

How To Raise Angel Investment for HealthTech Founders

Expert insights from:

The Halo logo, consisting of the word 'halo' in a lowercase, white, sans-serif font, centered within a dark gray square.

halo

“

The most valuable of
all capital is that
invested in human
beings.

~Alfred Marshall

As a **former founder** and **current angel investor**, it is clear to me that one of the biggest hurdles MedTech companies face is **getting initial traction with investors**.

This guide will help you to understand:

- . **What angels are**
- . **How to find them**
- . **How to best pitch to them**

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WHAT ARE ANGEL INVESTORS?

Angel investors are **private individuals**, and sometimes **groups or networks** of individuals, who are not professional venture capitalists (VCs), but **directly invest their own capital**.

THEY TYPICALLY:

Invest in businesses where they have a relevant **background or expertise**.

Can offer additional **knowledge, networks** and **perspectives**.

Have a higher **risk appetite**, which leads more of them to invest in the **earlier rounds** of fundraising.

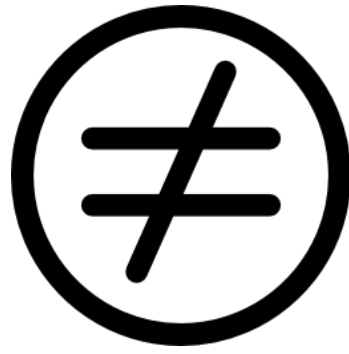
Have faster **due diligence** processes.



However, founders should always bear in mind that taking on investors also means **giving away a percentage of the company** and, consequently, some control.



But on the flipside, angels can provide **“warm intros”** to VCs, so getting first traction with them can lay the groundwork for successful fundraising later.



HOW IS AN ANGEL ROUND DIFFERENT?

- 1 The financial structure of an angel deal will differ depending on **geography of incorporation** and the **specific legal requirements**.
- 2 Many angel deals are set up as **convertible notes** or **SAFE notes**, as popularised by Y Combinator.
- 3 There is not a need for a “**lead**” **investor** and **legal costs** to complete the round are lower.
- 4 Investors can invest at **different points in time**, allowing the startup to **receive the cash ASAP** (allowing startups to move and scale fast.)
- 5 At the next (larger) round of fundraising, existing investors can then **convert their investment to equity at a discount**.



SPECIAL PURPOSE VEHICLE

When there are many angels participating in a funding round, or a group of angels working together, it is also **common to “bundle” them.**

There are various vehicles to do so, including setting up a **special purpose vehicle (SPV)**, which is what they typically do at **VentureBlick.**

This keeps the cap table **clean and simple**, which later investors will appreciate.

It also makes **decision making smoother and faster** if the angels can be grouped together and the startup does not have to negotiate and **communicate separately with each one.**

HOW DO YOU FIND ANGELS?

1. Engage with your own personal network.

Attending **pitch events** and **trainings**, applying for **grants** and **accelerators**, and joining **networking get-togethers** can help to extend this network.

2. Reach out to established networks of Angels.

Organizations like **UKBAA** (United Kingdom Business Angel Association) or **BAND** (Business Angels Deutschland) operate in a specific country and allow investors who are members to **access deals with startups** that submit their pitch decks to the organisations.

VentureBlick, for example, operates a group of more than 1,500 advisors, many of whom who are actively investing in early-stage MedTech companies.



HOW DO YOU FIND ANGELS?

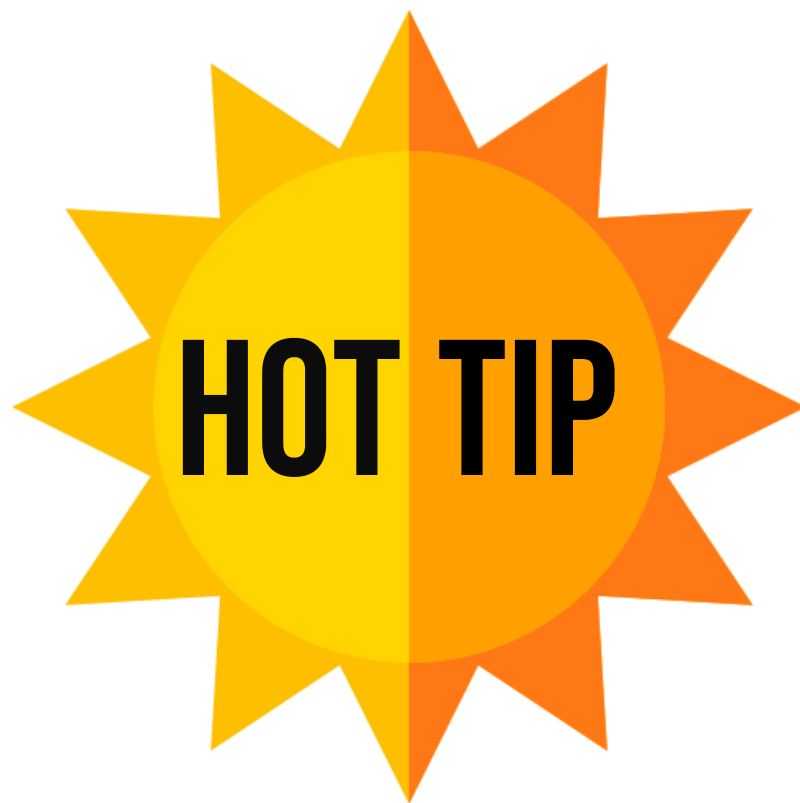


Desk research can still be helpful, as well.

There are many public lists of angels published by outlets like **Sifted**, **Wellfound**, and industry specific publications.

crunchbase  **PitchBook®**

You can also have a look at companies you admire and **research which investors participated** in their recent fundraises, by using tools like **Crunchbase** or **Pitchbook**.



Using a **Customer Relationship Management (CRM)** system is extremely important, even if it's just a free, simple solution like a spreadsheet.

If you track all your investor contacts and notes **from each touch point**, you will be able to approach fundraising in a much more prepared and professional way.

There is nothing worse than having a quarterly check-in with a warm investor but **not being able to remember the questions** they asked you the last time so you can highlight your progress to them.

HOW DO YOU PITCH TO ANGELS?

The **rule of thumb** is that the average founder will have to take **100 or more meetings** before closing an investment round. 😱

The first thing to know is that every meeting is a pitch.

Even if you casually chat to an investor at a networking event or a friend's barbeque, assume that there is no such thing as a casual conversation and **always try to put your best pitch forward.**

Each angel investor or group will have their own **particular investment thesis** and you should research this before approaching them or setting up a meeting.

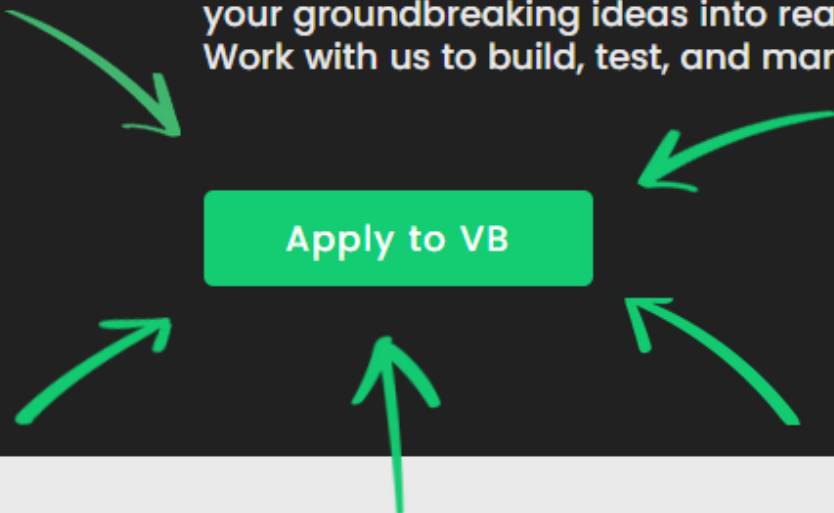
Help make their decision easier by **de-risking yourself** as much as possible.

You can do this by:

- . Preparing a **professional pitch deck**, with a **deep dive deck** ready with more information.
- . Having your **data room** (shared storage space containing due diligence materials for investors to access while they evaluate your company) ready before you start pitching .
- . Making a good **first impression**. (Take investor meetings seriously, **NOT** dialling in from a train or park)
- . Have a **clear business model** as well as clarify how funds will be used.

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Hope you found this helpful!



**This is a series we are making to help
HealthTech Innovators access better
resources.**

Just our small way of helping!