

Guided by Angels

Networks such as Indian Angel Network equip first-time entrepreneurs best for the next stage of VC funding

/Irawati Gowariker and Philip Anderson

The first and the fastest-growing angel investor network in India, Indian Angel Network (IAN) has tweaked the classic proverb 'Time is Money'. Time and money to enable success seems to the conviction of this 100-member network. In an enterprise life-cycle, angels can equip first-time entrepreneurs best for the next stage of VC funding and the presence of angel investors is near 'divine' at the seed/idea stage.

The enterprise lifecycle has four broad phases—the idea stage, prototype/product stage, scale-up stage and finally, the expansion stage. The

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— Padmaja Ruparel
President of IAN

concept stage is when the business is an idea; at best, one that is backed by a prototype. Usually, devoid of clients and products and, typically, characterised by depleted personal funds (from traditional sources such as friends and family), President of IAN, Padmaja Ruparel says, "Angel investors create the first layer platform for VCs by investing in early stage companies and start ups".

Angel investment is a common round of financing for high growth start-ups and accounts in total for almost as much money invested annually as all venture capital funds combined, but in more than 10x or more companies. In the US in the year 2007, USD 24 billion was invested by VCs in 4000 companies in the US while USD 30 billion was invested by angels in as many as 60000 companies. For first-time entrepreneurs in India too, seed funds are not easily available as VC firm's valuation requires the en-

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