



Newsletter

275 Middlefield Road, Menlo Park, CA 94025
T: 650.321.0854 F: 650.321.1968
www.bandangels.com

Volume 11, Issue 4

April 15, 2005

Coordinator

Ian Patrick Sobieski

Deal Manager

Nicola Foreman

Office Manager

Tonia Boeye

Screening Committee

Wally Buch
Denis Coleman
Antonio Salerno
Dan Seligson
Anil Singh
Thanos Triant

Membership Committee

Mike Bateman
David Burwen
Brian Frenzel
Michael Geilhufe
Martin Lefebvre
Art Reidel

Dinner Details

Date: Wed., April 20, 2005

Place: Los Altos Golf and Country Club

Time: Cocktails & Hors d'oeuvres at 6:15, Dinner & Presentations at 7:30

RSVP: 650.321.0854 or tonia@bandangels.com

Introduction

More than 80 angel groups were represented last week in San Francisco at the 2nd Angel Capital Association (ACA) national meeting. The Band of Angels, as a charter member of the ACA, played local host to this event. In an indication of the seriousness with which angels are being taken, a crop of VCs and plenty of media attended parts of the meeting. Ann Winblad was there, as well as partners from Kleiner Perkins, IVP, Mayfield, Menlo, and Walden. Larry Aragon, editor of Venture Capital Journal, moderated a panel and the SF Business Journal and BusinessWeek sent reporters. Several Band members were there too, representing our group on panels and in the audience.

You'll be pleased to know that the Band is regarded as a thought leader among angel groups in this emerging piece of the financial food chain. How significant a piece is suggested by a recent study from the University of New Hampshire's Center for Venture Research (UNH), which reports that Angels invested \$22.5B last year. The study makes the point that 77% of the \$22.5B figure can be definitively identified as going into "high tech" startups; that is specifically deals which are not real estate, restaurants, or oil and gas. Compare this figure to the \$18B invested by Venture Capitalists last year and it becomes evident that Angels are a powerful force for the capitalization of startups in this country.

Our internal studies show that all 80 member groups in the ACA invested \$200M last year; approximately 1% of the UNH total. Hence, most angel investing is still done outside of organized angel groups and so those groups are forming in a market with a lot of room to grow. In many ways the sector, with its many different business models and many questions about how serious of the sector it will be, is as nascent as the VC industry was in the early 1970s. It will be very interesting to look back, 20 years hence, and see what the 22nd annual meeting of the ACA looks like.

Our Band member talk this month will be given by Michael Crill. Michael is a special Band member, having had his greatest entrepreneurial success as CFO of SandPiper Networks (April, 1997 dinner) which was sold to Digital Impact for ~\$1B; making a lot of money for the participating Band Members!! Michael also held senior executive positions at Software.com, ExpertCity, Callwave, and Uniax. He received an MBA from Duke and was a company commander in the 82nd Airborne Division. Aside from speaking about his background Michael will focus his remarks on "**Dealing with Founders**". Founders, as we know, are sometimes a company's greatest strength and weakness; harnessing the positive, and dealing with the negative, can directly affect the chances of success for the company. Michael has been active at the early stage of many seed investments and will share his perspective on this important topic.

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