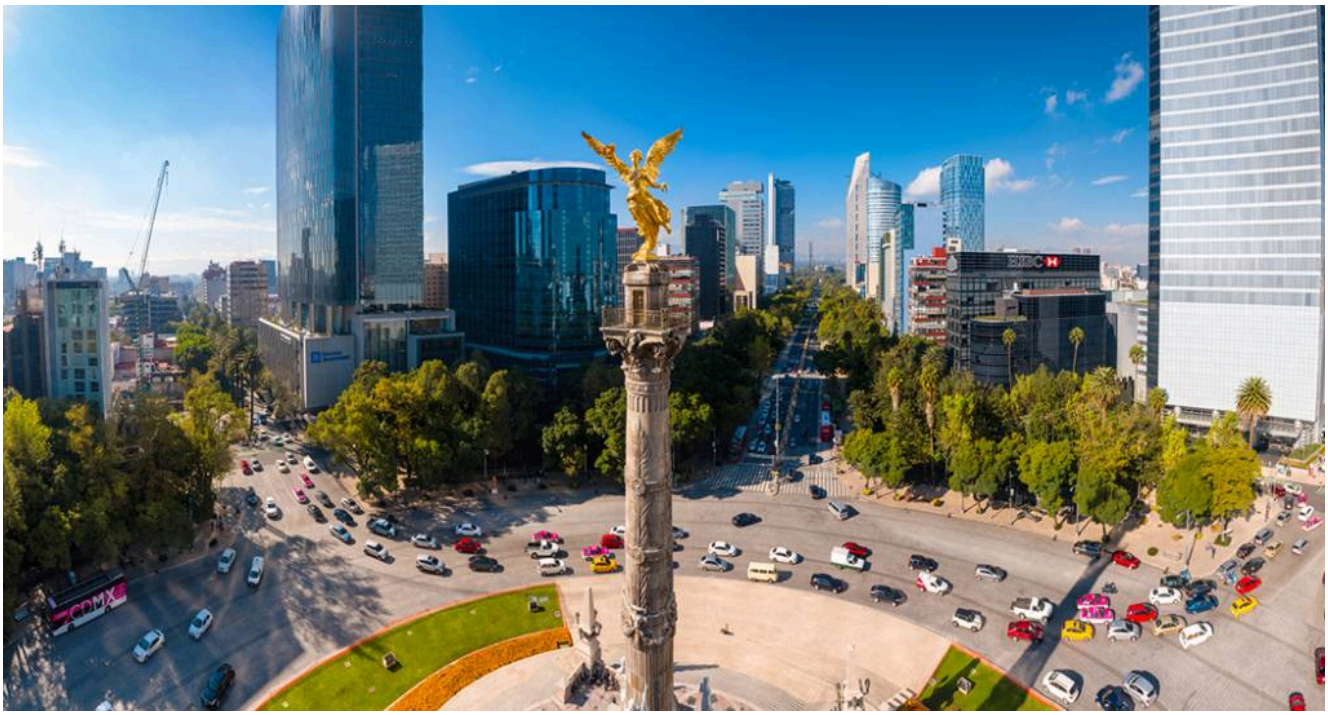
30% more business angels for Spain

Spain's growing network of angel investors increased their portfolios in 2021 and the percentage of investors who remained on the sidelines was just 15%. That is according to a 2022 study of Spanish business angels' startup investments.



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- **A new study from IESE and the Spanish Association of Business Angels Networks (AEBAN) shows that, in 2021, the percentage of investors who did not carry out any transaction was reduced to 15% and that most of them (63%) incorporated between one and five new investments in their portfolios.**

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- **The most appealing industries for angel investors were ICT and software (39%), health and medical equipment (33%), biotechnology (29%) and financial services (22%).**
- **The presence of women in startups is still limited: 26% of participants do not include any startup founded or led by women in their portfolio, while 25% of them include only one women-founded startup.**

Despite the severe economic and social impacts of COVID-19, early-stage direct investment activity in Spain's startups showed significant growth in 2021. That growth refers to the number of transactions as well as valuations and cumulative investments. At the same time, there has been an upshift in the commitment level of business angels making these investments: those who dedicated no more than 5% of their assets in startups are moving to the "the 6-10% of assets" segment -- which is where half (50%) of all angels now find themselves, up from just a quarter (26%) a year before.

Who are the business angels in Spain? Most identify themselves as senior managers, founders or CEOs of a company (78%), while the number of startup founders in the pool has decreased (4%), reversing a trend observed previously.

These are some of the observations made by Juan Roure and Laura Caballero of IESE's Entrepreneurship and Innovation Center (EIC) and Business Angels Network, working with Amparo de San José, in their **Business angels report 2022. Investment in startups: activity and trends**.

The study, now in its sixth edition, shows that 2021 was indeed a year of intense activity, in line with market trends seen in other downstream investment segments. The percentage of angel investors who did not carry out any transaction was reduced to 15%, while the majority (63%) incorporated between one and five new investments in their portfolios.

Investment activity and trends

Business angels continued to fund the startups already in their portfolios, with 79% of them making follow-on investments in 2021.

Spain's angels usually devote fewer than five days a month to their investments, and only 21% are on the boards of directors of the startups in their portfolios.

The average direct investment in a startup was less than 25,000 euros. For entrepreneurs, this relatively small sum may burden them with having to coordinate many transactions with

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many more investors. But for angel investors, placing many smaller bets makes it easier for them to diversify their investments.

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When it comes to finding new opportunities, most investors (69%) still rely on business angel networks, clubs or funds, a category which has ranked as the main entry point in each edition of this survey (since 2016). Friends, partners and acquaintances are other major sources of opportunities: nearly half (47%) have turned to them when identifying investment opportunities. At the same time, direct contact with entrepreneurs is losing relevance when it comes to closing transactions: only 38% of participants reported direct contact with entrepreneurs in 2021 -- compared with 53% in 2020.

The report also reveals that the presence of women in startups remains limited. Just over a quarter (26%) of angels' portfolios do not include any startup founded or led by women. Another quarter (25%) include only one women-founded startup.

Methodology, very briefly

The 2022 study, published by the Spanish Association of Business Angels Networks (AEBAN for its initials in Spanish), reviews the activity of private investors in 2021 based on a survey of 124 angel investors in Spain.

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