

ANGEL WORKSHOP

SESSION 1: SUCCESSES



**STARTUP
FUNDING**



**ONGOING
SUPPORT**



**PHX EV
ANGEL**



PRESENTED BY JAMES GOULKA
OCTOBER 4, 2017

INTRODUCTION

- **Objective:** Add more Angel Investors in the East Valley
- **Who:** Accredited Investors who live or work in the East Valley
- **What:** 6 session primer on how to think about angel investing
- **When:** First Wednesday of each month
- **Where:** ASU Chandler Innovation Center, 249 E Chicago St

WHY WE'RE HERE

More Local Angel Investors



More Local Capital for Local Startups



Easier to Raise Money



Spend Locally On:

Hiring, Buying Goods and Services, Occupying Space,
Creating Local Wealth for Local Investors

JIM GOULKA

- Leads Arizona Tech Investors



97 men and women

55 companies in 10 years

- Serial CEO in software & NASA tech transfer
- COO/CFO of \$650 million publisher
- Private Equity finance
- Corporate finance

ANGEL INVESTOR DEFINED

“ Individual who provides capital for a business start-up, usually in exchange for convertible debt or ownership equity. ”

Wikipedia

BASICS OF INVESTING

Publicly Traded Securities

- Market Conditions
- Historical Trends
- Management Tweaks

Private Equity

- Market Conditions
- Financial Engineering

Real Estate

- Market Conditions
- Absorption Rates
- Financing Costs

VC & Angel Funds + Deals

- Market Conditions
- Is There a Business?

WHY TAKE THE RISK OF ANGEL INVESTING?



IRRs of 25% - 200%

GOOGLE

- **1 Investor:** Andy Bechtolsheim
- **Invested:** \$100,000
- **Value:** \$2,500,000,000


FACEBOOK

- **1 Investor:** Peter Thiel
- **Invested:** \$500,000
- **Cashed Out:** \$1,000,000,000

AMAZON

- **1 Investor:** Nick Hanauer
- **Invested:** \$40,000
- **Cashed Out:** \$100,000,000

WebPT

- **1st Investors:**  & Canal
- **Invested:** \$1,000,000
- **Cashed Out:** \$15,000,000
4 years

Infusionsoft

- Raised \$750k from angels in 2006-07; 35 employees
- Used the capital to grow 100% per year
- Angel round led to VC round of \$9M in late 2007
- Now raised over \$100M, about half of that going to early investors
- First investors made 100x returns
- Today 550 employees, over \$100M annual sales and sights set on going public and building a billion-dollar company

Serious Integrated

Terry West, CEO

EVOLVE YOUR PRODUCT

HUMANS WILL HAVE TO MERGE WITH MACHINES TO AVOID BECOMING IRRELEVANT

- Elon Musk

Stunning
Graphic/Touch
HMI

Play Video ▶

SERIOUSTM
Human Connected Machines



INDUSTRIAL



COMMERCIAL



LABORATORY



FOOD SERVICES



MEDICAL

HUMAN CONNECTED AT THE DEVICE

Modern Graphic/Touch Screens

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CHRIS CHUMLEY, COO

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financial aid insights

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ANGEL INVESTOR SEC DEFINITION

- Unsophisticated = Widows & Orphans
- Sophisticated Investors = Accredited
 - Net Worth
 - \$1 million (excludes primary residence)
 - Gross Income from last 2 years
 - \$200,000 if individual
 - \$300,000 if married

ANGEL INVESTORS INVEST

- Individually
- Groups & Funds
- AngelList & Other Platforms
- Crowdfunding

OTHER BENEFITS OF ANGEL INVESTING

- Company Involvement
- Stay at Cutting Edge of the New
- Work With Smart People
- Build Community

ANGELS ON WHY ANGEL INVESTING

- **Eric Miller**, PADT
- **Aaron Cain**, Fennemore Craig
- **Erik Probstfield**, International Rectifier

NEXT SESSION: NOV. 8th

- **How to Evaluate a Startup With:**
 - No Revenue
 - Inexperienced and Incomplete Management Team
 - Selling a Product That Didn't Exist a Year Ago to a Skeptical Market


“Why do I want an automobile, Mr. Ford,
if I have a fast horse?”

FUTURE SESSIONS:

DEC. 6, 2017 

Is *This* Company Worth It?

Angel investors are scarce and entrepreneurs seeking capital are abundant. That means that investors can select which companies are attractive enough to invest in. “Attractive enough” has two parts: the company prospects have to be good (as discussed in Session 2) and the economic outcome must be sufficiently high to justify the allocation of funds to a particular opportunity. Learn the techniques for valuing opportunities that have no direct history and where each opportunity fits into a portfolio of investment opportunities. Learn these techniques.

JAN. 10, 2018 

Setting the Terms of a Deal

Investing in a startup is *not* like investing in a NYSE or NASDAQ listed company: once in, you’re in for an extended period. Since angels can’t get out of an investment quickly, learn how they structure their investments to reduce the risk and help a company become successful.

FUTURE SESSIONS:

FEB. 7, 2018 

Trends in Investing, with a Nod to Venture Capital

Startups are emerging in Arizona in software, semiconductors, medical devices and other fields all the time. Arizona is not Silicon Valley and Silicon Valley is not the entire U.S. Some trends apply everywhere; others are localized, and all of them matter. Learn which comparisons are important and which are not. And learn how angels and VCs are dependent upon each other...to a point.

MARCH 7, 2018 

Angel Investing - Doing It

Individuals invest as angels in several ways: alone or together in groups sharing intelligence. They can be active or passive. They can have a little of each. Learn the differences and how to take action that suits you.