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**Data and quantitative analysis
of the performance of
Business Angel backed companies**

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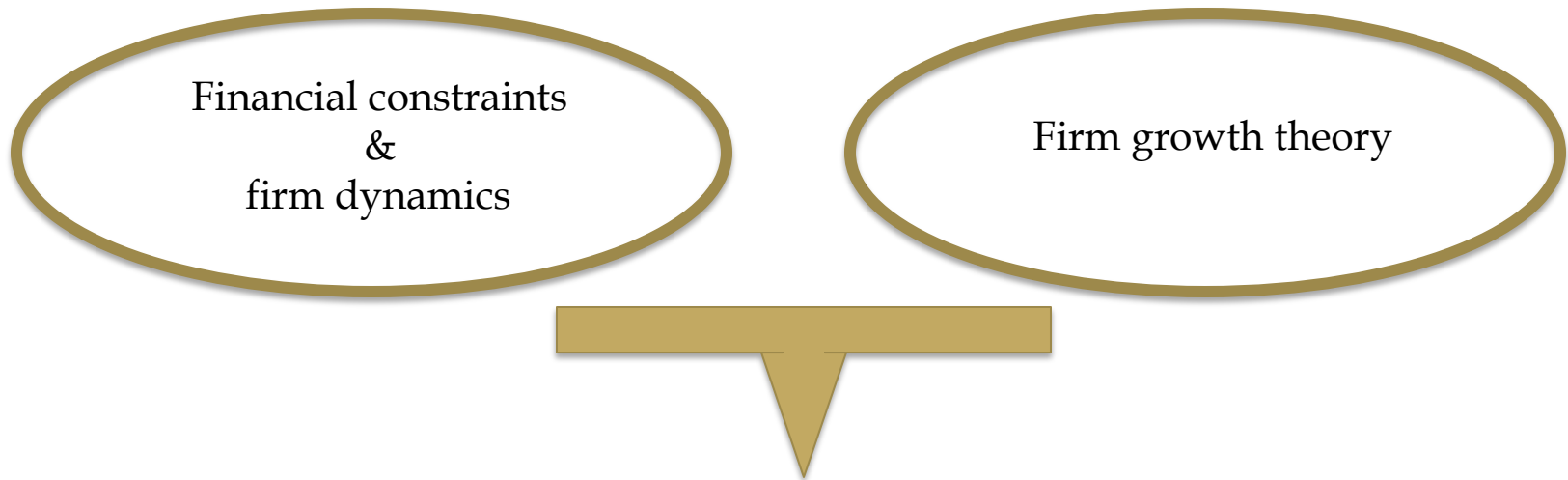
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Questions at stake

- Background of the analysis:
 - presence of a BA on a board → advantage for a start-up because it increases its probability of survival and facilitates the commitment of VCs and other financial investors in the financing of future investments.
 - BAs play a crucial role during the early stages of a company's creation.
 - as a part of the funding escalator system, BAs also determine a company's evolution and growth path.
- But, the advantages of business angel activity are still questionable
- Much remains to be done to better understand their influence on business performance
- **Dramatic need of data to assess BAs' influence on firm growth rate and performance (related to Tasks 9, 10 and 11 of the European project)**

Our main focus : the invested companies

- Assumption: BAs and other private equity investors should support firm growth and performance
- Most research focus on BAs' point of view → urgent need to assess the influence of BAs on firm growth path



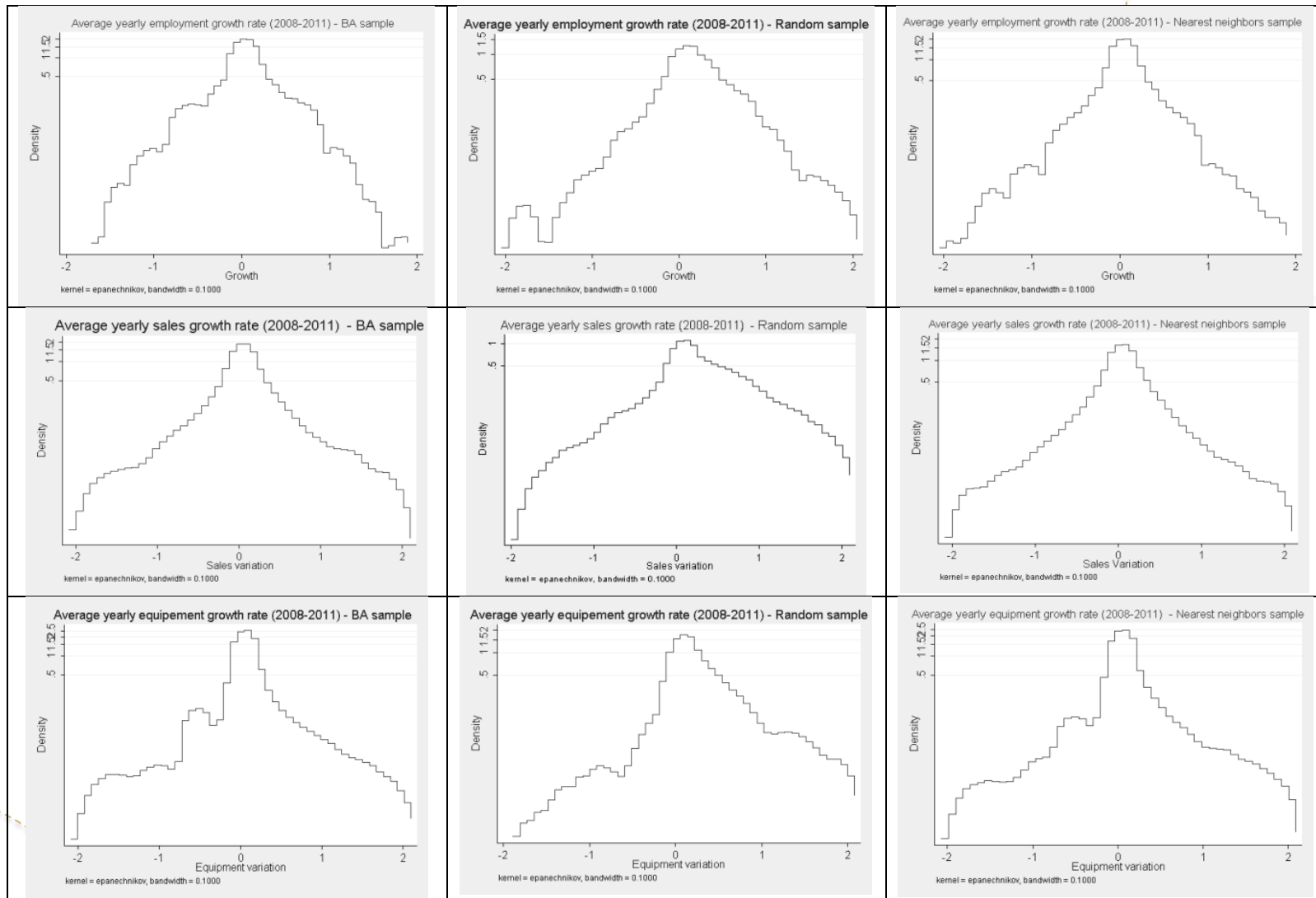
Empirical approach to compare firms performance depending on:

- The presence of a BA among the investors,
- The amount invested,
- The length of the relationship.

Test group and reference group

- The key issue in identifying the impacts of a BA support on firms' growth path lies in the construction of an appropriate counterfactual intended to mimic what would have occurred if firms had not been backed by a BA.
- 2 requirements:
 - 1 test group : a set of companies backed by a BA
 - 1 counterfactual : a set of companies not funded by a BA
- Problem : this counterfactual is generally unobserved and must be created
- 2 feasible solutions:
 - i. a random sample of the productive system → risk of over-estimating the effectiveness of the BAs
 - ii. An *ad hoc* sample composed of companies with similar characteristics to those selected by Bas to account for the effect of selection

An exemple of the influence of the sample on BAs' role



Source : Levratto & Tessier 2015 – Data on B-backed companies provided by France Angels

Proposals

- Urgent need to get non-anonymous individual datasets to merge them with existing sources (RD or innovation surveys, balance sheet and profit and loss statements, ...)
 - Implementation of a common methodology to determine test groups and reference groups and start international comparisons
 - Definition of questionnaires to collect data beyond tax reports and accounting data
- ➔ Challenge : open a debate about the necessity to merge financial and non financial data with the list of companies supported by BAs in Europe
- ➔ Part of the solution : creation of a formal network of researchers and BAE with an accreditation system to have a securized access to datasets