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Who are American Angels? Wharton and Angel Capital Association Study Changes Perceptions About the Investors Behind U.S. Startup Economy

Kansas City, MO November 27, 2017 - The American Angel, a new comprehensive national study released today, provides a detailed picture of angel investors, who they are, where they live, and how they make investment decisions. Key findings include:

- Angels are still predominantly men, but the number of women angels has been increasing – 22 percent of angels are women and 30 percent of new angels are women;
- Angels are based everywhere, not just in the Silicon Valley, Boston and New York;
- Most angels are experienced entrepreneurs;
- Median investment size is \$25,000; and
- A typical angel has a portfolio of 11 companies, with large variation depending on how long the angel has been investing.

“Without angels, most high-growth startups wouldn’t start,” says Marianne Hudson, executive director of the [Angel Capital Association](#). “But until now, there was very little data on angels and how they make investment decisions.”

The American Angel report is based on a comprehensive survey of 1,659 accredited angel investors in the U.S., led by Laura Huang, assistant professor of management and entrepreneurship at the Wharton School of the University of Pennsylvania, and Andy Wu, assistant professor of business administration at Harvard Business School, where he teaches in the Strategy Unit. Their team of researchers designed and implemented the study in collaboration with the Angel Capital Association and [Rev1 Ventures](#), which raised the John Huston Fund for Angel Professionalism to fund this research.

Hudson explains that angels play a unique, vital role in business creation. “After tapping family and friends, startups look to angels to provide 90 percent of outside equity. They invest about \$25 billion in more than 70,000 companies every year. Angels invest their own money and support startups very early in their development.”

“Angels are a particularly important group of investors that provide critical early-stage funding, and yet they are understudied compared with venture capitalists and other later-stage investors. We knew little about how angels in the U.S. made their investments and who they are, and our study sheds light on these important questions,” says Huang.

Highlights of The American Angel include:

- **Angels are everywhere:** Most angel investors (63 percent) don’t live in Silicon Valley, New York or Boston, the traditional homes of venture capital. The American Angel reports that angels in those three communities write smaller checks than angels elsewhere (average of \$32,000 vs. \$37,000).
- **Entrepreneurs become angels and are especially active:** More than half of angels (54.8 percent) have experience as entrepreneurs and often advise the startups they invest in, informally or as board members. Angel investors with entrepreneurial experience write bigger checks, an average of \$39,000 vs. an average of \$28,000 for angels without entrepreneurial experience. They also have more companies in their angel portfolios and see better returns.
- **More women are becoming angels:** Women comprise 22 percent of angel investors in the study. The American Angel results indicate that number is growing. Among respondents who

began investing since 2015, 30 percent are women. In comparison, other studies have shown 5 to 8 percent of venture capitalists are women.

- **Women invest differently than men:** 51 percent of women respondents consider gender of business founders to be important when making investment decisions (compared to 6 percent of men). “This indicates that women are seeking to support women entrepreneurs,” says Huang.
- Another gender difference: twice as many women as men reported they strongly consider social impact of a startup when making investment decisions (33 percent for women vs. 16 percent for men.) Both men and women angels agree that the quality of the founding team is the most important consideration when investing.
- **Eyes-open risk takers:** Angels said an average of 11 percent of their portfolio yielded a positive return. “That number is consistent with other studies that have shown 5 to 10 percent of angel investments yield a positive return for angels,” says Huang. “A deeper dive shows that where startups have been sold or gone public, 39 percent yielded positive returns for the angel investor.”

Find detailed results at www.theamericanangel.org. The American Angel report is the first in a series of on-line and print resources from the Angel Capital Association developed to provide in-depth data on angel investment activities. Sign up [HERE](#) for updates.

About Angel Capital Association

The [Angel Capital Association](#) (ACA) is the professional association of angel investors across North America and offers education, best practices, public policy advocacy, and significant benefits and resources to its membership of more than 13,000 accredited investors, who invest individually or through its 260 angel groups, accredited platforms, and family offices.

About Penn Wharton Entrepreneurship and the Wharton School

Founded in 1881 as the first collegiate business school, the [Wharton School](#) of the University of Pennsylvania is recognized globally for intellectual leadership and ongoing innovation across every major discipline of business education. With a broad global community and one of the most published business school faculties, Wharton creates economic and social value around the world. The school has 5,000 [undergraduate](#), [MBA](#), [executive MBA](#), and [doctoral](#) students; more than 9,000 participants in [executive education](#) programs annually and a powerful [alumni network](#) of 96,000 graduates.

[Wharton Entrepreneurship](#) is widely considered one the most influential centers of entrepreneurship in the world. The Wharton School was the first to develop a fully integrated curriculum of entrepreneurial studies in 1973. Today the Goergen Entrepreneurial Management Program, named in honor of Wharton alumnus and benefactor, Robert Goergen (1962 MBA alumnus) is one of the largest entrepreneurial teaching programs available, offering more than 20 courses to some 2,000 students and entrepreneurs. The faculty of over 20 professors and practitioners teach courses for undergraduate and graduate students and guide initiatives for entrepreneurs.

About Harvard Business School

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Founded in 1908 as part of Harvard University, [Harvard Business School](#) is located on a 40-acre campus in Boston. Its faculty of more than 200 offers full-time programs leading to the MBA and doctoral

degrees, as well as more than 70 open enrollment Executive Education programs and 55 custom programs, and HBX, the School's digital learning platform. For more than a century, HBS faculty have drawn on their research, their experience in working with organizations worldwide, and their passion for teaching to educate leaders who make a difference in the world, shaping the practice of business and entrepreneurship around the globe.

About Rev1 Ventures

[Rev1 Ventures](http://www.rev1ventures.com) is a venture fund that helps entrepreneurs build great companies. Combining investment capital with a unique blend of services through our startup studio, we propel innovation for startups and corporate innovation teams. Named a top VC investor in the Great Lakes Region, Rev1 manages a continuum of financial support from corporate and community partners, as well as the Ohio Third Frontier. Rev1 was named the Most Active VC in Ohio in 2017 by CB Insights. The American Angel report was financed by the John Huston Fund for Angel Professionalism, a charitable fund raised by Rev1 Ventures. For more information, visit <http://www.rev1ventures.com>.

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