



ANGEL CAPITAL ASSOCIATION



ACA
ANGEL CAPITAL ASSOCIATION



DATA ANALYTICS & INSIGHTS

ACA Data Insights: What We Learned From Our Data

As a part of of ACA's Data Insights Initiative, we share useful learnings from analyzing data on angel investing and portfolio returns.

Economic Impact of Angel Investing on Communities, Investors and Founders

Based on carefully tracked data, The Central Texas Angel Network (CTAN) has been able to demonstrate not only the cash returns angel investing can provide to individuals, investors and start-up founders, but also the incredible impact it makes on a community. Generational wealth is being created as a result of entrepreneur success and funding by angel investors.

Established in 2006, the CTAN network has become one of the most active angel investment groups in the country. CTAN employs a network model whereby individual members invest directly in companies as opposed to the fund model that is utilized by many groups. The organization has created processes for tracking approximately 70 financial metrics in the hope of making members more successful angel investors by driving better outcomes.

Performance of CTAN from 2006 through 2021:

- Invested \$124M in 202 companies.
- Realized and unrealized value of the portfolio is \$424M or 3.4x.
- 109 of the 202 companies invested in have either exited or gone out of business - leaving 93 companies in business at the end of 2021.
- Collectively, these 109 companies no longer in the portfolio have yielded a 29% internal rate of return to CTAN members.

CTAN Portfolio – 2006-2021 – By the Numbers

Companies Invested In	Total \$'s Invested	Total \$'s Valuation
202	\$124M	\$425M
Valuation Multiple	Exits & Out of Business Companies	IRR on Exits & Out of Business Companies
3.4X	109	29%
Excess Cash Returned Above Investment to CTAN Members		Excess Cash Returned To Entrepreneurs/ Teams (Estimated)
\$204M		\$714M



CTAN member investments are having an economic impact through 2021:

- An average of 90 active investments remained in the portfolio at the end of each year.
- Companies averaged 28 employees per company or 2,520 employees at the end of each year - with approximately 65% of these employees in Austin and 35% in other communities.
- Using average salaries for various sectors, it is estimated that aggregate payroll levels are approximately \$200M.
- Additionally, there is a multiplier impact that includes expenditures from suppliers, purchases made by these companies and other indirect spends, which suggests that conservatively an additional 4,939 jobs are created on an annual basis with an additional \$325M in salaries.

These investments are having a powerful impact within the communities that house these start-ups. Additional economic data points such as payroll taxes and others are not calculated.

Excess cash returned (as noted earlier, a total of 109 companies have either exited or gone out of business):

- The breakout is 47 companies with exits and \$41M in investments compared to 62 companies and \$25M in investments that have gone out of business.
- This combined \$66M in investments has returned a total of \$270M and a net return to CTAN members of \$204M.
- By reviewing cap tables at the time of exit, we have also estimated the start-up company founders' shares have provided entrepreneurs with an estimated \$714M in cash returns.

This excludes the returns generated for other start-up employees through option pool returns, creating significant wealth to these employees.

Economic Impacts With CTAN Investments Per Year 2015-2021

# of Companies in Business-Y/E	Average # of Jobs Per Company	Total # of Employees
90	28	2,520

Estimated Salaries	Estimated # of Additional Jobs Created	Estimated Total Labor Income in Communities
\$197M	4,939	\$325M



Thus, in summary, CTAN's \$124M investment over a 15-year period has produced a billion dollar return to members of the community (including employees) or an 8x return. Angel groups like CTAN can and do have a powerful impact on their communities.

Key Takeaways

Angel investment positively impacts the local community in terms of jobs created, tax-base created and economic wealth for entrepreneurs and investors. It is also showing very positive cash returns to angel investors and founders of start-up companies.

Author: [Rick Timmins](#), [Central Texas Angel Network](#)

We hope you are enjoying these Monthly Data Insights. If you have an insight (chart with narrative) that you'd like to share in a future edition, please send us your submission to insight@angelcapitalassociation.org. Our goal is accelerate learning from each other.

[Read the 2021 ACA Investor Insights Report](#)

The Angel Capital Association is your authority on angel investment information! The [Angel Funders Report](#), is the only official report from ACA for angel investment data in North America. Quality and accuracy are verified by collecting information directly from our member groups and then validated through the efforts of our data partner, Hockeystick, ensuring the most reliable information in the market today.

[Read the Angel Funders Report 2021](#)



ANGEL CAPITAL ASSOCIATION

Connect with ACA

