



ANGEL CAPITAL ASSOCIATION

ACA Data Insights What We Learned From Our Data

In support of [ACA's Data Insights](#) initiative, once a month we will be sharing charts illustrating useful learnings from analyzing data on angel investing and portfolio returns.

Economic Impact of Angel Investing Can Be Measured

Angel investors are vital to the economic health of communities and play a vital role in our nation's economy.^[1] Indeed, angel investors invest in early-stage companies at a time when capital and expertise are critical to helping those companies advance. Measuring the return on this investment informs process, future action, and to an angel group may be a powerful attractor for new members.

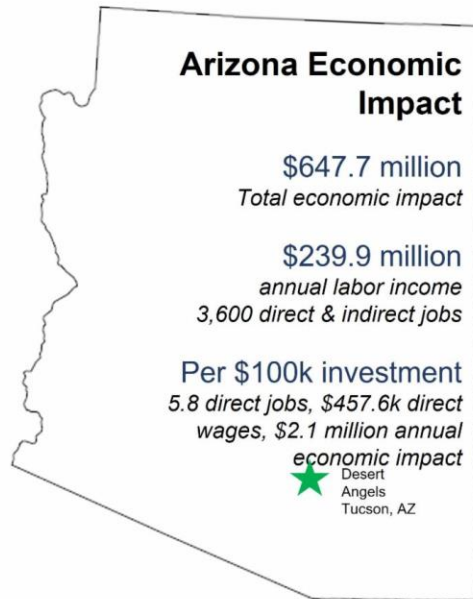
Measuring the economic impact of these investments in a region informs an even greater effort. For example, the data may be parsed by industry or sector, providing valuable insights to state and community partners, bolstering their efforts to pursue new program resources, and positioning them to serve an even greater population of early-stage companies. This supports a strong infrastructure for startup companies, which in turn creates new jobs and attracts new resources to the region. Economic impacts are a way to quantify not only the direct impacts of new jobs, payroll and sales generated by the companies, but also the consequential effects on the state's economy overall. This approach provides a more robust basis for understanding the return on investment from financing programs that stimulate economic growth.

Desert Angels Economic Impact Study

Desert Angels conducted a ten-year look back study of 95 portfolio companies in which its members had invested during 2010-2019. Of those, 65 companies representing \$31.5 million of member investments were active in Arizona in 2019 and provided the data necessary to complete the study. **It showed that each \$100,000 in investments resulted in 5.8 jobs, \$458k in direct wages, and \$2.1 million in annual economic impact.**

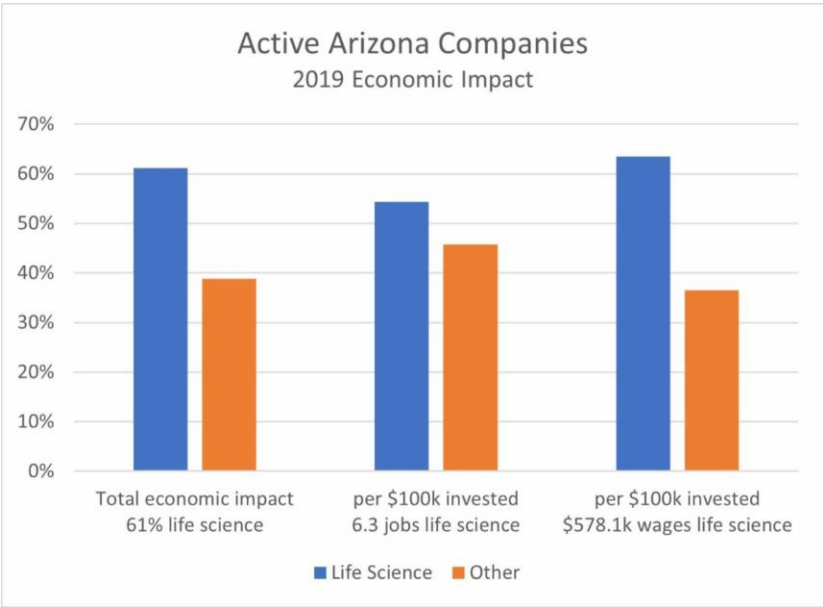
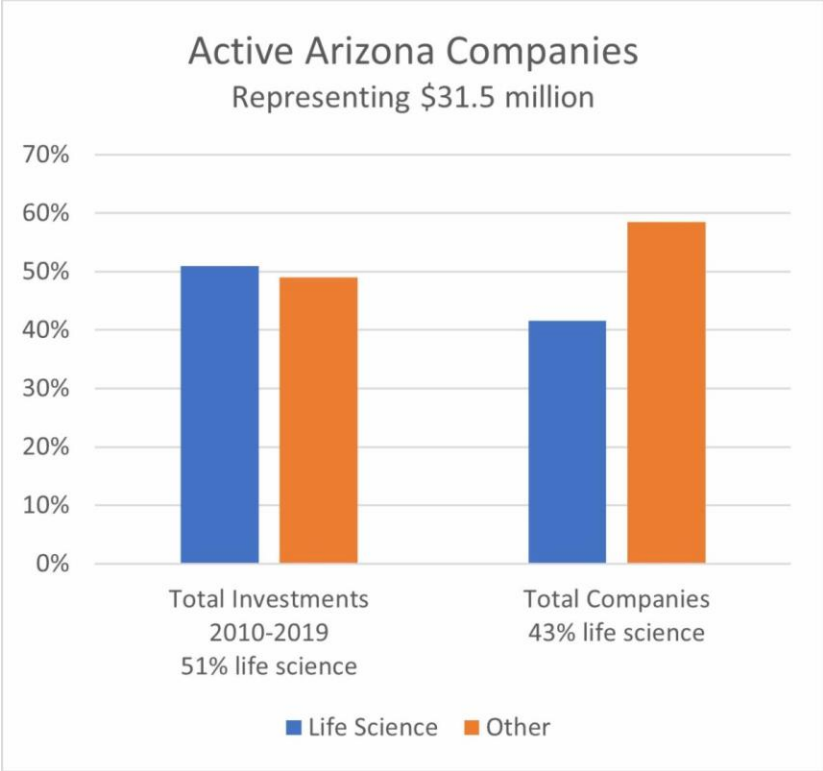
The initial portfolio interview data, reported in aggregate to preserve company confidentiality, was collected in partnership with interns provided by the University of Arizona. This report enabled community partners to view regional activity as well as data relevant to their efforts - for example university commercialization activities, incubator programs, grant awards, and the state angel tax credit program. This report also revealed that just over 40% of the portfolio companies active in Arizona fell into the "life sciences" industries, which was of particular interest to one partner who, in turn, sponsored the economic impact study. The study was done using similar tools and methodology as used by Tech Launch Arizona, the commercialization arm of the University of Arizona, to measure their venture development activities. Following is a snapshot from the economic impact report along with the life science summary breakout.

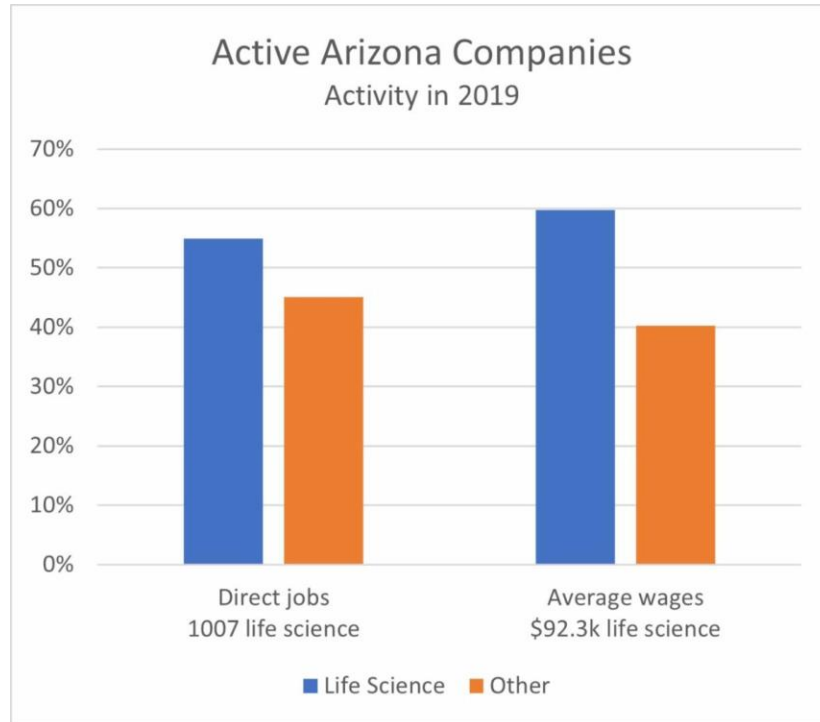
Arizona



Study of 65 companies active in Arizona in 2019, who received \$31.5 million in funding from members between 2010-2019.







[1] <https://www.angelcapitalassociation.org/data/Documents/Public%20Policy/ACACongressionalBriefing07-26-17.pdf>


THE TAKEAWAY

As is the case with Desert Angels, the economic impact study provided valuable data for partner and statewide initiatives; revealed partnerships and connections for further ecosystem development; and provided additional perspectives for members looking at return on investment.

The results of this study will inform the angel group's strategic plan and serve as a baseline for future studies. It would also be interesting to compare this data to other angel groups around the country, especially in those areas that are undergoing significant regional economic growth as is the case with southern Arizona.

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About Desert Angels: Desert Angels is a non-profit organization founded in 2000 in Tucson, Arizona that represents a network of about 100 accredited investors. Since inception its members have invested \$65.7 million into 136 companies and 12 sidecar funds.



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.

For the first Annual Compilation of Action Learning from Leading Angels, The ACA Investor Insights Report can be accessed by clicking the button below and using password "ACA2021".