

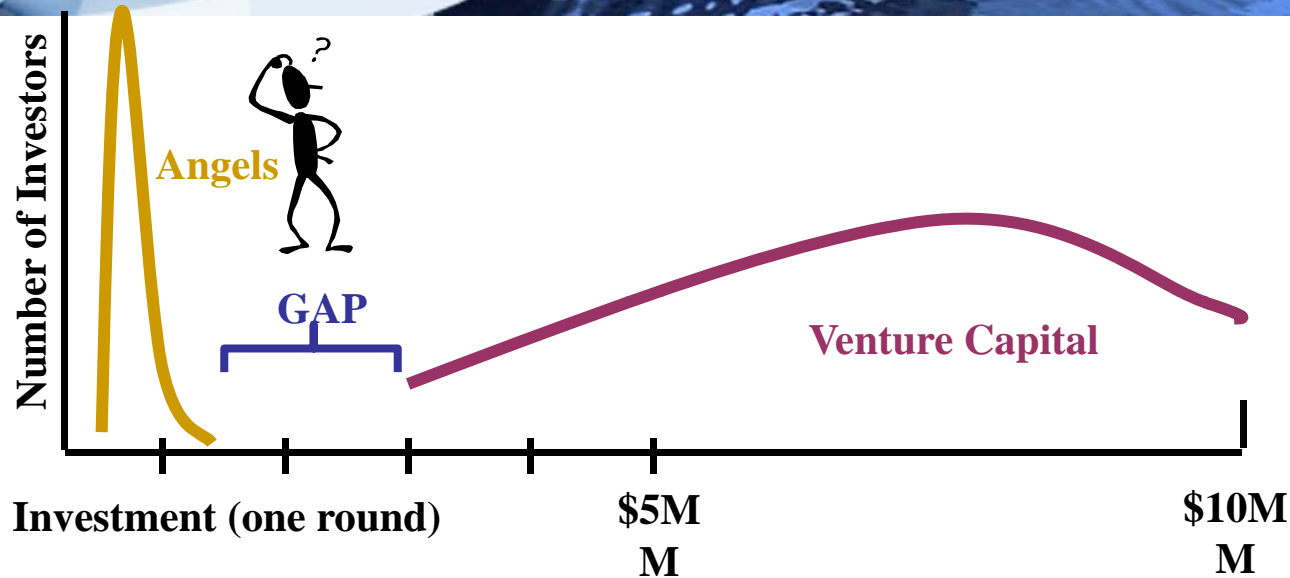


Angel Investing Trends - Nationally and in North Dakota

Presentation by Pete Birkeland
March 30, 2010



Funding Gap

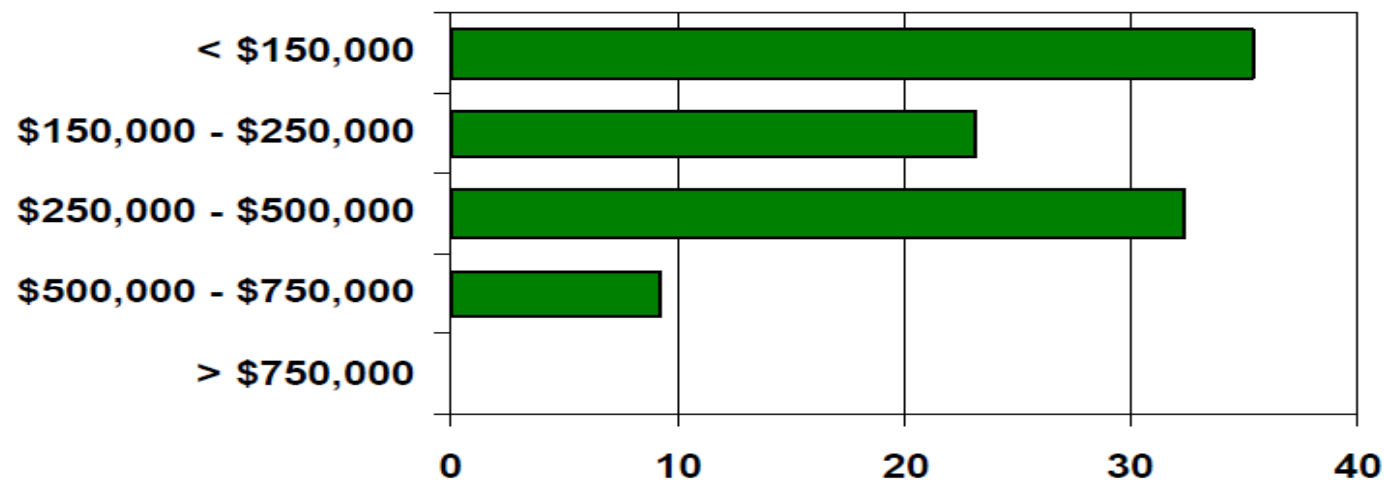


Stage	Pre-Seed	Seed / Start-Up	Early Stage	Expansion (Launch)	Later (Growth)
Source	Friends and Family	Angels (Alone or in Groups)	Funding Gap between \$1,000,000 and \$3,000,000/\$5,000,000 (depending on region)		Venture Capital
Investment	\$25,000 to \$100,000	\$100,000 to \$1,000,000			\$3,000,000 and up



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Average Size Investment Per Round - 2007



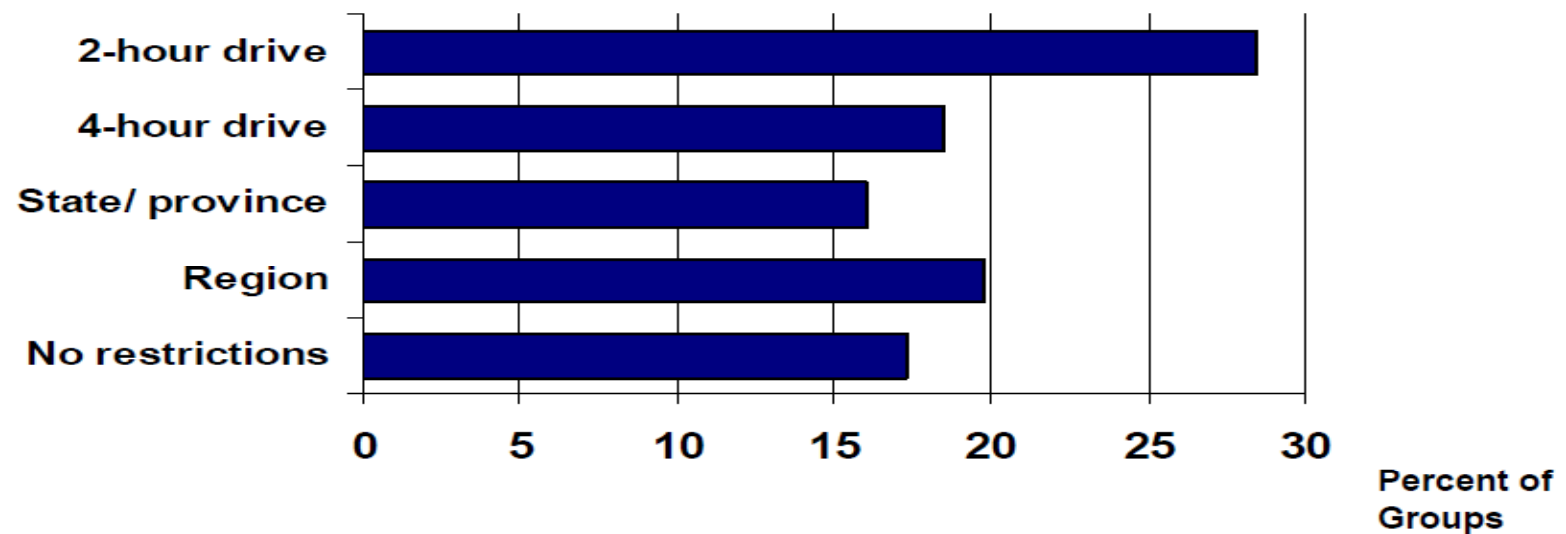
Source: 2008 ACA Angel Group Confidence Survey

Percent of
Groups



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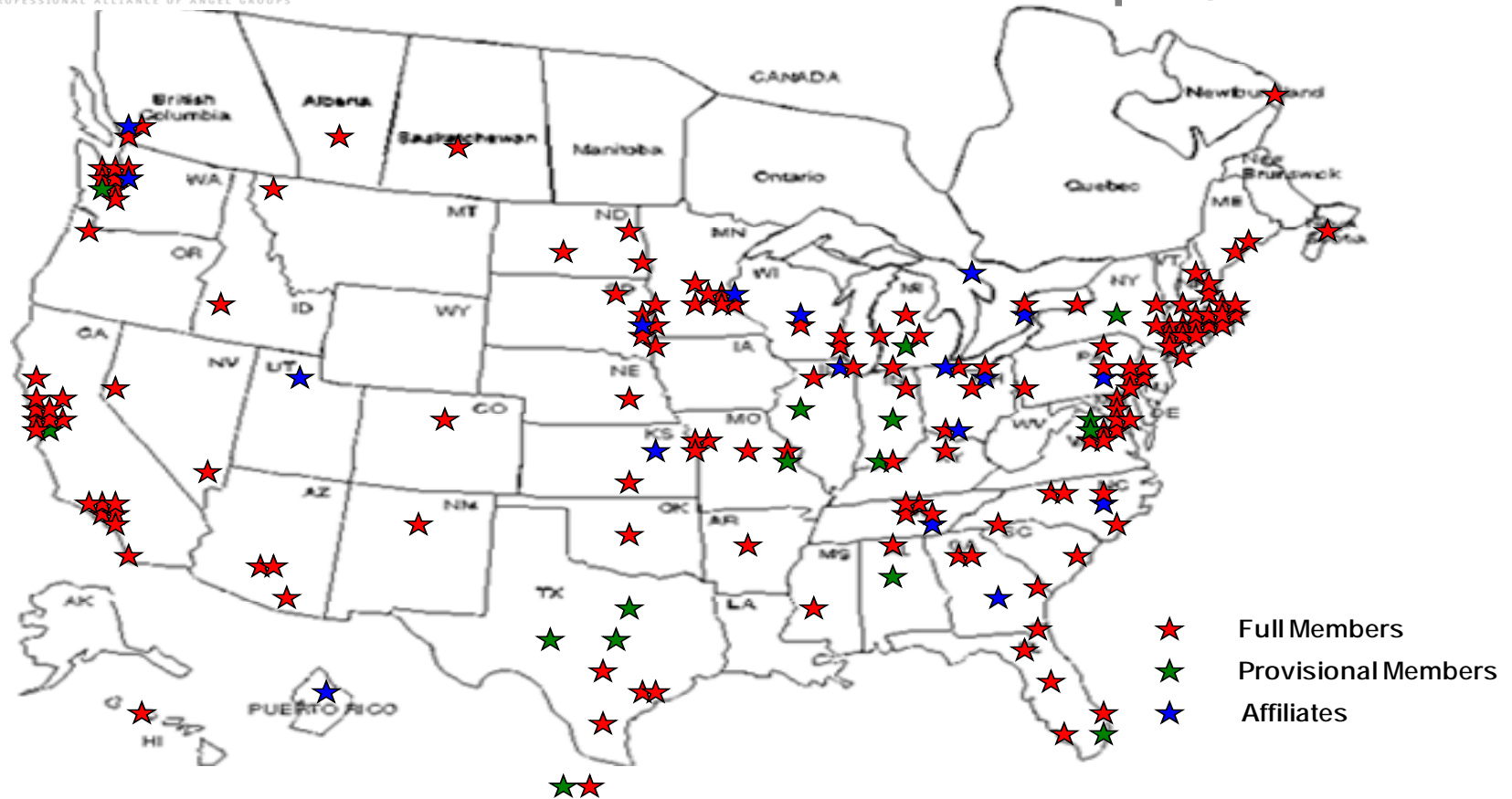
Geography – Where do Groups Invest?



Source: 2008 ACA Angel Group Confidence Survey



Members and Affiliates – April, 2009





What RAIN funds have done in North Dakota since 2006

- Set up 4 RAIN funds
 - Bismarck, Fargo, Grand Forks and Whapeton
 - 70+ angel investors
 - \$4 million committed capital
- Reviewed 250 business plans from around the region and country
- Invested in 6 North Dakota based companies
 - \$1.0 Million in Fund Investment
 - Additional Side by Side from members
- Multiple North Dakota RAIN funds have invested in 5 companies
- Attracted Capital from Minnesota, South Dakota, and Other States to North Dakota



Trends for Angel Investing

- Moving toward Angel Funds
- Angel Funds will use capital to attract businesses then leverage into other services
- IT will still be popular, but manufacturing will make a comeback.
- Smart states will use angel capital to attract start up businesses
- Angel funds will need to create larger funds to continue the investment cycle.



Final Thoughts

- From Fred Wilson, *A VC*, January 20, 2010

...Startup hubs take time to develop. You do need infrastructure and that takes time to build, but more importantly, you need mentors and role models. And that's what we have now in **NYC** that we didn't have ten years ago.

- North Dakota has come far in 5 years, but the real benefits from these policies will take 10-15 years to see fruition.



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