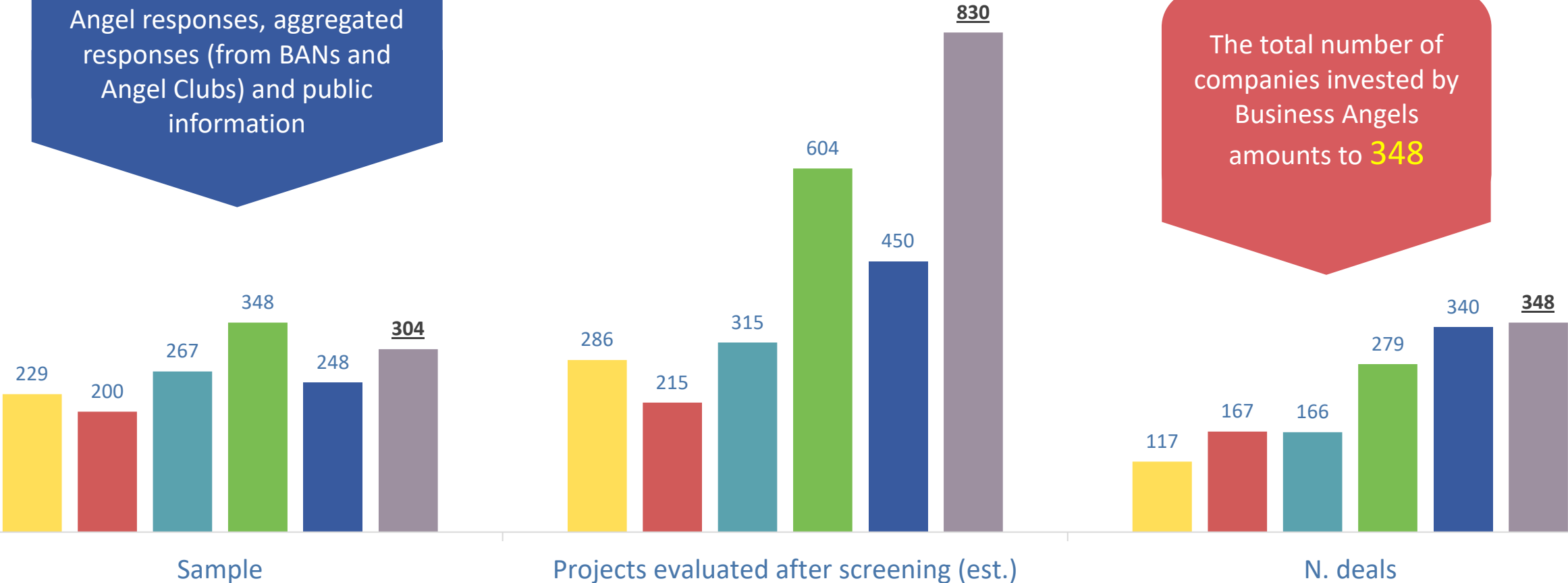


The 2022 sample consists of **304** observations, divided between individual Business Angel responses, aggregated responses (from BANs and Angel Clubs) and public information

The graph shows the summary of IBAN survey statistics over the last 6 years

2017 2018 2019 2020 2021 2022

The total number of companies invested by Business Angels amounts to **348**

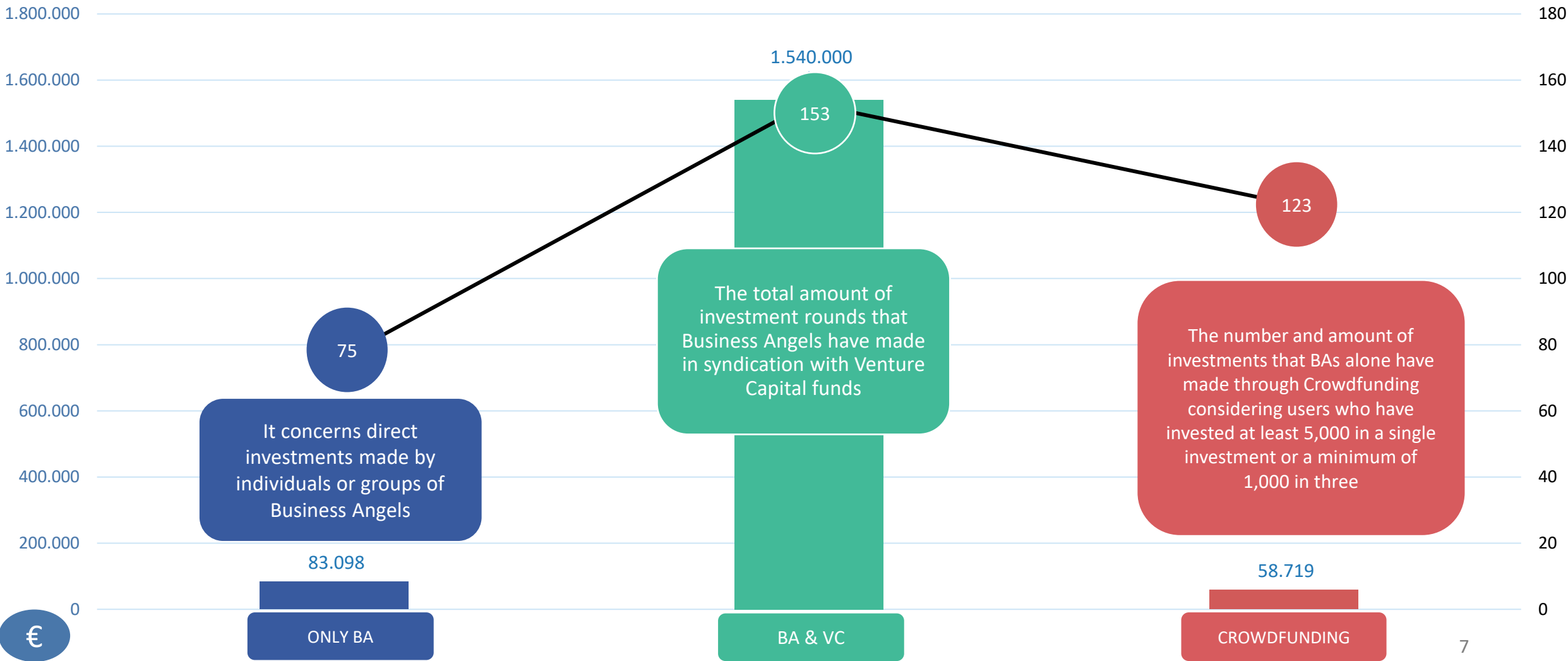


Characteristics of Italian Business Angels



Number of deals and amount invested

Invested amount (€ th) Deal number





The typical Business Angel is a man, lives in Northern Italy (45%), generally has a past as an executive (45%) and currently dedicates himself mainly to angel investing (64%).

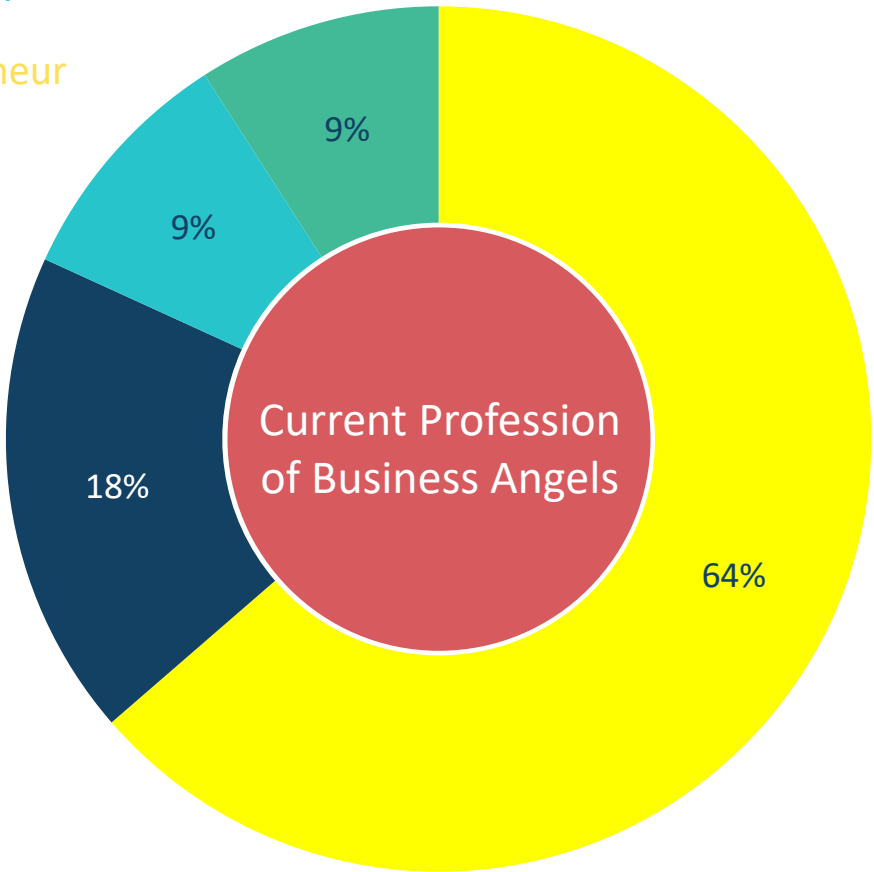


- Business Angel
- Manager
- Freelancer
- Entrepreneur



Almost all of them have a Master's Degree and of these, 27% have obtained postgraduate degrees

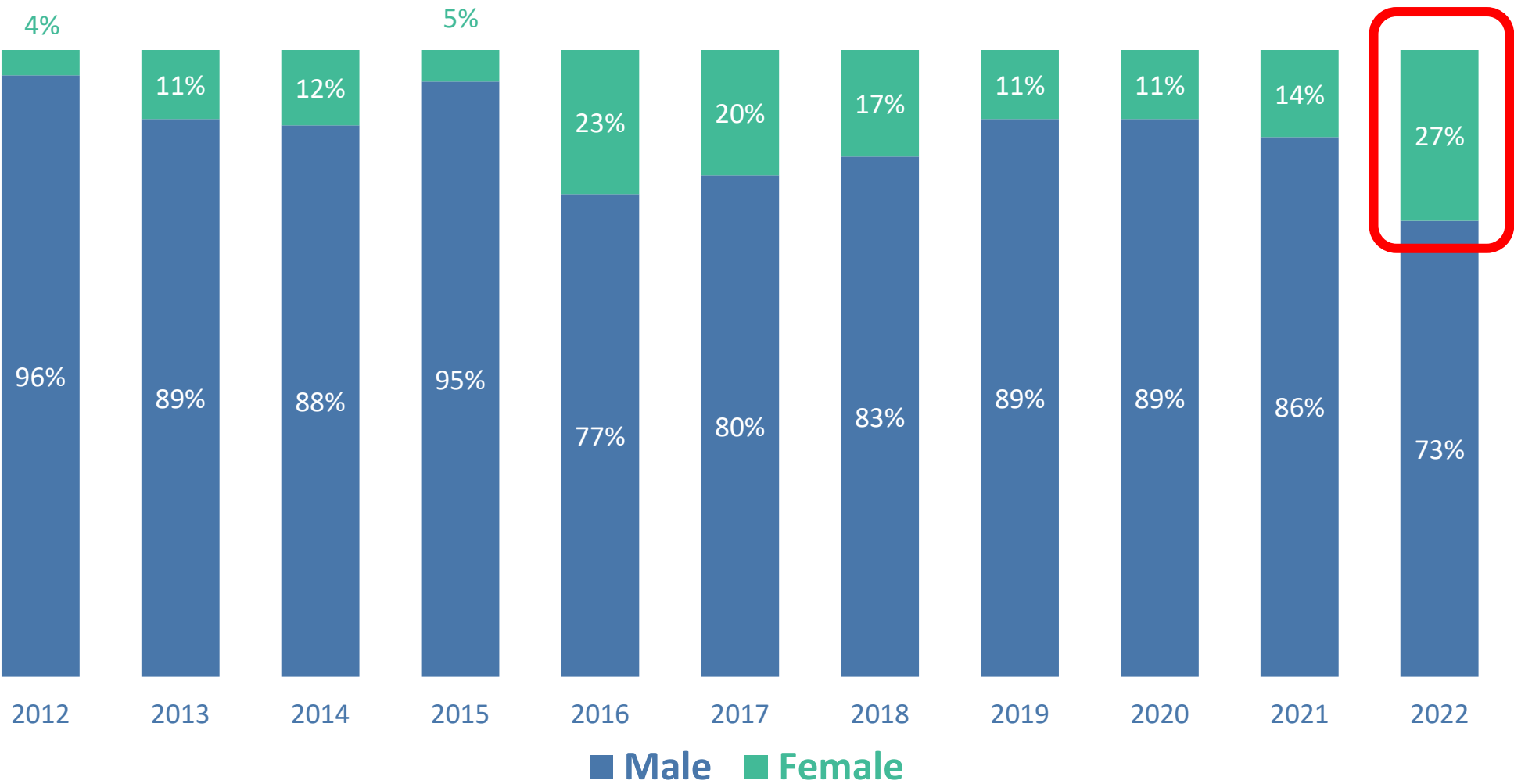
75% of the Business Angels belonging to the sample analyzed are affiliated to IBAN or to one of its territorial BANs, or to an Investor Club



Characteristics of Italian Business Angels



Angel distribution between women and men



Characteristics of Italian Business Angels

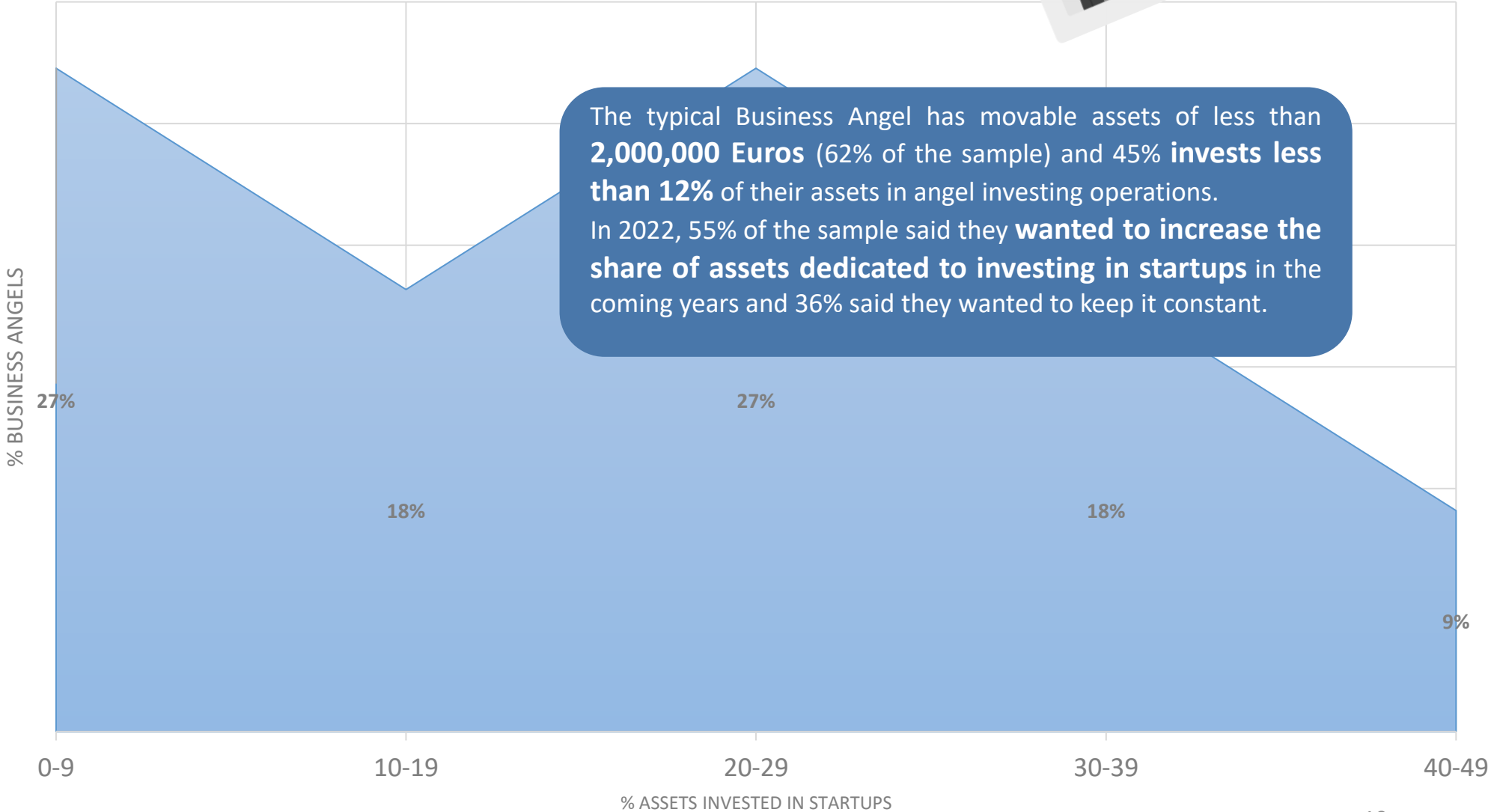


Percentage of assets invested in startups



The percentage of equity invested individually in the company rarely exceeds 10% (75% of the sample).

The starting portfolio at the beginning of 2022 consists of an average of 9 companies in which he invested.



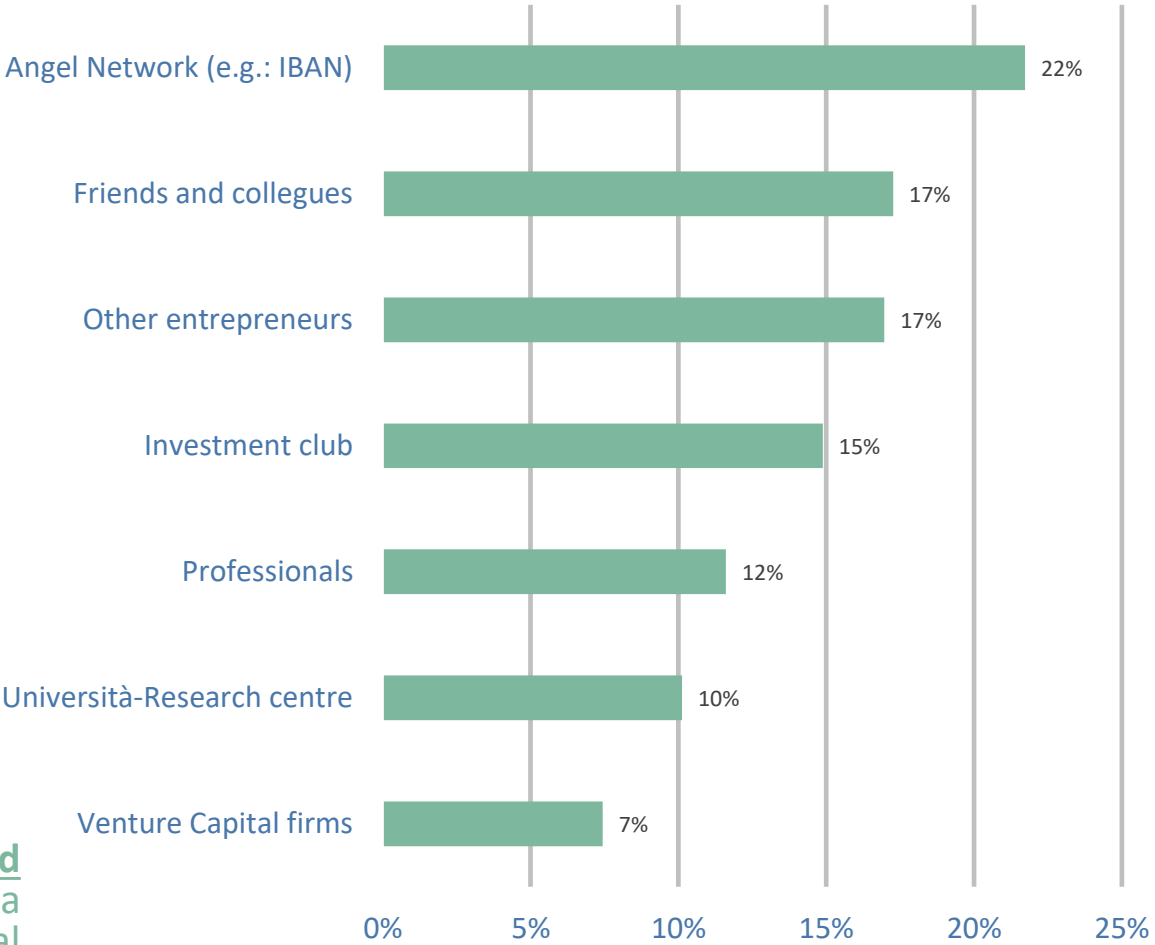
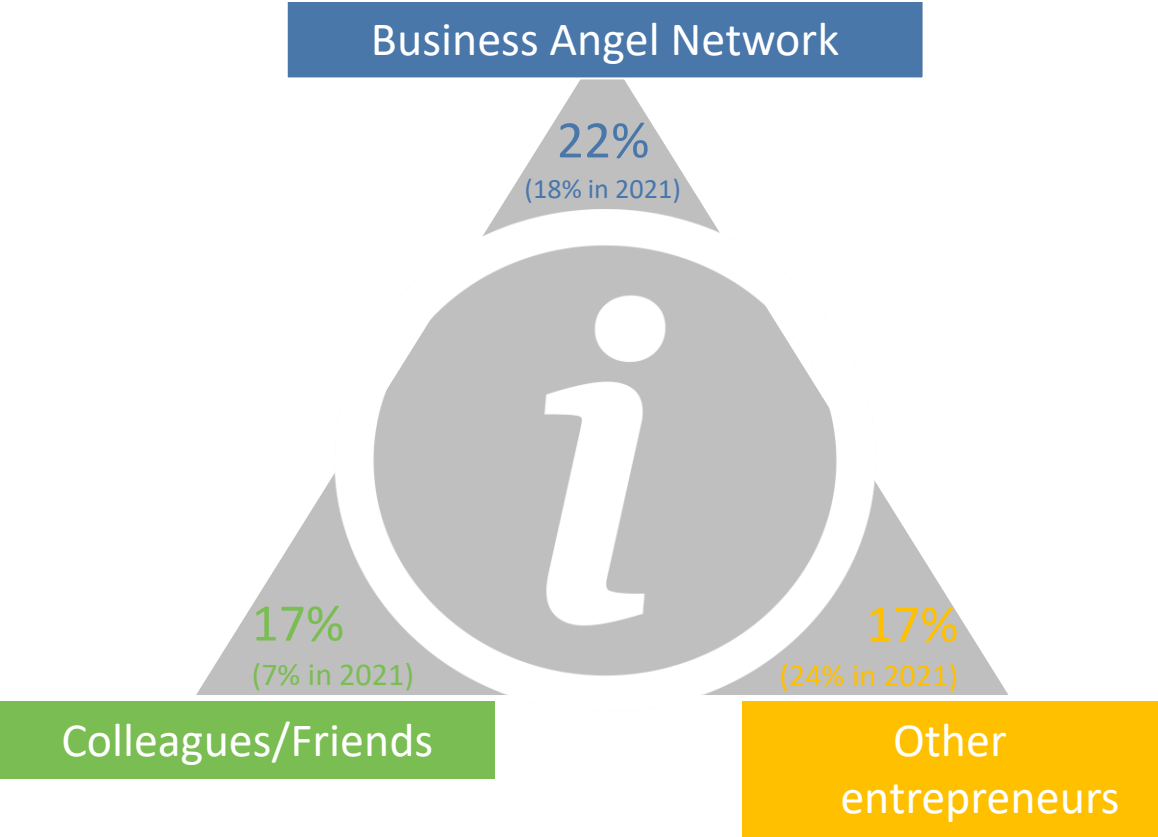
The typical Business Angel has movable assets of less than **2,000,000 Euros** (62% of the sample) and **45% invests less than 12%** of their assets in angel investing operations.

In 2022, 55% of the sample said they **wanted to increase the share of assets dedicated to investing in startups** in the coming years and 36% said they wanted to keep it constant.

Characteristics of Italian Business Angels



The three most important channels for obtaining information about investment opportunities are:

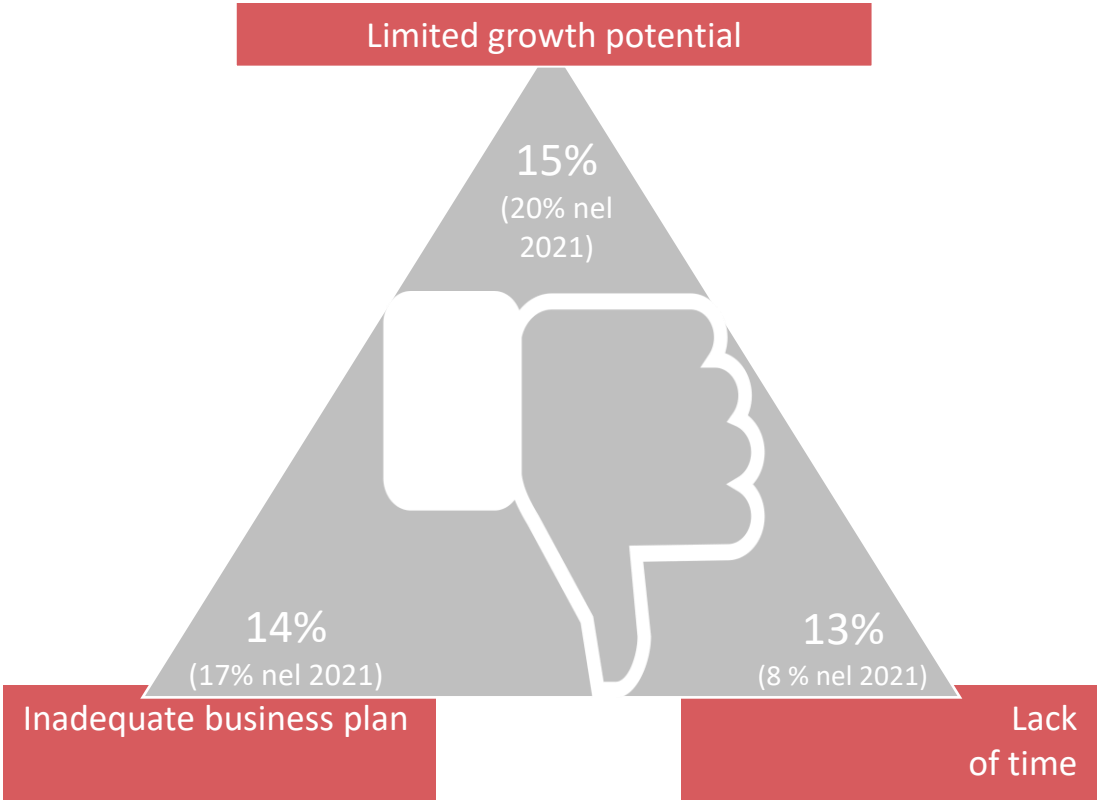


This underlines the importance of the entrepreneurial ecosystem and investor networks in the development of the sector, highlighting a significant increase in the importance of business angel and personal networks in the last year.

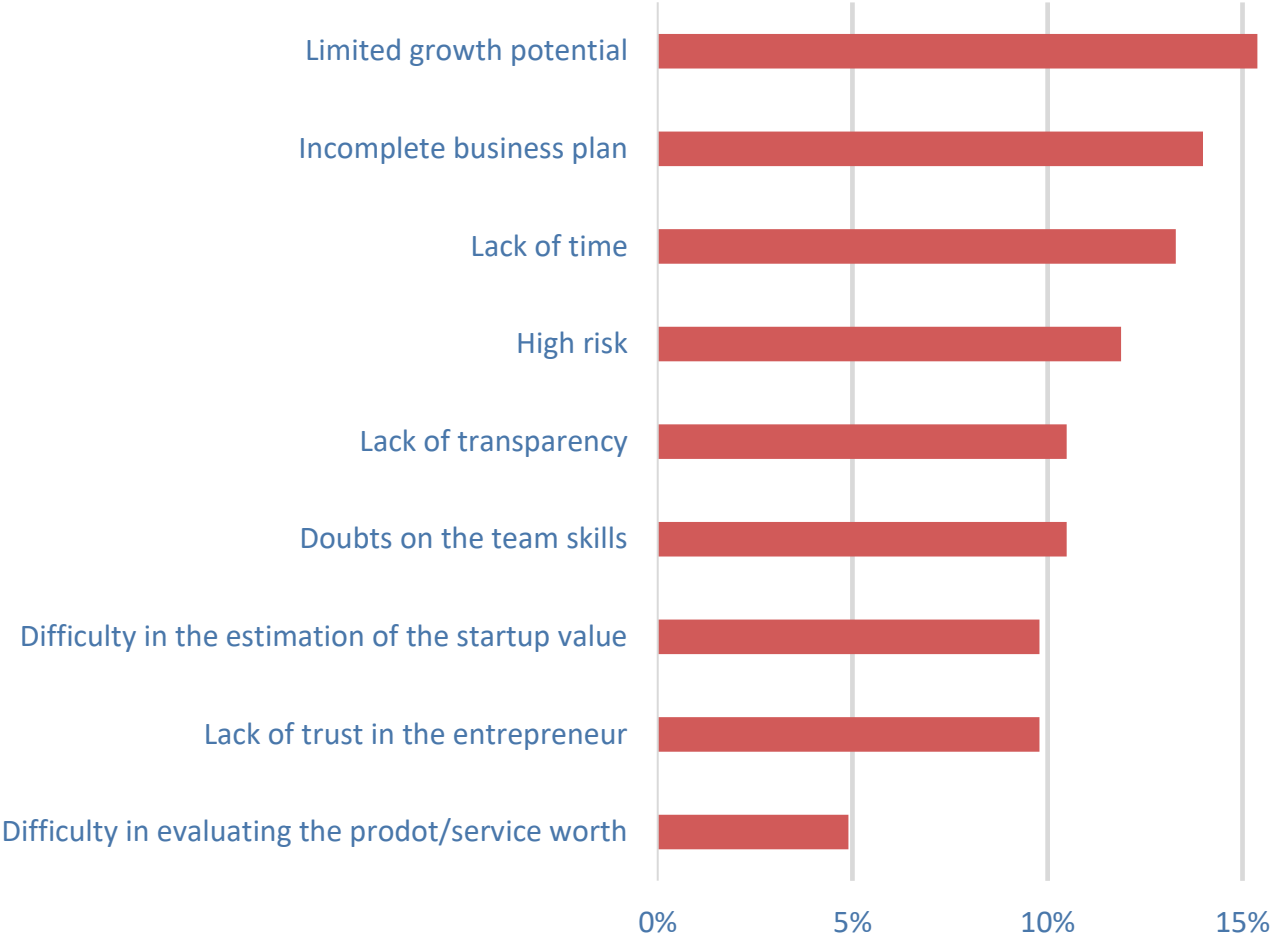
Characteristics of Italian Business Angels



The three main reasons that push the Business Angel not to invest in a project are:



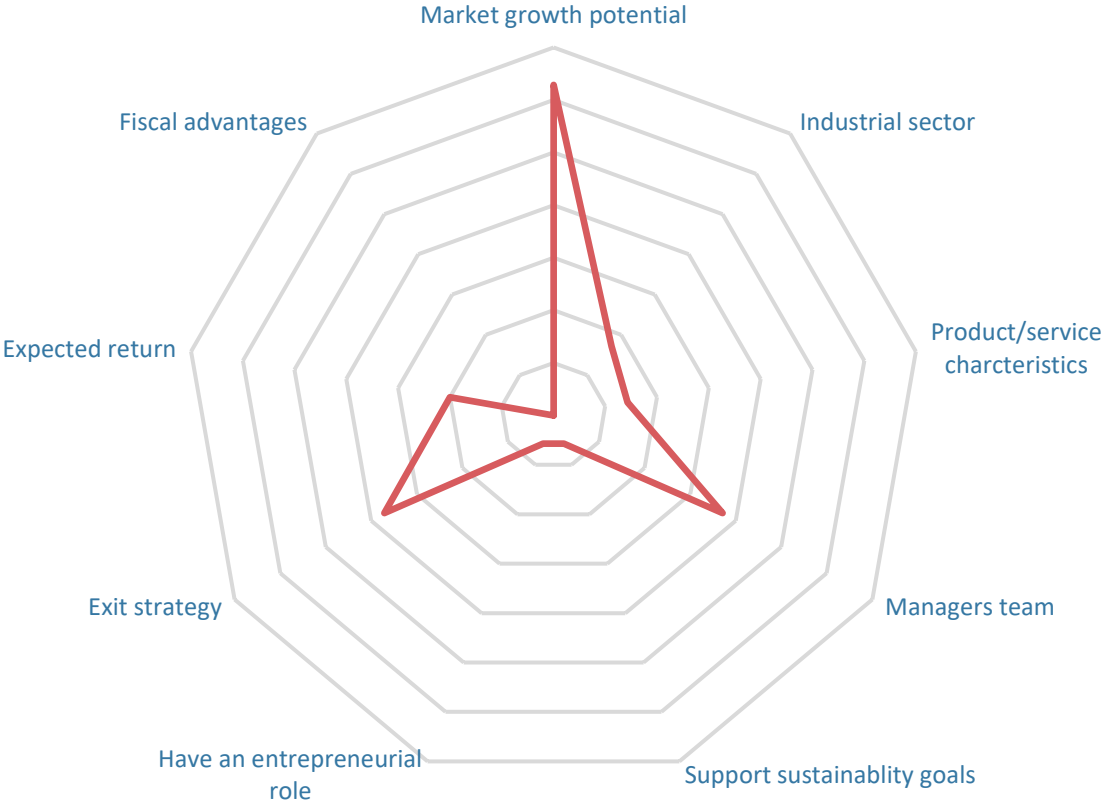
The inadequacy of the business plan and the limited growth potential remain the main causes of non-investment in projects by business angels, underlining the persistence of the gap between the expectations of informal investors and the presentation of entrepreneurial projects.



Characteristics of Italian Business Angels



The three main factors that Business Angels consider when evaluating their business project

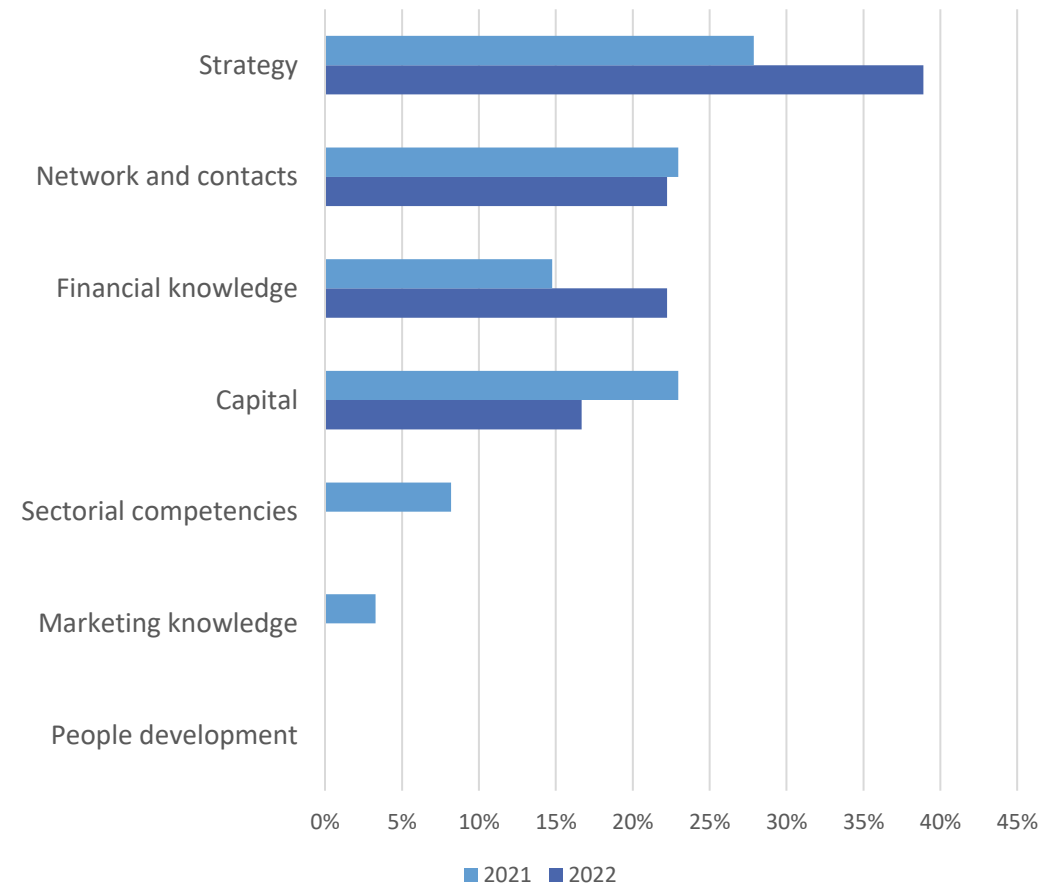




In the post-investment phase, more than 60% of Business Angels say they have a **medium, high or very high degree of involvement in the daily life of startups** (with routine company visits), while the remaining 36% say they have low or very low involvement (with few and sporadic visits to the company). In 2022, the sample is therefore divided into two clear types of Business Angels.

In fact, traditional Business Angels, who adopt a hands-on approach to investments, are joined by more passive investors who take on the role of financiers only.

Finally, the Business Angels state that the main resources they have provided to the funded startups are first of all related to strategic skills and secondly to the relational network and financial knowledge, as well as capital.



Characteristics of Italian BAs' investments



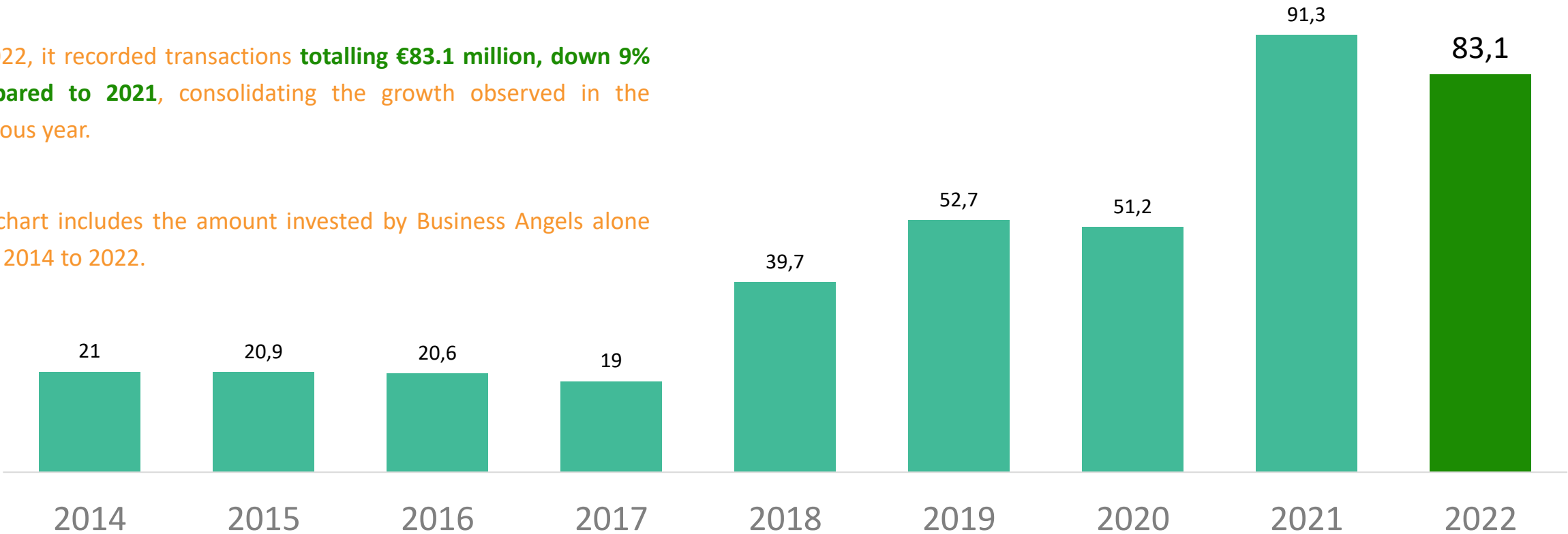
Total amount invested by Business Angel

The Italian informal venture capital* market has seen strong growth in the last three years.

The industry CAGR from 2014 to 2022 is 19%.

In 2022, it recorded transactions totalling €83.1 million, down 9% compared to 2021, consolidating the growth observed in the previous year.

The chart includes the amount invested by Business Angels alone from 2014 to 2022.



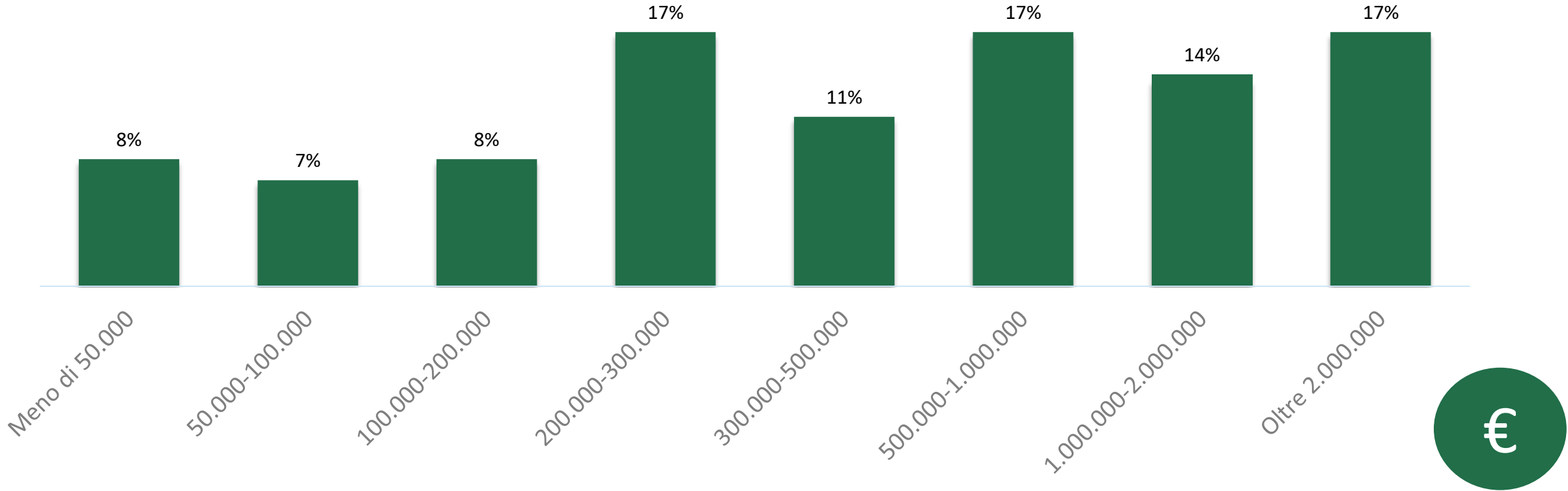
*investments in Venture Capital by non-institutional entities

Characteristics of Italian BAs' investments



Distribution by amount invested in each individual round

The investment in each target company is approximately **360 thousand Euros** (median value), with an investment of **30 thousand Euros per investor** (median value). Compared to 2021, the distribution of investments shows a shift towards a larger average deal cut.

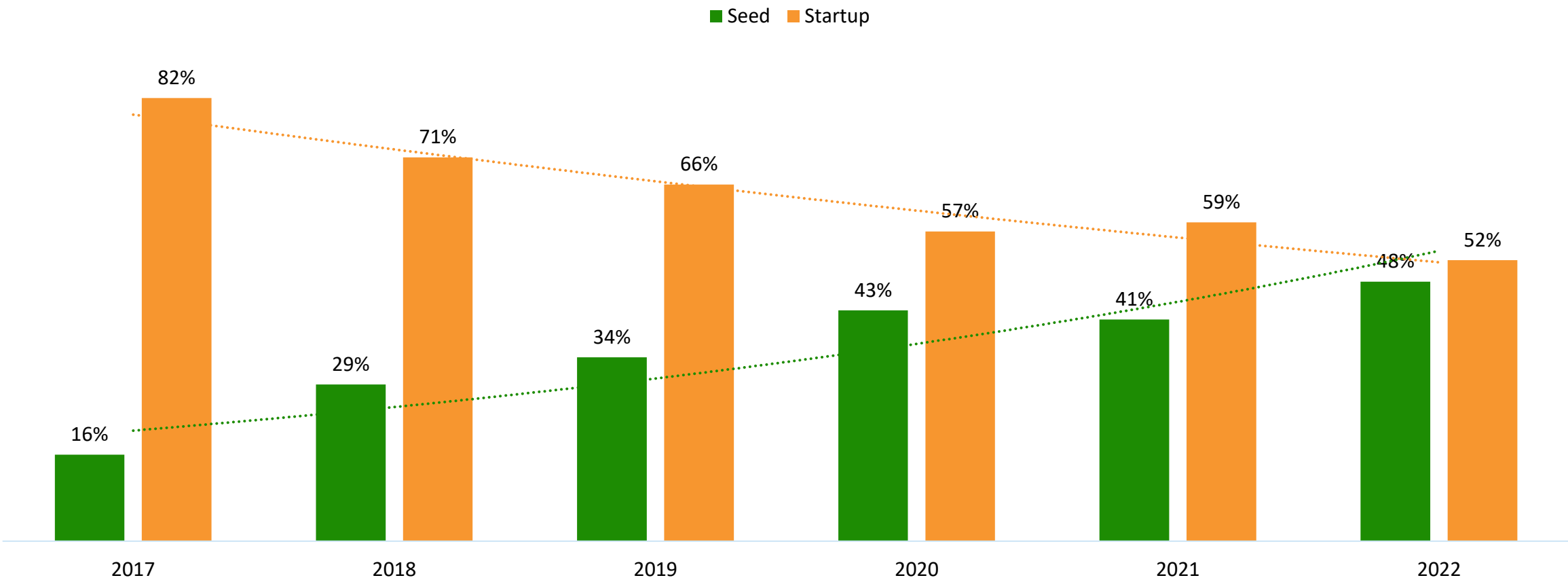


Characteristics of Italian BAs' investments



The graph below shows the change over the last six years in the percentages of Business Angels' investments in seeds and startups.

Although the percentage values remain higher this year for companies in the start-up phase, the exponential trend line (dotted line in the graph) confirms the reversal of the trend since 2018 in favor of Seed investments, which in 2022 is approaching the trend reversal point.

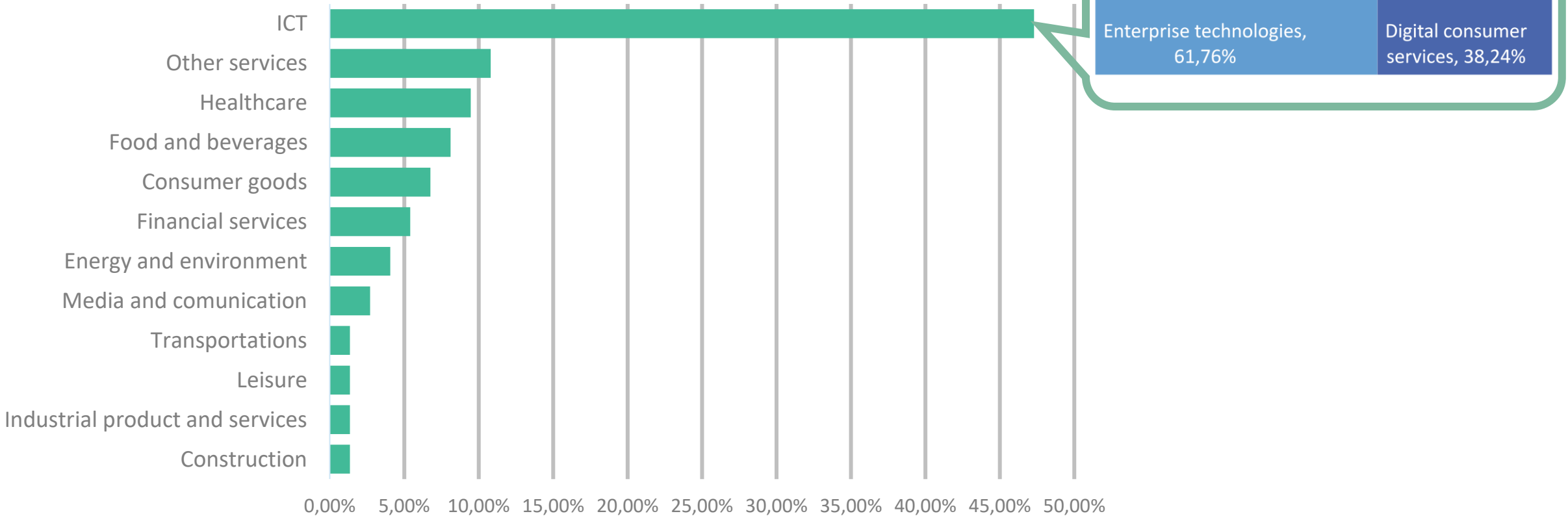


Characteristics of Italian BAs' investments



Sectoral distribution of targets

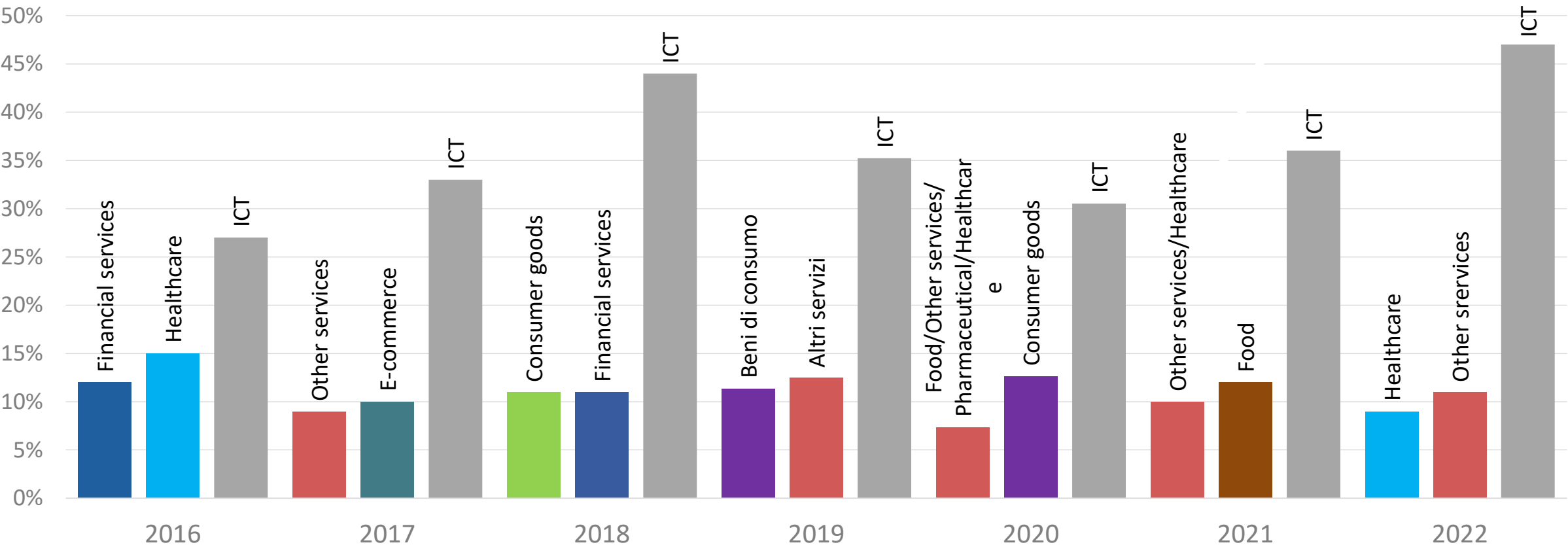
The sector that benefited the most from the investments of Italian Business Angels was **ICT** (Web App, Mobile, Software), followed by **Services** and **Healthcare**, mostly in line with what was observed in 2021.



Characteristics of Italian BAs' investments



Sectoral distribution of targets



In the last six years, the sector that has benefited most from investments is ICT (Web App, Mobile, Software).
The graph shows the distribution of investments in the years 2016 to 2022 with reference to the top three sectors according to the number of investments.

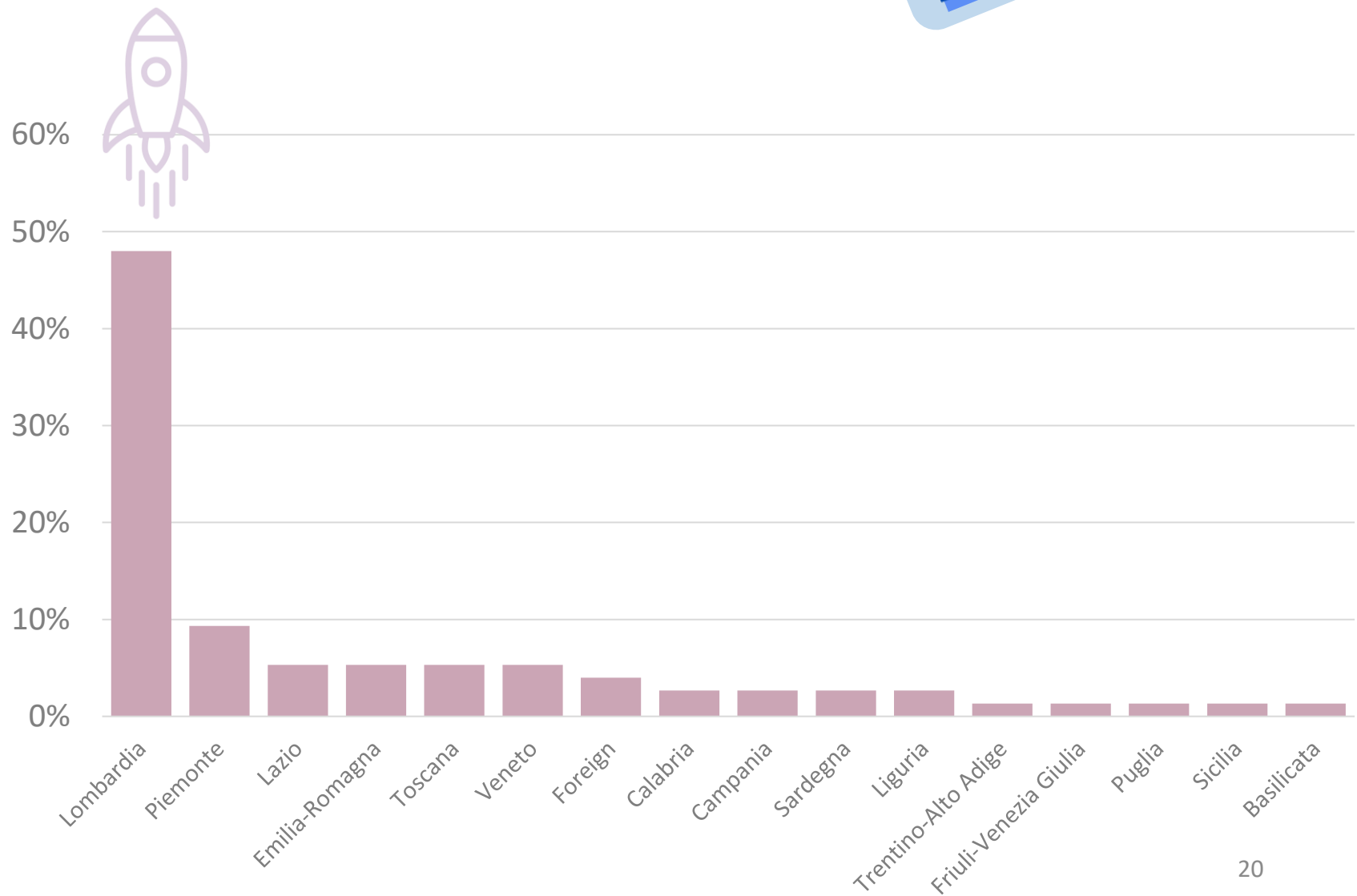
Characteristics of Italian BAs' investments



Geographical distribution of the targets



The region that benefited the most from the investments of Italian Business Angels was **Lombardy** (as in previous years), followed by Piedmont and Lazio

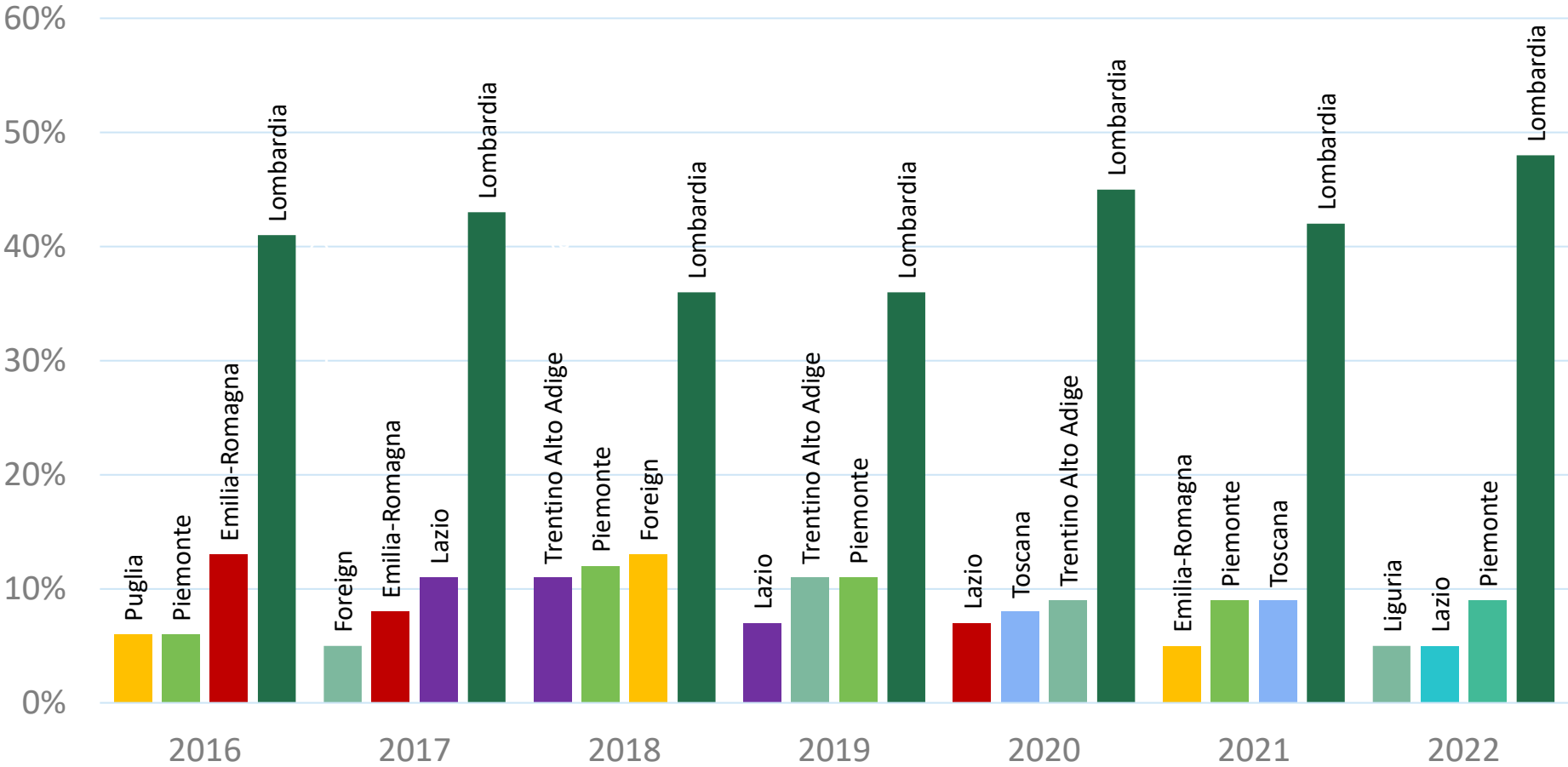


Characteristics of Italian BAs' investments



Geographical distribution of the targets

The graph shows the distribution of investments in the years 2016 to 2022 with reference to the four main regions according to the number of investments.



Characteristics of Italian BAs' investments

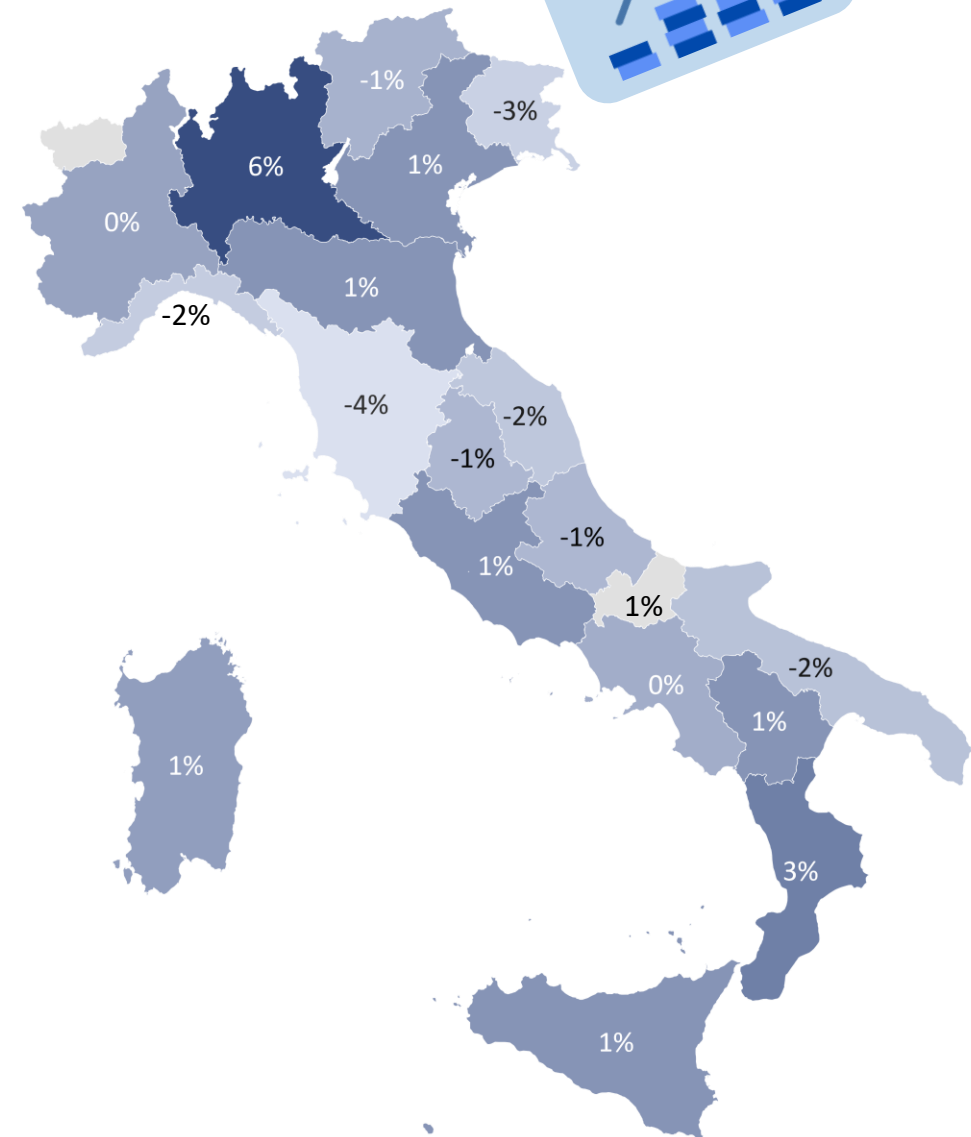


Geographical distribution of the targets

In 2022, the gap between North and South remained unchanged, with **73%** of the investments made financing companies based in the regions of northern Italy (70% in 2020) and in particular in Lombardy (48%) and Piedmont (9%).

With regard to investments in the rest of Italy, the importance of Lazio (5%) and Tuscany (5%) is confirmed. Investments abroad concern startups founded by Italians in other northern European countries.

The graph shows the change in percentages for each region from 2021 to 2022.

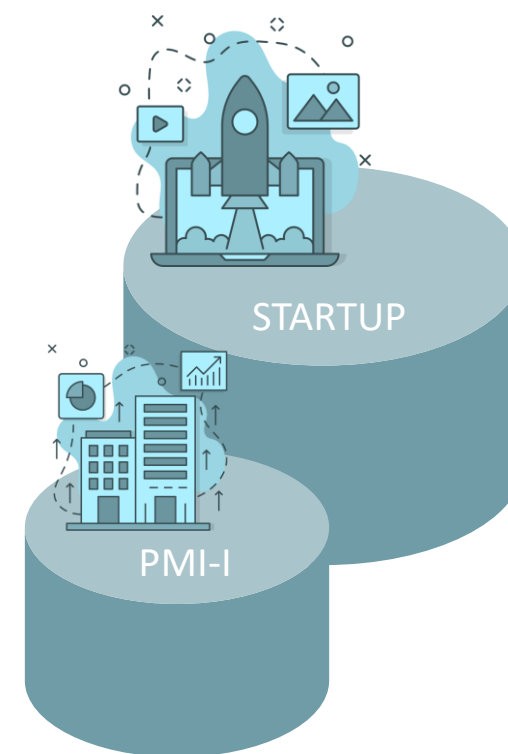




Innovative startups and SMEs

84% of the target companies are registered in the Special **Register of the Chamber of Commerce for Innovative Companies**, a substantially stable value compared to 2021, confirming again this year the strong affinity between the registration requirements and the target companies of Business Angels.

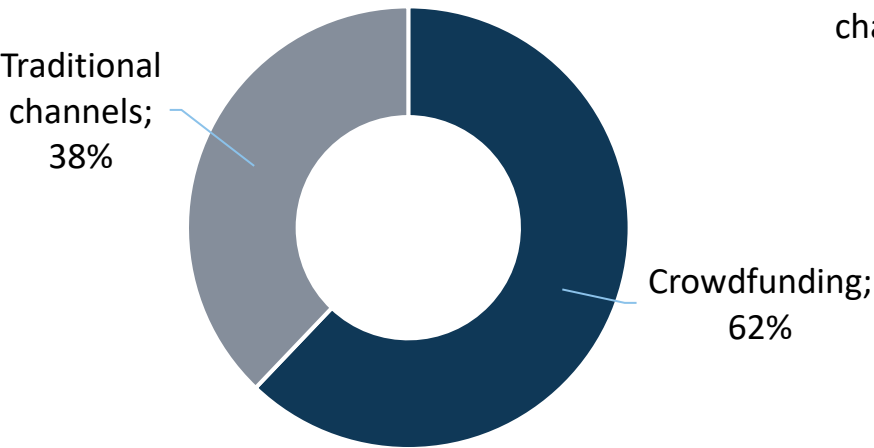
Of these, **22%** are part of the category of **Innovative SMEs**, confirming the values of the last three years (21% in 2021, 20% in 2020 and 25% in 2019), after the strong growth compared to 2018 (7%).



Business Angels and crowdfunding: an in-depth look

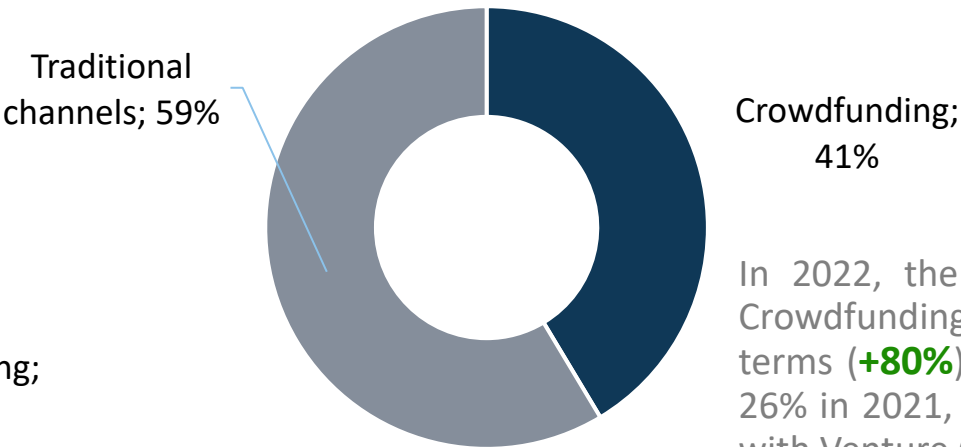
NOTE - Thanks to the support of the Crowd-Investing Observatory coordinated by Prof. Giancarlo Giudici (Politecnico di Milano), we have determined the amount of investments made by Business Angels through Crowdfunding (CF) platforms.

Financed startups



62% of the total businesses funded by Business Angels alone in 2022 were funded through crowdfunding platforms (55% in 2021 on comparable data). Crowdfunding continues to grow and is confirmed as an attractive channel for finding investment opportunities and as a syndication method.

Invested amount



In 2022, the total amount invested through Crowdfunding by BAs increased in absolute terms (**+80%**), rising to 41% of the total (from 26% in 2021, excluding syndicated investments with Venture Capital).

The average investment of Angels in subscribing to each campaign has increased significantly, reaching **around €24,400** (€9,000 in 2021).



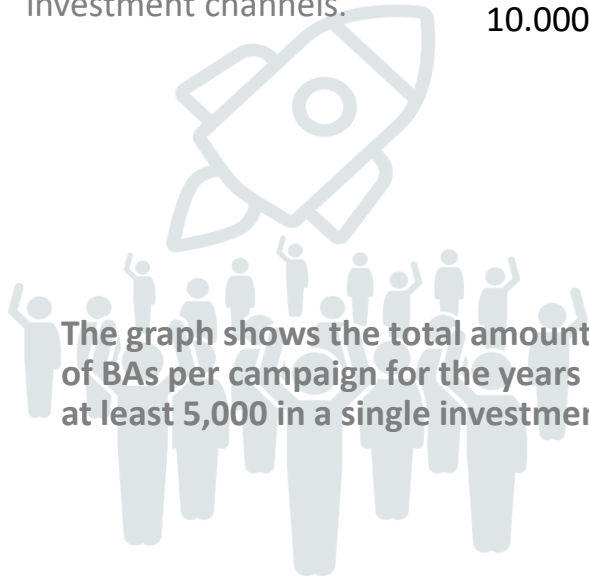
* The percentage values refer only to investments made by Business Angels, excluding the category of investments made by Business Angels in syndication with Venture Capital funds.

Characteristics of Italian BAs' investments

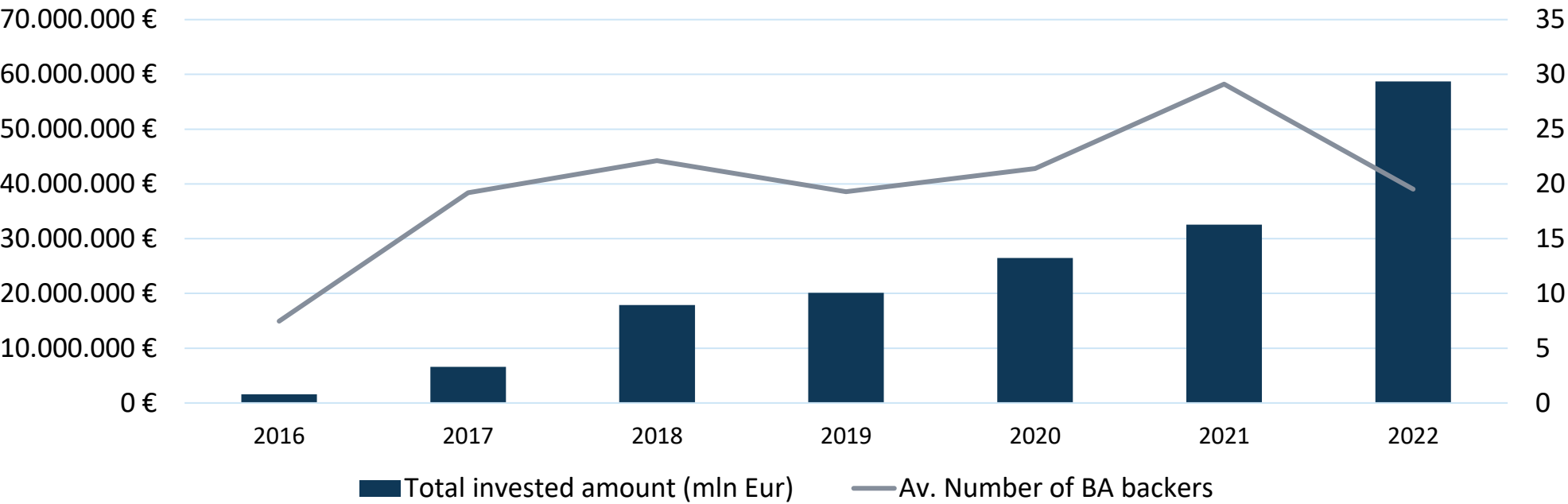


BA's investments through Equity Crowdfunding platforms from 2016 to 2022

The boost given by the pandemic, simplifications and the growth of platforms has certainly contributed to consolidating crowdfunding as a complementary alternative to classic investment channels.



Performance of BA's investments through Equity Crowdfunding platforms



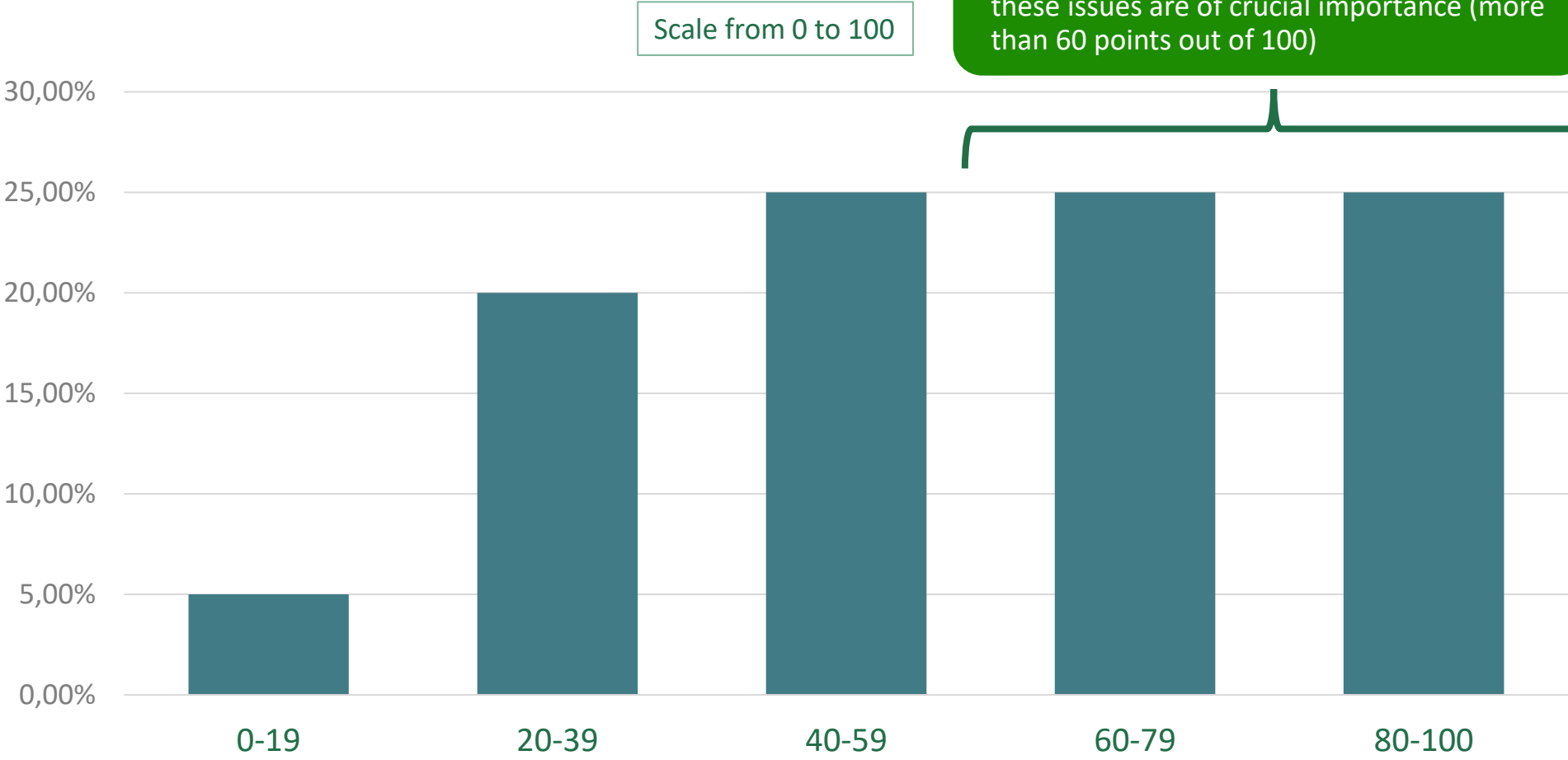
The graph shows the total amount invested through CF and the average number of BAs per campaign for the years 2016 to 2022, considering users who invested at least 5,000 in a single investment or a minimum of 1,000 in three.

Over the last five years, Business Angels' investments through CF equity platforms have grown every year. Including the 2022 jump, **growth averaged 37% per year.**

Sample Distribution by Importance in ESG Investment Decision

70% of Business Angels apply ESG and/or impact investing criteria when evaluating investment opportunities (65% in 2021).

25% say they always deepen the level of attention and interest of the founding team in ESG factors and in addition 40% say they have carried out in-depth studies during the due diligence phase ESG.



Paolo Anselmo – President of IBAN

Andrea Odille Bosio – Researcher at Politecnico di Milano and IBAN Project Manager

Vincenzo Capizzi - Full Professor of Economics of Financial Intermediaries at the University of Eastern Piedmont, SDA Bocconi School of Management and Director of the IBAN Research Office

Giovanni Fusaro – Collaborator of the AIFI Studies and Research Office and IBAN Director

Giancarlo Giudici – Full Professor of Corporate Finance at Politecnico di Milano

Paolo Giolito – IBAN Director, President of BAGA

With the IBAN data, under the coordination of Prof. Capizzi, articles have been published in the most prestigious international scientific journals of Finance



IBAN rigorously feeds the only BA database that is official and legitimized by the scientific community and supervisory authorities.





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