

FINAL REPORT:

Survey of the Vancouver Angel Technology Network (VANTEC) Activities

PRESENTED BY
ROCKET BUILDERS

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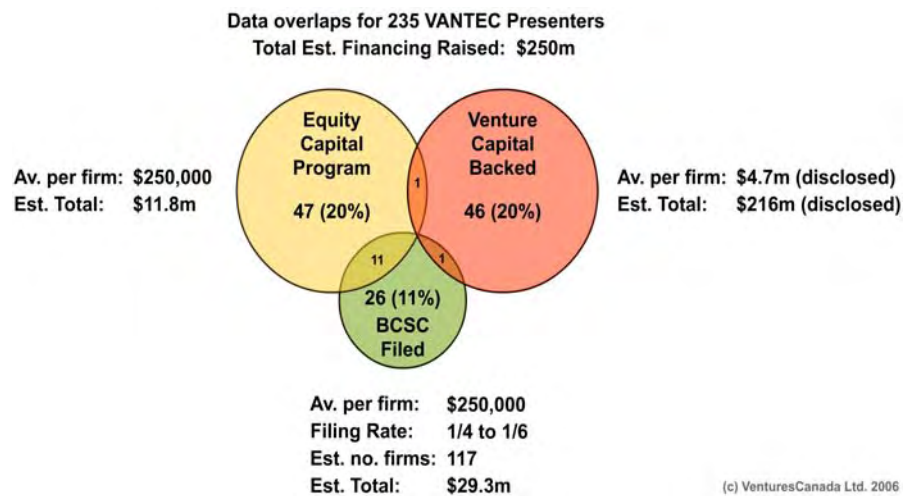
EXECUTIVE SUMMARY

The Vancouver Angel Technology Networks (VANTEC) has been very successful in helping BC technology companies raise angel investment funding since 1999.

Key findings from the study of VANTEC activities include:

1. VANTEC's reputation as a successful angel investment forum is justified.
2. Fifty percent of the presenting companies that present at VANTEC raise angel funds and twenty percent go on to secure additional venture capital funding.

Figure 1 Investment Types for VANTEC Presenting Companies



3. The six to nine months after a company presents at VANTEC is an important time for companies seeking angel investment as they lack many of the resources required to raise capital and commercialize their product or service.

4. VANTEC is well positioned to expand its role in the marketplace and use its expertise to assist companies commercialize products and services and raise capital. When doing so, it should target the six to nine month period after a company presents at VANTEC.
5. VANTEC could partner to access expertise, develop resources and deliver programs.

Key recommendations for future activities include:

1. VANTEC could market itself to increase awareness of its success rate and improve its “deal flow” and referrals from angels, VCs and past presenters.
2. VANTEC could adjust the time allocated to each company presentation, its sector segmentation, and its feedback process.
3. VANTEC could develop and leverage its relationships with complementary groups to boost its presence with the angel investment community, to enhance its deal flow and to improve its effectiveness as a resource for early stage companies.
4. VANTEC could develop long-term programs such as “Investment Readiness and Market Readiness”.
5. VANTEC could foster involvement from Industrial technology Advisors (ITAs) and develop education programs for the ITAs that play a key role in many of the presenting companies’ commercialization efforts.
6. VANTEC could develop programs targeting “new” angel investors.
7. VANTEC should become a leader in the development and introduction of the initiatives outlined in the 2006 report; “People and Excellence – The Heart of Successful Commercialization”.

The first four recommendations are priorities for VANTEC.

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OVERVIEW

Since the inception of the Vancouver Angel Technology Networks (VANTEC) in April 1999, many BC companies have presented to the network and some have received funding from this network of angel investors.

VANTEC has an excellent reputation across North America and is often cited as an example of an effective Angel Network by angels, company CEOs and Venture Capitalists. There are numerous examples of companies who have presented at VANTEC, secured investment and then became very successful. Other jurisdictions have copied the VANTEC model and hope to emulate its success.

While VANTEC can point to much anecdotal evidence which demonstrate its success, there is interest in quantification and tracking of the ongoing VANTEC investment activity and the economic outcomes resulting from those investments.

Rocket Builders was contracted to investigate and report on the activities of the investors and the presenting companies who have participated in VANTEC. This report summarizes the findings from surveys of these VANTEC participants and provides recommendations for future activities.

OBJECTIVES

PURPOSE

The purpose of this survey was to establish a baseline study that will:

1. Measure the investment activity from the VANTEC Angel Network;
and
2. Survey the activities and attributes of the VANTEC Angel Network such that it would be possible to track economic outcomes from this network.

QUESTIONS OF INTEREST

Based on these requirements, the objectives of the project were defined with the following “questions of interest” to study the role of VANTEC from both the investors’ and the presenting companies’ perspectives:

1. To determine how many companies have presented at VANTEC since its April 1999 inception
2. To determine how many of these companies received financial and managerial support
3. To assess VANTEC’s effectiveness for companies seeking angel investment
4. To assess VANTEC’s effectiveness for angel investors seeking investments

METHODOLOGY

Investors and the presenting companies were invited by email to participate in the online surveys which were specifically designed and targeted to each group with the aforementioned objectives in mind. The surveys had a mix of direct and indirect questions that consisted of short answer questions, multiple choice, rankings, multiple choice with rankings, and selected demographic information (see Appendix A – Investors Survey and B – Company Survey).

The surveys were tested and adjusted in conjunction with a pilot group of participants before the main online survey launch. Introductory email communications were sent to both target groups before the email invitation to the online survey itself. Several reminder emails were sent to both the investor and presenting company groups after the launch of the online survey.

A set of interview questions was developed for each group as data was being gathered from the online survey (see Appendix C). Selected respondents

were interviewed to obtain additional feedback and clarification regarding the impact of VANTEC on their activities.

Publicly available databases and previous studies of early stage technology companies were used to examine the equity history of the presenting companies. This additional analysis sought to determine the type and timing of the investments received by these companies. The “funds” that have presented at VANTEC were excluded from this study.

INVESTORS

From the perspective of the investors, the study focused on economic outcomes such as the significance of VANTEC in their angel investment activities. The study looked at the resulting success rate and progress from their angel investments as well as the connections and networking with other angel investors and other investor groups. The study also looked at types of activities engaged in by angel investors such as board/advisory activities and their time commitments to their investee companies.

Investor survey and cross tabulation

The online survey was promoted to the investors at the three VANTEC meetings held in January, February and March. The meetings were opportunities to demonstrate the online survey to the investors, to encourage them to complete its questions and to present some of the preliminary results as the online data was being gathered.

In addition, the organizers of the monthly VANTEC meetings sent a minimum of four reminder emails to approximately 350 angel investors between the months of January and March 2006 to encourage the investors' participation in the survey. The online survey was closed at 30th March 2006.

Investor interviews

Respondents to the online survey were asked to give permission to be contacted for further interviews by telephone. The interviewees were selected for their diversity of angel investment experience.

Emphasis was given to contact investors in the angel community whose involvement with VANTEC were greater than four years. Interviews of the angel investors were conducted from mid-February to late April 2006.

COMPANIES

The study examined the outcomes of the companies that presented at VANTEC. Specifically, the study focused on the economic outcomes of the presenting companies such as the amount of investment monies that were raised, the timeline for raising these investments and the growth of these companies in terms of both revenues and employees. The study also looked at the presenting companies' impressions of VANTEC as an effective vehicle to access resources beyond investment funding.

Company survey

Invitations to participate in the online survey were emailed to 235 companies in early February 2006. Reminder emails were sent twice before the close of the online survey on 30th March 2006.

Company interviews

The surveys and data were complemented by a series of interviews with supplementary questions. Selected online survey respondents were interviewed by telephone between late February and the end of March 2006. In addition, some presenting companies who had not responded to the online survey were also contacted for interviews. The interviews focused on the company's perception of the VANTEC process, the results after the company's presentation, and suggestions for improvement. The list of questions is in Appendix C.

Company data

The following 5 databases were analyzed:

1. Corporations Canada's Strategis service – Records from this database were analyzed for the proportion of the 235 presenting companies that were federally incorporated. The analysis included when they were incorporated, where they stated their primary base of business, and whether they were still in active operation.
2. TSX, TSX Venture Exchange, NEX exchange, and SEDAR filings – The filing records were examined to determine which of the presenting companies were publicly traded and when they became public; particularly whether they were public companies before or after their VANTEC presentation. Data regarding the market capitalization and private placement history of these public companies was investigated.
3. BC Equity Capital Program – The list of recipient companies of this program was used to determine how many of the 235 presenting companies received equity capital tax credits as eligible small businesses.
4. British Columbia Securities Commission – Company filings with the BCSC were analyzed to determine which of the presenting companies received angel investments, when they received these investments, and the amount of these investments.
5. VenturesCanada Ltd. – Venture capital company activity records were analyzed to give a broader picture of the companies' investment activities. In addition, the VenturesCanada database also provided information on the amounts, timing and source of any venture funding that was received by the companies. Overall exit values of the companies in terms of market capitalization and transaction values were also examined.

RESULTS AND ANALYSIS

INVESTORS

Complete results of the 75 investor respondents to the online survey and the summary of the 12 interviewees are contained in Appendices D and F.

Survey results

The 75 respondents to the online survey were active VANTEC members with 55 (76%) respondents who said that they have introduced other angels to this network and 30 (40%) indicating that they attended more than half the meetings. Most of the respondents (33 or 44%) attended the meetings which featured companies from the Information/Advanced Technologies (IT) sectors. The number of respondents who indicated that they attended the Life/Bio-Science session (LSAN) was 11 (15%) and who attended both sessions were 21 (28%). 10 (13%) of the respondents said that they were no longer active.

Mike Volker, as the original organizer of VANTEC, was the single most important recruiter of angel investors as reported by 41 (55%) of the respondents. Other respondents reported that they were first introduced to this network by another VANTEC member (11 or 15%) or by another angel investor (12 or 16%). While the majority of the respondents are relatively recent VANTEC members, there were a number of long-time VANTEC members (13 or 17%) who have been part of this network for more than four years.

39 (54%) respondents have introduced companies. Most (53 or 71%) actively pursued investment opportunities introduced at VANTEC with 35 (47%) of the respondents actually investing in these companies.

Investment in companies introduced through VANTEC accounts for about 35% of the investor's portfolio. Average investment by an angel investor is in the range of \$10K to \$100K with typical syndicated angel investment rounds of \$50K to \$250K (24 or 33%) or \$250K to \$500K (18 or 25%). Most of the respondents reported that their investee companies are continuing to

grow, adding new employees and attracting follow-on investments. The respondents also report that they are very active in advising and guiding their companies; including assisting with subsequent financing rounds.

The key findings from the investor online survey are summarized in Table 1:

Table 1 Key Findings from the Investor Online Survey

VANTEC Participation	Majority of the VANTEC members are active with 30 (40%) of the members reporting that they attend more than half the VANTEC meetings. 13 (17%) members have been involved with this network for more than four years.
Industry Interest	The sessions featuring Information/Advanced Technologies (IT) were attended by most VANTEC members. 21 (28%) of the respondents reported that they attended both the Life/Bio-science (LSAN) and the IT sessions.
VANTEC Member Recruitment	Most of the members were introduced to VANTEC by Mike Volker with significant numbers introduced to this network by other VANTEC members or by another angel investor. In turn, these members were active recruiters with 55 (76%) respondents reporting that they introduced other angel investors to VANTEC.
Company Recruitment	Just over half of the VANTEC angel investors have recruited or sponsored companies to present at VANTEC.
Investment Opportunities	The majority of the angel investors pursued investment opportunities presented at VANTEC. Almost half of these opportunities resulted in investment in the companies by the VANTEC angel investors.
VANTEC Investment	Investment in companies through VANTEC is about 35% of the angel investors' overall investment portfolio.
Angel Investments	The typical individual angel investment is between \$10K to \$100K. The average angel investment round is between \$50K to \$250K (33% respondents) and \$250K to \$500K (25% respondents).
Investee Company Progress	Companies are growing, adding new employees and attracting follow-on investments.
Investor Role	Most respondents reported being active in advising and guiding their companies and in assisting with attracting subsequent financing rounds.

Interview results

The interviews reinforced much of the data gathered from the online survey. The interviewees were selected for their diversity in investing style; ranging from passive investors to active mentors and advisors in their investee companies. Nevertheless, they all shared similar views of VANTEC and its role in the angel investment community.

Networking and contacts are highly valued as sources of deal flow as well as sources for potential partners in an investment syndicate. VANTEC was viewed as ONE – but significant – source of deal flow. VANTEC was also considered a key component for current and future fund-raising activities.

The interviewees generally felt that the VANTEC format was appropriate. However, they did suggest some minor adjustments to enhance the quality of the presenting companies and thus, encourage more active angel investors to participate in the VANTEC network. Suggestions regarding the quality of the presenting companies centered on the importance of the presenting company's sponsor's ability to coach the company to present to the audience effectively. Feedback to the companies regarding their presentation was cited as extremely important; with the investors clearly divided into camps of having the companies present (to hear "first-hand" comments) versus absent during the feedback session (for more "honest" appraisals by angel investors to angel investors).

The angel investors also commented on their diversity of angel investment experience. Many of the interviewees expressed a desire to attract more angel investors – especially those who are savvy about angel investing – to the VANTEC meetings to provide access to better deal flow and to improve the process of angel investing. This latter point was important to both the veteran angel investors as well as the more recent VANTEC participants.

These newer angel investors were less confident about their knowledge due to their lesser experience in the angel investment community and indicated

that they would welcome more opportunities to learn about different aspects of successful angel investing.

COMPANIES


Survey results and cross-tabulation

Full results from the 48 respondents to the online survey are in Appendix G.

Table 2 lists the key findings from the Company Online Survey.

Table 2 Key Findings from the Company Online Survey

Information Technology vs Life/Bio-science	Twice as many IT companies responded versus Life/Bio-science companies while a couple of companies had presented to both streams.
Introduction	Half of the companies were introduced to VANTEC by Mike Volker. A further 15-20% were introduced by Rick Walter or Joyce Groote, another angel, or a VANTEC sponsor.
Presentation Date	One third presented within the last year with the remainder evenly distributed. It is a relatively “recent” sample.
Introductions to VANTEC	Just over half of the VANTEC alumni have not introduced another company to VANTEC and only a few have introduced more than one. Most introductions came from investors.
Additional presentations	A considerable portion have presented directly to seed investors or venture capitalists (VCs), their own network of investors or at the Angel Forum or Canadian Financing Forum.
Receiving Funding	Many received funding with some attributing it to VANTEC. The majority saw an increase in their network of potential investors and mentors. The “connections” are important.
Growth	Almost all are private companies that are still growing. Most exits are still to come.
Employment	Over half have increased head count with an average of four (4) new employees per company or approximately 1,000 jobs created overall.
Investor Role	Angels that invested in the companies then became silent investors, board members or active mentors in equal proportions but the response rate is low, making the statistics inconclusive.



The comments received in the online survey were generally positive with the majority of companies seeing real value in presenting at VANTEC. There were twice as many IT companies than Life/Bio-science companies who responded; while a couple of companies had presented to both life science and non-life science streams.

VANTEC was clearly one of the first places where these companies presented and an important first step in the process of raising money and establishing the relationships required to raise capital. They value the pre-screening, advice, networking and feedback that come from the presentation itself and from following-up with individual VANTEC members after presenting.


Many will present at the Angel Forum or Canadian Financing Forum after VANTEC as they increase their profile in the investor community.

It is also possible to cross-tabulate some of the data using the online survey tool. Full cross tabulation results are in Appendix H. The respondents are the more recent participants in VANTEC with one-third of the respondents being those that have presented within the last year.

The results reflect the addition of the separate Life/Bio-Sciences stream as they show the strong influence of Mike Volker as the original organizer and leader of VANTEC and the impact of Joyce Groote and Rick Walter when they introduced the Life Sciences Angel Network (LSAN).

Half of the companies were introduced to VANTEC by Mike Volker. A further 15-20% were introduced by Rick Walter or Joyce Groote, another angel, or a VANTEC sponsor. In contrast, less than half of the VANTEC alumni have introduced another company to VANTEC. Only a few of these presenting companies have introduced more than one other company. Most of the introductions to the VANTEC network came from investors.

A higher percentage of the IT companies subsequently attend the Angel Forum or the Canadian Financing Forum but both groups target seed funds and venture capital funds after presenting at VANTEC. A portion have



presented directly to seed investors or to venture capitalists, or to their own network of investors.

Few perceive that VANTEC has led directly to investment but it is clear that the CEOs that responded did not attribute raising capital to one specific event. Many of the presenting companies received funding with some attributing it to VANTEC. The majority saw an increase in their network of potential investors and mentors. The importance of the “connections” or “networking” through VANTEC was clearly emphasized by the respondents.

There is no difference between the two sectors in terms of how they now operate and if they have grown – both have attained significant growth. Over half have increased head count with an average of four new employees per company or approximately 1,000 jobs since the inception of VANTEC.

Almost all of the presenting companies have remained private companies and most of the exits are still to come.

Similarly, there is limited difference between IT and Life/Bio-Science in terms of the role that investors play with the company post investment. A greater percentage appear to become “silent investors” with life sciences companies but the number of responses received was low making the results inconclusive.

Interview results

The companies that agreed to an interview in the survey appeared to be representative of the more recent presenters. Additional presenters from some of the initial group of presenting companies were approached for this study. A total of 29 interviews were completed and confirmed much of the results obtained from the online survey. The interview results are summarized in Table 3.

Table 3 VANTEC Company Interview Results

Was VANTEC one of the first places you presented? 21 = Yes (73%)
Did it lead to more presentations or good contacts? 17 = Yes (59%)
Did this help hone the presentation? 17 = Yes (60%)
Was the feedback, either directly or via your sponsor, valuable? 16 = Yes (57%)
Was VANTEC the correct venue to pitch your product/service? 19 = Yes or reasonably appropriate (66%)
Did the VANTEC attendees understand your product/service? 11 = Yes (30%), 20 = Yes or partially (69%), 8 = No (30%)
As a result of your presenting at VANTEC, did you receive any ongoing advice or mentoring? Yes = 9 (30%) 20 = No (69%)
Did you receive funds as a result of your presentation to VANTEC: 2 = Yes (9%), 22 = No (92%) – Note: Many of the respondents were more recent attendees and found answering this question difficult.
Were your expectations met? 12 = yes (41%), 12 = partially (41%)

Although a number of the companies that presented during the earlier years of VANTEC responded, many of the interviewees were still in the process of raising capital and their impressions of VANTEC were incomplete. Clearly, many do not fully appreciate how VANTEC influences angel investors or how investors use VANTEC as part of their decision making process.

Those companies that had a strong sponsor and an effective presentation preparation had a stronger appreciation for VANTEC.

Many provided comments and suggestions pertaining to the VANTEC format. There were remarks made by some companies that seem to indicate that VANTEC could do a better job of informing the companies and the



investing public of how the VANTEC network operates and its intended benefits.

The interviewees also felt that VANTEC needs to improve its feedback to the presenting companies. The current feedback is perceived as emphasizing presentation style over content. It is generally felt that the feedback would be more useful to the presenting companies if the VANTEC audience commented more on the presenting companies' business and prospects for future growth (e.g. the companies' technology, product, marketing, partnering, etc.).

It is also felt that a networking session after the presentations would ameliorate this feedback process. Clearly, these companies are seeking additional assistance to improve their presentation and subsequently, their success in attracting capital.

The results substantiate a positive overall view of VANTEC. The presenting companies clearly understand its value as it is an initial step for many as they raise capital.

The true value of VANTEC appears to be helping new companies to develop and hone their presentations (e.g. pre-screening sessions for the Life/Bio-science stream), and introductions to new and potentially valuable contacts who, in turn, help the company and lead them to other presentations that could ultimately result in funding.

The most frequent and important comments from the company interviewees are shown in Table 4.

Table 4 Most Frequent Company Interview Comments

VANTEC should provide a post-presentation break-out session where angels could meet the company representatives and their sponsors.
VANTEC should segregate the forums so one month would be all Bio-tech and the next high-tech.
VANTEC should place presenting companies' contact information and, possibly their presentations, to a member only accessible VANTEC webpage for follow-up.
VANTEC should pre-screen its members so more legitimate investors/angels are in attendance. There seem to be far too many consultants looking for opportunities or “spectators” who don't have significant funds to invest.
VANTEC should promote its successes on its website and, if possible, through relevant media.
VANTEC needs a better way of providing presenters with useful feedback. Some feel the current feedback deals with style rather than content. Companies would prefer feedback regarding product, technology, marketing, or partnering. The feedback form that has been designed is a good start but could be expanded.
VANTEC should qualify statements about the amount that investors normally invest and indicate that few exceed \$25 K unless it is an exceptional company.
The true value of VANTEC seems to be: (1) to help new companies develop and hone their presentations (help from Joyce Groote and Matt Henderson especially valuable), (2) to be introduced to some valuable contacts that, in turn, help the company, and (3) to lead them to other presentations that ultimately result in some funding.

External data sources

The companies were cross referenced with a number of publicly available data bases to determine how many had raised equity investment and through “which” vehicle. Of the 235 presenting companies, 17 companies presented

twice, one company presented thrice, and one company presented four times. On average, for the companies that presented more than once, approximately nine months elapsed between presentations; however, there was a wide variance with some companies presenting a second time in the same month and one company waiting two and a half years before returning.

1. Federal Incorporation

Using data from the publicly available Strategis service provided by Corporations Canada, it was determined that 90 companies were federally incorporated. 85 (94%) of these 90 federally incorporated companies stated their primary province as British Columbia, 3 had headquarters in Ontario and 2 in Quebec. Complete information was available for 61 of these firms, which were incorporated from 1983 to 2004. This suggests that there is missing information primarily for recently incorporated firms.

The mean incorporation year was 2000 and almost 90% of companies were incorporated after 1998. Of the 90 companies, in 2005, 65 were still active, 6 had amalgamated with another Canadian company, 5 had moved to another jurisdiction (possibly amalgamating with a foreign company), 13 had been dissolved and one was in the process of being dissolved. Counting the amalgamations and discontinuances as still being alive in some sense and the “in progress dissolution” as a dead, approximately 85% of the companies that presented at VANTEC have continued onwards and only about 15% have failed.

For those companies that failed, the mean time to failure was 6 years 5 months. Data from Statistics Canada indicates that for knowledge-based industries 24% of companies incorporated in 2000 failed in the first two years of operation and 55% of companies incorporated in 1997 failed within 5 years. Thus a failure rate of just 15% with a mean time to failure of almost 6.5 years should be considered exceptionally good. However, it would appear that federally incorporated companies may be more sophisticated than their provincially incorporated counterparts, and so this failure rate may be slightly understated.

On average the federally incorporated companies were 25 months old when they first presented at VANTEC. 90% of the companies were less than five years old and 23% of the companies were six months old or less. This provides strong evidence to support the notion that VANTEC is a forum for start-ups and nascent companies.

2. Public Markets

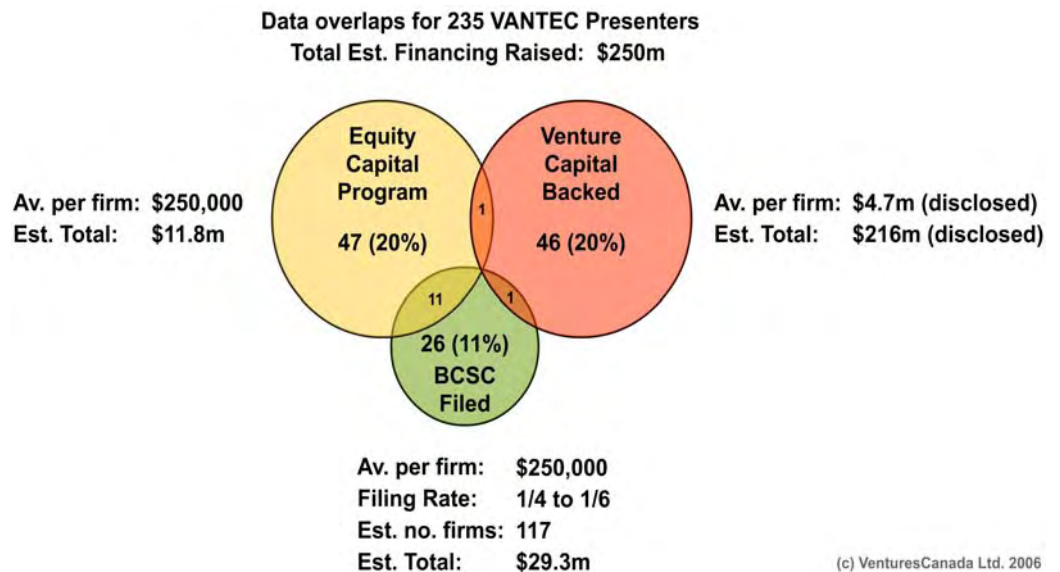
Four (2%) of the 235 companies had applied to be publicly traded prior the time of their VANTEC presentation, all of them to be listed on the TSX venture exchange or its predecessors. Three of these companies, eOptimize.com, Cogent Integrated Solutions, and Plutonic Power, had completed their initial public offering and were actively traded prior to presenting. eOptimize.com later had its listing suspended after its transfer to the NEX, but the other two companies remain active on the TSX-VN with market capitalizations of CAN\$425,000 and CAN\$8.7 million respectively in March of 2006. One Person Health issued a final prospectus for its IPO in January of 2004 but appears not to have completed the transaction before it presented at VANTEC in February of 2005. The publicly listed companies presented at VANTEC an average of 5 years after achieving a listing.

Two companies (1% of 235) achieved a public listing after presenting at VANTEC, and so represent success stories for their investors. Aspreva was founded in December of 2000, presented just once in June of 2002, received angel investment later the same year, secured \$79.8 million in series “A” venture capital in March of 2004 (the second largest life sciences venture capital investment in Canadian history), and announced a US\$100 million IPO on the TSX and NASDAQ exchanges in January of 2005. At the end of 2005 it had a market capitalization of CAN\$450 million.

Azure Dynamics was founded in 1997, presented just once in October of 2000, and does not appear to have raised angel investment or been looked at by a traditional venture capitalist. However, it did achieve a public listing by reverse take over (RTO) of a TSX-VN listed shell company in April of 2001, before securing a private placement of CAN\$2 million from Hydro-Quebec

CapiTech in 2002 and achieving a market upgrade to the TSX, with a CAN\$3 million secondary offering, in July of 2004. At the end of 2005 Azure Dynamics had a market capitalization of approximately CAN\$70 million.

Figure 1 Investment Types for VANTEC Presenting Companies



VANTEC presenting companies received both angel and venture capital investments. The number of companies, average amounts and type of filings are listed in Figure 1. The lists of companies in each category are in Appendix I.

3. Angel Investment

26 (11%) of the 235 companies that presented at VANTEC had filed with the BCSC to indicate that they had received angel investment. Previous studies (e.g. Brander, Egan & Boardman 2005) have found that the reporting rate to the BCSC is low, on the order of one-third of invested dollars or one-sixth of the recipient companies. Using the one-sixth of companies' reporting rate as an estimate, approximately 150 presenting companies would have received angel investment at some point in their lives. This is about 60% of companies and an extraordinarily high proportion.

However, from the filing dates we were able to determine that about 40% of these reporting companies received some angel investment before their first presentation and 60% received it afterwards.

Only five of the companies that reported to the BCSC were federally incorporated, but for these companies the average time from incorporation to filing with the BCSC was about 39 months. Excluding Aspreva, which recorded much of its venture capital investment in its BCSC filings, the mean amount of angel investment reported by a company was about CAN\$250,000.

The total amount of investment a company received was generally made up of a large number of very small amounts, perhaps from friends and family, and a few larger amounts, which should be attributed to angels. On average each company made 17 individual investor filings over about a year and a half.

In addition to the BSCS filings, using publicly available lists from the BC Ministry of Small Business and Economic Development, it can be confirmed that 47 (20%) of the companies that presented at VANTEC received equity capital tax credits through the Equity Capital Program (ECP) as eligible small businesses. The companies are only on the lists if they receive angel investment.

Only 11 of these 47 companies filed with the ECP, yielding a filing rate of about 1 in 4. Thus it can be confirmed that 62 companies (26% of 235) definitely received angel investment, and expect that somewhere between 44% and 60%, depending on the filing rate ratio used, actually received angel investment.

Taking 50% as a conservative point estimate, the companies that presented to VANTEC have an excellent chance of receiving angel investment that is far above what might be expected for all knowledge-based entrepreneurial ventures.

A recent industry report (Brander, Egan & Boardman 2005) found that Eligible Business Corporations (EBCs), the most commonly form of eligible small business financed through the ECP, raised an average of \$291,000 in 2003 and \$164,000 in 2004. As a smaller number of EBCs received their tax credit eligible status in 2004, the overall average investment received by a firm in the program was on the order of \$250,000.

4. Venture Capital

VenturesCanada Ltd, a private consulting firm, collects data on companies that present to and receive investment from Canadian venture capitalists. The data on presentations to venture capitalists is based upon the “look sheets” that the venture capitalists use to record their interviews with companies. Most large venture capitalists have excellent coverage of potential investments and claim that they review in excess of 90% of candidate companies in their sectors of interest.

Using this data, 81 (35% of 235) companies presented to both a venture capitalist and to VANTEC. Accepting the venture capitalists’ claims of 90% coverage, then 39% would be estimated to have actually presented, however, it is likely that venture capitalists have a strong industry focus so this number is understated.

Data was available for 61 of these companies that presented to the venture capitalist. Of these, 41 companies (67%) presented to a venture capitalist first and the remaining 20 companies (33%) presented to VANTEC first. Of the 41 companies, 9 (21%) were recorded as having already secured some angel investment and the average time between their interview with a venture capitalist and presenting at VANTEC was 9.5 months.

Of the 20 companies that approached a venture capitalist after presenting at VANTEC, 5 (25%) had secured angel investment but it was generally not possible to determine whether they had done so prior or subsequent to their VANTEC presentation. These companies typically waited about 6 months before interviewing with a venture capitalist after presenting at VANTEC. A

full timeline of the equity events for the VANTEC companies is included in a later section of this report.

Only 14 of the 61 companies that presented were federally incorporated and had valid incorporation dates in their records. For these companies the mean time from incorporation to presenting to a venture capitalist was approximately 18 months.

VenturesCanada provided records of venture capital investment for 46 (20%) of the 235 companies. This is a very high proportion of firms that presented to venture capitalists, either bringing the completeness of that dataset into question or leading to the conclusion that VANTEC firms are of a much higher quality than average candidates for venture capital.

28 (61%) of these 46 companies were federally incorporated and recorded in the Strategis data, lending evidence to support the notion that federally incorporated companies are more sophisticated than their provincially incorporated counterparts. 39 of these 46 companies had details of one or more investment rounds and on average the data shows 1.3 rounds of venture capital for a company with an average of 3.5 syndicate partners per round.

The low number of rounds can be attributed in part to the incompleteness of the dataset with respect to recording actual venture capital investments, rather than venture capital recipients, but also to the young age of the companies presenting at VANTEC and the recent start of VANTEC itself. In the 28 cases where the recipient company had amounts of some (or all) of its investments disclosed, the average total disclosed investment in the company was CAN\$4.7 million.

Industry Canada have previously reported that during the boom of 2000 the average venture capital round size grew to CAN\$4.3 million, but was reduced to CAN\$3 million by 2002 and was an average of CAN\$1.7 million over the 1996 to 2002 time period. The total disclosed investment figure of CAN\$4.7 million was for an average of 1.3 rounds, which produces a value of \$3.6 million per round of venture capital. The average date of investment was in 2003.

Whilst disclosed investments by private venture capitalists tend to be larger than average, a lot of disclosed investments are from labor sponsored venture capitalists, or their provincial equivalents, and other government financed venture investors, and these tend to make smaller investors. Furthermore the disclosed amount usually falls well short of the actual invested amounts. Thus there is mild evidence to conclude that the VANTEC companies raise above average rounds.

The Working Opportunity Fund, the GrowthWorks Access Fund or BDC Venture Capital were investors in 18 (39%) out of 46 companies and BC Advantage and BC Discovery invested in 6 (13%) companies. Only a single company had filed with the BCSC to indicate that it received angel investment and only a single other company was registered with the BC equity capital program.

There is an approximate equal split (4-3) between companies that presented at VANTEC first and companies that received venture capital first, but the paucity of data makes it impossible to draw any meaningful conclusions.

5. Mergers and acquisition

Four venture capital backed VANTEC presenters had successful exits; two by acquisition and two by public offerings. The two public offerings were the IPO by Aspreva and the RTO by Azure Dynamics that were detailed earlier. The two acquisitions were ActiveState and NeuroStream Technologies with transaction values of US\$23 million and CAN\$8 million respectively. ActiveState was acquired by Sophos, an English public company and a leading provider of anti-virus software, in September of 2003. NeuroStream Technologies was acquired by TSX listed Victhom Human Bionics in July of 2004.

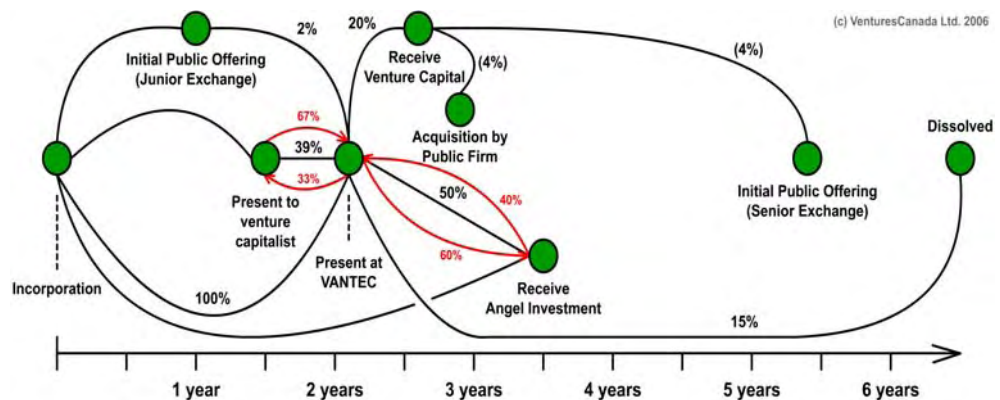
Overall the mean exit values, in terms of market capitalizations and transaction values are CAN\$26 million and CAN\$20 million respectively. A recent industry report (Hellmann, Egan & Brander 2005) has shown that the Canadian average values of acquisitions and IPOs for the last 8 years were

US\$39 million and US\$112 million, respectively. Thus, given the wide spread of exit values, the four VANTEC exits are not atypical.

A total of 27 (59%) out of 46 companies secured investment from at least one BC venture resident venture capitalist and all but four of the companies were headquartered in BC. Approximately half of these companies had their head office in Vancouver, with Richmond, Victoria and Burnaby as the next most popular locations. Approximately half of the companies are listed as software developers and one-quarter as biotechnology related companies. This would appear to confirm other evidence of VANTEC’s focus on local knowledge based sectors.

Timelines

Figure 2 Timeline for VANTEC Presenting Companies



The timeline provides averages for the length of time to raise capital from either angel investors or venture capitalists after presenting at VANTEC. All event average times on the diagram have very high variance but it is clear that the six to nine months after presenting at VANTEC is critical for many companies. They have limited experience, are raising capital and building their companies yet many do not have the board members or advisors associated with companies that have raised investment.

It appears that success in securing funds from venture capitalists is important to many of the companies. The VANTEC companies that obtained venture capital did so six to nine months (on average) after presenting at VANTEC.

They raised more than five times as much money as those that only raised angel investment, giving them significantly greater resources for product and market development.

FINDINGS

The reputation that the Vancouver Angel Technology Network has developed is justified. VANTEC is very successful and companies present, raise capital, grow and provide returns to their investors and founders. It is a very important part of the technology community in Western Canada and has an excellent track record. Its model is effective and VANTEC is well positioned to expand and take a leadership role in additional initiatives that target growth oriented companies in the technology sector.

INVESTORS

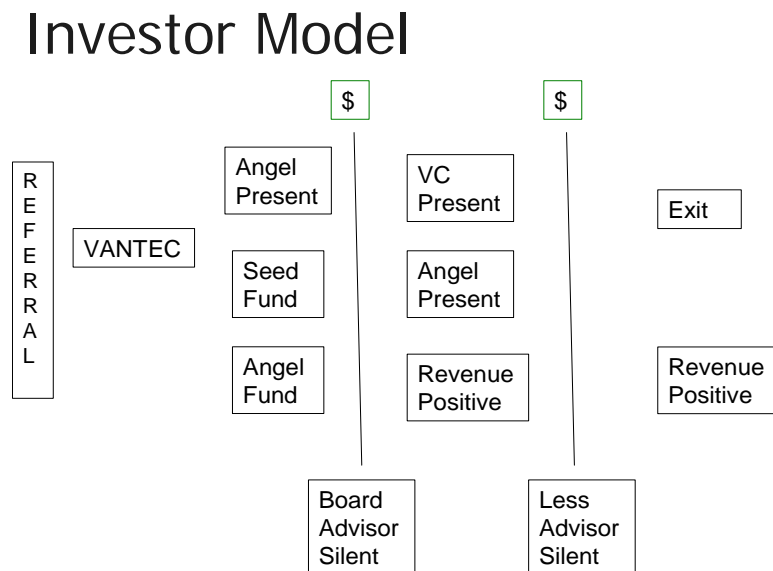
VANTEC is considered by the investors as an important step to raising capital for early stage companies. Although VANTEC may account for a minority of their overall investment activity, it still attracts significant monies from the angel investors to invest in companies. The contacts made through, and reinforced by, VANTEC are highly valued as most of these investors choose to work together as investment syndicates.

As shown in Figure 2, angel investors have the greatest influence as advisors and as active “hands on” board members when the companies are in their early stages. As these companies grow and mature, the angel investors play a less active role.

A model is offered to depict the progress a company makes from the perspective of the angel investor. Figure 3 shows a company as it moves through a series of potential stages and events (from left to right). The investor is involved in the referral process that enables the company to present at VANTEC. The investor may then participate in an “Angel” financing either before or after the company makes additional presentations to angels, seed funds or angel funds. Additional rounds of funding from angels or venture capitalists may then ensue.

The model assumes that the angel becomes a board member, an active advisor to the company or a silent investor subsequent to the initial financing. This role may diminish over time, especially if subsequent rounds involve venture capitalists who often become active board members. The model shows some of the scenarios for investor involvement prior to the company exiting or becoming cash flow positive.

Figure 3 Investor Model for VANTEC



The model in Figure 3 indicates that VANTEC is an important first step for companies raising angel investment capital.

The VANTEC format is viewed positively by the angel investors with only a few minor adjustments needed to make the format more effective for deal flow. The investors believe that the opportunities for referrals, sponsorship, company preparation and feedback offered through the VANTEC network are very important contributors to strengthening the investment community.

Many feel that the benefits of VANTEC could be better publicized to the angel investment population at large; thus alleviating the burden on a small number of players to invest in young companies. The interviews appeared to reinforce the idea that only about a dozen players in the angel investment community dominate the angel investments.

That said, VANTEC investments are growing with the investors reporting that their investee companies are adding staff and obtaining follow-on investment.

The referral process where a member must sponsor the company to present and may assist them with preparation is effective. The process used has some rigor but is less rigorous than that used by some groups. Some angel groups in Silicon Valley will provide up to three meetings in preparation for a presentation and some offer a “Bootcamp” and individual consultation that is supported financially by a sponsor.

It is clear that the validation from the sponsorship by the angel investor and the referral coupled with preparation and feedback to the companies post presentation are important to the success of VANTEC and improve the companies’ investment potential.

A question that arises is the ability of the leadership group to continue to invest and advise an ever increasing number of companies. The success experienced by the companies raising capital would indicate that the angels that are part of VANTEC have made a number of investments. Given that many companies are still to exit, the ability of these angel investors to commit additional time and capital is an important question worthy of further study.

The quality and quantity of deal flow remains a strong priority for the investors. Questions that arose during the interviews concerned issues around whether the deal flow is strong or matches the current audience.

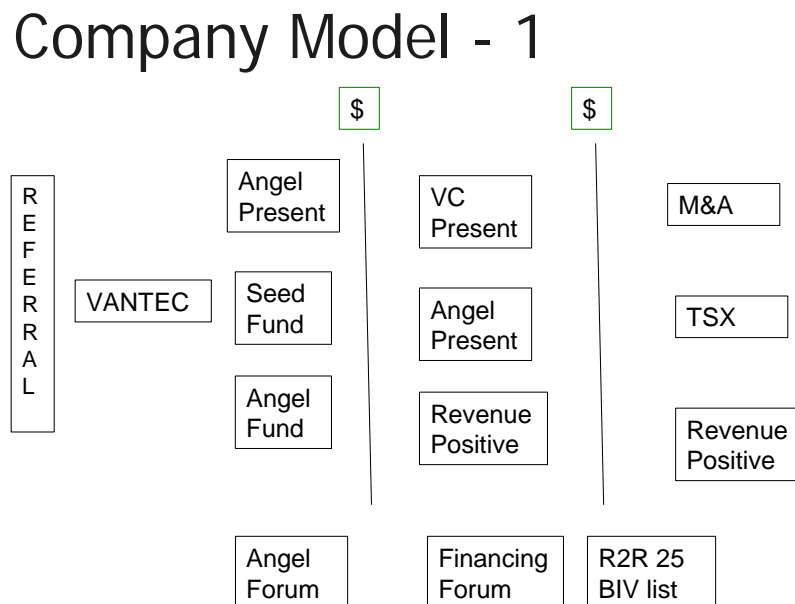
Although the study did not track the relative maturity or stage of presenting companies, it is possible that the demographics of the presenting companies have evolved. After the tech downturn, many of the VANTEC presenting companies were more mature as growth capital was scarce in 2003 and into 2004. As this group secures investment the newer companies presenting at VANTEC appear to be earlier stage. It is important to understand if the current deal flow is still seen as strong in the eyes of active angel investors and if it matches the investment interests of the audience.

There was also the perception that the seed/angel funds that have come into being since the inception of VANTEC in April 1999 have changed the market dynamics for angel investing. The study did not look at Seed Funds and how they influence angel investment trends and decisions or the amount of time angels devote to investee companies.


VANTEC has made significant linkages to angel investment groups on Vancouver Island and in the Okanagan as well as groups in Alberta and Washington State. Deal flow from other areas of BC and to a lesser extent other provinces is strong, confirming the leadership role that VANTEC plays in the angel investment market.

COMPANIES

Figure 4 Company Model for VANTEC



The model in Figure 4 indicates that VANTEC is also an important first step for the companies who are raising capital. Companies obtain a referral, present at VANTEC and then pursue additional presentation opportunities. The Angel Forum organized by Bob Chaworth-Musters is often a key presentation opportunity that follows VANTEC. Those that secure angel investment may follow a number of paths to exit. Some will make additional



presentations to more senior investors such as VCs and will attend events such as the Canadian Financing Forum as they raise additional rounds and move towards being cash flow positive.

CEOs value VANTEC for the capital available, the networking and the connections. However, they don't understand VANTEC's success rate, timelines or the capital raising process for a company that presents at VANTEC. They appear to have limited familiarity with the current investment climate.

The CEOs perceive that they need additional feedback and networking opportunities while at VANTEC. They value additional contact and input from trusted advisors, especially if it is on an ongoing basis and would like to see this component increase at or through VANTEC.

They also indicate a strong interest in investors in the "correct sector" or one that understands their target market and sector. A "Cleantech" stream that includes alternate energy and materials science applications may be important even if it is held less frequently.

The CEOs also need a better understanding of the VANTEC investors and their investment profiles. This may reduce the interest some companies have in presenting but it should ensure that those that do participate will speak to the appropriate audience.

Company timelines

The issues and opportunities encountered by companies just prior to their presentations, and between their presentations and securing investment capital appear worthy of further investigation. Attempts to shorten this timeline through improving the company presentations and strengthening the company's profile in the marketplace should all improve their investment profile. Companies need expertise and resources when they are raising capital – and VANTEC is clearly identified as a source of this requisite expertise.

RECOMMENDATIONS FOR FUTURE ACTIVITIES

The recommendations detailed below vary from initiatives that VANTEC can institute immediately to those that VANTEC should develop over the longer term with partners.

Initiatives that focus on company quality and the presentation sessions should be short-term priorities.

Developing and implementing a partnering strategy and longer term company development programs should also be a priority. VANTEC should solicit funding and sponsors from the private and public sector and implementation partners for company development initiatives.

Company quality

VANTEC could improve its “deal flow” through marketing that targets VCs, angels and past presenters. A stronger “deal flow” would increase the number of potential presenting companies and improve the referrals of investment opportunities that would eventually present at VANTEC.

Specific steps could include but should not be limited to:

1. Upgrade the Website to publicize the success rate that characterizes companies that present at VANTEC. The investment statistics are impressive and should be publicized as it will drive potential deal flow.
2. Developing case studies for the website for each of the sectors so that potential presenters can view “Best Practices” and understand more clearly how they may fit the VANTEC “investment profile”.
3. Develop a marketing package specifically for Venture Capital investors so that they refer more early stage companies to VANTEC and then monitor their progress as they grow.

4. Solicit attendance from angel funds such as WUTIF and Building Biotech. VANTEC should ensure that they are represented when appropriate.
5. Targeting each of the seed investors with offices in Vancouver to attend VANTEC. They add to the audience and the linkage to seed VC investors (BC Advantage, BDC and Discovery Capital) is an important feature for company CEOs. Additionally, Alberta based seed funds that target the energy sector should be invited to appropriate sessions in the “Cleantech” sector.

Presentation format

Adjustments to the VANTEC presentation format could include:

1. VANTEC could schedule fewer presentations for each session. The total time allocated the company could increase from 20 to 25 minutes and the time allocated to the presentation could increase from 10 to 15 minutes.
2. Consider separate sessions for “Cleantech” and very early stage concept companies. The number of these types of companies may limit the ability to run the sessions very frequently but the specificity should allow the companies to present to a targeted audience. Additional sector specificity, even if the audience is smaller, will provide the correct investor profile that companies perceive is important.
3. Additional time could also be allocated to networking at the end of the full VANTEC session.
4. Many of the companies would like to be present for the feedback that is reserved for the sponsor. VANTEC could pilot having the CEO in the presentation room for all of the feedback for two sessions (one each for IT and Life/Bio-Science) to determine if the comments are as open and if the feedback is as effective.

Partnering strategy

VANTEC could develop a comprehensive partnering strategy to improve its effectiveness as a resource for early stage companies.

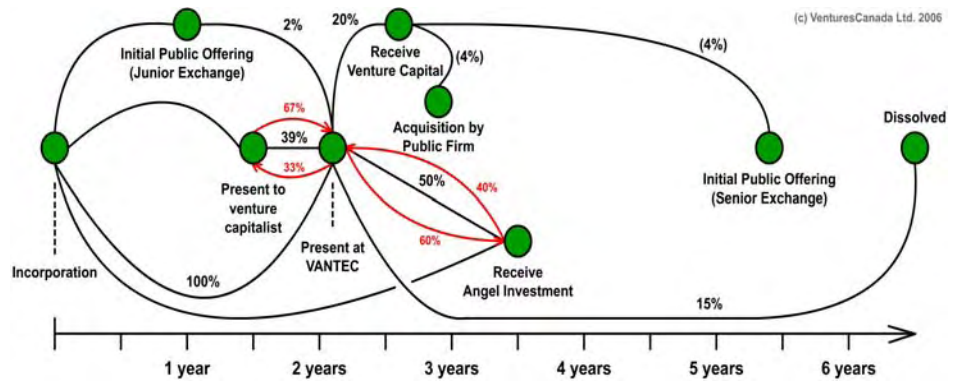
1. This should continue to include the Vancouver Enterprise Forum and complementary Angel groups at the regional, provincial, state and national levels.
2. VANTEC could leverage events and groups that can assist companies secure growth capital and formalize relationships with other events or suppliers that are important to the presenting companies. These relationships should include: Telus New Ventures, Angel Forum, Canadian Financing Forum, E&Y Entrepreneurial Bootcamp and NRC/IRAP.
3. VANTEC could solicit support and/or sponsorship so that presenting companies may participate in complementary events with support from VANTEC.

Longer-term company development programs

VANTEC is the most important angel event and angel investment opportunity for growth companies in British Columbia and probably in Western Canada. The affiliation with Simon Fraser University and relationships with other organizations and groups enable it to make a strong impact with companies. Its stature in the angel investment community positions it to expand its role with the companies that present.

VANTEC is well situated to initiate programs that allow the organization to monitor company progress and fulfill the trusted advisor role especially if it is on an interim basis while the company is raising investment capital. The period after the referral through six to nine months after presenting is a critical time for companies as they need resources for growth and securing capital.

1. VANTEC could pursue initiatives that target the time period just prior to and just after the company presents. Figure 2 which shows the timelines for the presenting companies from VANTEC is reproduced below.



2. VANTEC could seek sponsors for programs that target long term programs for “Market Readiness” and “Investment Readiness”. Such programs would foster involvement with the companies as a valued advisor for six to twelve months and have strong individuals working with each company. Doing so with a low advisor to company ratio should increase the success rate for companies and a 3:1 ratio is suggested for such initiatives. VANTEC should determine if NSERC support is available for such a program.
3. VANTEC’s strong linkages and affiliations in the investment community would enable VANTEC to provide a “referral” to specific sources of funding after the company’s initial presentation. Referrals should be tied to the company meeting the milestones and timelines in their business plan and accepting advice from VANTEC. VANTEC could develop a semi-formal referral process with links to additional investment sources for all presenting companies that act upon the feedback provided.

Investment Readiness

4. “Investment Readiness Programs” should focus on “how to sessions” for angel investment and include the following:

- a. Assessing the competition and market dynamics
- b. Documenting the sales or business model
- c. Intellectual Property development and protection
- d. Understanding the different requirements and processes for Angel Investors, “Angel Funds” and Seed Funds
- e. Presentation Optimization
- f. Term Sheets and reporting requirements

Market Readiness

5. “Market Readiness Programs” should be developed in conjunction with effective long-term advisory or mentoring programs available in the market. The BC Medical Technology Industry Association’s BC Excels program and the joint Rocket Builders and BCTIA program are examples. They should focus on the following:
 - a. Market Research and Segmentation
 - b. Product Positioning, Pricing and Market Communication
 - c. Lead Generation
 - d. Sales and Channel Sales
 - e. Strategic Partnering

“Best practices” examples available in the marketplace include WatStart run by Gary Will and promoted by Communitel in Waterloo and the more recent MaRS Discovery District Business Advisory/Research Services targeting Health Sciences companies in the Toronto region. VANTEC’s role would diminish as the companies secure growth capital and the advisors and board members that come with the investment. The companies presenting in late 2005 and 2006 would be good candidates for such a program.

NRC/IRAP Industrial Technology Advisor involvement

NRC/IRAP Industrial Technology Advisors are advisors and sponsors for many of the companies that present at VANTEC yet they seldom attend these sessions. As trusted advisors with many of the presenting companies, ITAs could interface with the Angel Investment community through VANTEC. Initiatives for ITAs could:

1. Target ITAs to attend, especially if one of their clients is presenting.
2. Develop educational programs targeting ITA professional development. Such programs should be consistent with the “Investment Readiness” and “Market Readiness” company programs and be developed in conjunction with NRC/IRAP.

Angel investor education and development

“New” angels attend many of the VANTEC sessions. They may be recently successful technology entrepreneurs or angels that have re-located to BC. VANTEC could develop an educational program for less experienced angel investors. Its curriculum could include introductions to many of the veteran angels and feature educational components that focus on the latest trends in angel investing. If implemented, it should be consistent with many of the programs contemplated for companies.

NATIONAL COMMERCIALIZATION INITIATIVES

It is important that VANTEC become a leader in the development and introduction of initiatives outlined in the “People and Excellence – The Heart of Successful Commercialization”, the Final Report of the Expert Panel on Commercialization released on 24th April 2006.

Many of the recommendations speak directly to the role that VANTEC plays in commercialization activities in BC and it is clear that VANTEC is in a position to lead a number of initiatives recommended by the panel.

The concept of a “Commercialization Super Fund” or support for companies that achieve “Proof of Principle” or “Proof of Commercialization” will be important for VANTEC.

The section on “Funding Excellence in Building Angel Investor Networks” on pages 24-26 is especially significant. It supports VANTEC and indicates that support should be provided for enhancing and expanding its activities.

The excerpt of this report (Pages 24-26) is in Appendix K and the full report may be downloaded from: <http://strategis.ic.gc.ca/commercialization>

SUMMARY OF KEY RECOMMENDATIONS

1. Develop a marketing plan to target Angels, VCs and past presenters to improve deal flow and company quality
2. Optimize VANTEC presentation format
3. Develop a comprehensive partnering strategy to leverage complementary resources and provide additional company support
4. Develop long-term “Investment Readiness and Market Readiness” programs for companies
5. Solicit further involvement and attendance from NRC/IRAP Industrial Technology Advisors
6. Initiate educational programs for “New” angel investors
7. Take a leadership role in “National Commercialization” initiatives

The first four recommendations should be priorities for VANTEC.

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Appendix A VANTEC Investor Survey

1

Which part of the VANTEC Angel Network do you attend? Please check the most appropriate.

- Information/Advanced technologies
- Health/Life Sciences
- Both
- No longer active

2

How were you introduced to VANTEC? Please check all that apply.

- Mike Volker
- Joyce Groote and Rick Walter
- Founding member
- Another member of Vantec
- Another Angel
- Sponsor
- A company that was presenting
- I was interested in a company that was presenting
- I found it myself
- Vancouver Enterprise Forum
- Industry Association

Other, Please Specify

3

Have you introduced others to VANTEC? Please check the most appropriate.

- No
- Yes, one or two
- Yes more than a few
- I actively recruit others

4

How long have you been attending VANTEC? Please check the most appropriate.

- Less than one year
- 1-2 years
- 2-3 years
- 3-4 years
- Greater than four years

5

How often do you attend? Please check all that apply.

- All the time
- About half the time
- Occasionally
- Whenever there is a company I am interested in.
- Irregular – when it suits my schedule
- No longer attend

6

How many companies have you introduced to present at VANTEC?
Please check the most appropriate.

- None
- 1-2
- 3-5
- More than 5

7

How many investment opportunities introduced to you at VANTEC have
you pursued? Please check the most appropriate.

- None
- 1-2
- 3-5
- 6-10
- More than 10

8

How many investments have you made into companies introduced at VANTEC? Please check the most appropriate.

- None
- 1-2
- 3-5
- 6-10
- More than 10

9

What percentage of your angel investment activity is attributable to VANTEC? Please check the most appropriate.

- None
- Less than 25%
- 25-50%
- 50-75%
- 75-100%

10

Has your contact with other investors at the VANTEC led to: Please check all that apply.

- Additional investments with other Angels
- Others joining me in an investment I was considering
- Additional rounds of investment for a company in which I had already invested
- More opportunities in the marketplace for the companies that present

- Better contacts with angels and VCs for subsequent rounds of funding
- Other, Please Specify

11

To help us gauge the Economic Impact of Angel investing through VANTEC, has the amount of your typical investment into a company changed since you joined VANTEC?

- Yes, and my average investment amounts have increased
- Yes, but my average investment amounts have decreased
- No, my average investment amounts remain unchanged
- Other, Please Specify

12

How much do you typically invest into any given company?

- Don't have any
- < \$ 10 K
- \$ 10 - \$ 100 K
- > \$ 100 K

13

What is the typical size of an angel investment round in a company?

- Don't have any
- < \$ 50 K
- \$ 50 - \$ 250 K
- \$ 250 – \$ 500 K
- > \$ 500 K

14

Which of the following describe your VANTEC investments? Please check all that apply.

- Don't have any
- Some growing really well and don't need additional investment
- Some have received additional angel investment
- Some have received subsequent venture capital investment
- Most added employees after investment
- Most are growing and making progress
- Some have exited through a merger with a successful ROI
- Some have exited through an Initial Public Offering (IPO) with a successful ROI
- Some failed
- Too early to tell with some of them
- Valuations have increased for some of the investments
- Other, Please Specify

15

What is your level of activity after your investment in the companies who presented at VANTEC? Please check all that apply.

- Silent Investor
- Board Member
- Activity level slowly declines after the investment is made
- Called in when there are problems
- Active mentor on an on-going basis
- Others are active mentors so I am less active
- I assist with subsequent financing rounds
- Other, Please Specify

16

What other aspects of the VANTEC Angel Network are important? Are there important attributes of the Network that we have missed?

17

We will follow-up this questionnaire with individual interviews. Are you available for an interview?

- Yes
- No
- Please call me to discuss the topics the interview will cover



Please identify yourself by providing your name (optional question).



Appendix B VANTEC Company Survey

1

Which part of the VANTEC Angel Network did you present to? Please check the most appropriate.

- Information/Advanced technologies
- Health/Life Sciences
- Both

2

How were you introduced to VANTEC? Please check all that apply.

- Mike Volker
- Joyce Groote and Rick Walter
- Founding member
- Another member of Vantec
- Another Angel
- Sponsor
- Another company that presented
- I found it myself
- Vancouver Enterprise Forum
- Industry Association
- Other, Please Specify

3

How long ago did you first present at VANTEC? Please check the most appropriate.

- Less than one year
- 1-2 years
- 2-3 years
- 3-4 years
- Greater than four years

4

Have you introduced other companies to VANTEC? Please check the most appropriate.

- No
- Yes, one or two
- Yes more than a few
- I actively recruit others

5

Where has your company made presentations for angel or venture capital funding? Please check all that apply.

- Once at VANTEC
- More than once at VANTEC
- Angel Forums organized by Bob Chaworth-Musters
- Canadian Financing Forum
- ACG Capital Connection

- At other investor forums
- Seed funds (e.g. BC Advantage, WUTIF, Building Biotech, BDC Seed Fund)
- Venture capital funds (e.g. BDC, Growthworks, Ventures West, Yaletown Ventures)
- Debt capital (e.g. VanCity, Royal Bank, Comerica)
- Other institutional funding groups
- Through our own network of potential investors

6

What were the results of your presentations to angel investors? Please check all that apply.

- Received funding as a result of our presentation at VANTEC
- Significant discussions but no funding as a result of our presentation at VANTEC
- Received funding as a result of our presentations at other investor forums
- Received funding through our own networks independent of VANTEC and/or other investor forums
- Increased our network of potential investors
- Benefited from additional mentors/advisors
- Other, Please Specify

7

What is your company's current situation? Please check all that apply.

- Private operating company
- Public operating company
- Purchased by another company
- Growing well and don't need additional investment
- Received additional angel investment
- Received subsequent venture capital investment
- Added employees after investment
- Growing and making progress
- Not in operation

8

To help us gauge the Economic Impact of Angel investing through VANTEC, how has your company grown since your first presentation at VANTEC? Please check the most appropriate.

- No additional employees
- Increased head count by 1-5 people
- Increased head count by 5-10 people
- Increased by 10-25 people
- Increased by > 25 people

9

To help us gauge the Economic Impact of Angel investing through VANTEC, how have your company's sales grown since your first presentation at VANTEC?

10

If you received investment based on your presentation at VANTEC, what role(s) did your investor(s) play within your company after they invested? Please check all that apply.

- Silent Investor
- Board Member
- Activity level slowly declined after the investment is made
- Called in when there were problems
- Active mentor on an on-going basis
- Some are active, others aren't
- They assisted with subsequent financing rounds
- Other, Please Specify

11

Other than investment funding, what were the most important things that your Angel investors did for your company after you received investment through VANTEC?

12

What other aspects of the VANTEC Angel Network are important? Are there important attributes of the Network that we have missed?

13

We will follow-up this questionnaire with individual interviews. Are you available for an interview?

- Yes
- No
- Please call me to discuss the topics the interview will cover
- Please call me to discuss who the most suitable person for the interview would be at my company

14

Please identify yourself by providing your name (optional question).



Appendix C VANTEC Survey - Questions for Companies & Investors

If a company has done the survey go directly to these questions. If they have not, ask the survey questions first or intersperse them in this list.

1. Was VANTEC one of the first places you presented?
2. Did it lead you to follow-on presentation? Did it help you hone your message for other investors or events?
3. Did your sponsor have good feedback for you? Would it help you to get more feedback or assistance with your presentation?
4. Was VANTEC the correct venue for you to pitch for capital?
5. Did VANTEC lead to pitching other groups? To investment?
6. What do you think were the major factors in you receiving or not receiving investment? Is it still too early to tell?
7. How have your investors helped your company? Are you satisfied with the roles they play in your company?
8. Do you have mentors? Did they come from VANTEC? Elsewhere?
9. What type of assistance or role do they play with the company?
10. Is the mentoring you are receiving now going to help you with the critical success factors for your company over the next 12-24 months?
11. If you have investment from VANTEC can you tell us who specifically? How active are they with your company?
12. What were your initial expectations of VANTEC? How well did VANTEC meet your initial expectations? Have your expectations changed since you presented at VANTEC and if so, how have they changed?
13. (For companies that presented more than 1-2 years ago) How have your financing and business development needs changed since your initial presentation to VANTEC?
14. (For companies that have presented at VANTEC more than once) How satisfied are you with the results of your first presentation at VANTEC? Subsequent presentations?

15. (For companies that have presented at VANTEC more than once) What were your reasons for presenting at VANTEC more than once? How did your subsequent experience(s) at VANTEC changed from your first presentation at VANTEC?
16. How could VANTEC be improved?
17. Is there anything else we should discuss?

VANTEC Survey - Questions for Investors

If an Investor has done the survey go directly to these questions. If they have not, ask the survey questions first or intersperse them in this list.





1. Is VANTEC one of your primary places for deal flow? If not could you tell us what is?
2. Are the companies better at VANTEC than in the past? Is the deal flow better? Do you know why you answer the way you do?
3. What would improve the quality of the presenting companies? The quality of their presentations? Do you feel that the companies are clear in asking what they want from you as an investor?
4. When you sponsor a company are you happy with the feedback the company receives?
5. Is VANTEC one of the first steps for a company you are working with?
6. Can you share your key criteria for investing in a company that presents at VANTEC? IP, Management, other investors?
7. In your investments, what roles have you chosen to play with the company and why?
8. If you act as a mentor, what is your most common role?
9. Do you feel that the mentoring you are providing now to companies is going to help them with the critical success factors for the company over the next 12-24 months? Do you have agreement with company management on the critical success factors?
10. If you have invested in companies from VANTEC can you tell us which specifically? How active are they with the companies?
11. If you have invested with other members of VANTEC can you tell us who specifically?
12. What were your initial expectations of VANTEC? How well did VANTEC meet your initial expectations? Have your expectations changed since you presented at VANTEC and if so, how have they changed?











13. How could we improve VANTEC?

14. Is there anything else we should discuss?

Appendix D VANTEC Investor Survey Results

Responses: Completes only Partial only Completes & Partial

Which part of the VANTEC Angel Network do you attend? Please 1. check the most appropriate.		Number of Responses	Response Ratio
Information/Advanced technologies		33	44%
Health/Life Sciences		11	15%
Both		21	28%
No longer active		10	13%
Total		75	100%

2. How were you introduced to VANTEC? Please check all that apply.		Number of Responses	Response Ratio
Mike Volker		41	55%
Joyce Groote and Rick Walter		7	9%
Founding member		6	8%
Another member of Vantec		11	15%
Another Angel		12	16%
Sponsor		3	4%
A company that was presenting		4	5%
I was interested in a company that was presenting		2	3%
I found it myself		4	5%
Vancouver Enterprise Forum		6	8%
Industry Association		3	4%
 Other, Please Specify		6	8%

3. Have you introduced others to VANTEC? Please check the most appropriate.		Number of Responses	Response Ratio
No		15	21%
Yes, one or two		40	55%
Yes more than a few		15	21%
I actively recruit others		3	4%
Total		73	100%

4. How long have you been attending VANTEC? Please check the most appropriate.		Number of Responses	Response Ratio
Less than one year		10	13%
1-2 years		20	27%
2-3 years		21	28%
3-4 years		11	15%
Greater than four years		13	17%
Total		75	100%


5. How often do you attend? Please check all that apply.		Number of Responses	Response Ratio
All the time		9	12%
About half the time		21	28%
Occasionally		18	24%
Whenever there is a company I am interested in.		14	19%
Irregular – when it suits my schedule		12	16%
No longer attend		9	12%

How many companies have you introduced to present at VANTEC? 6. Please check the most appropriate.		Number of Responses	Response Ratio
None		34	47%
1-2		29	40%
3-5		8	11%
More than 5		2	3%
Total		73	100%

How many investment opportunities introduced to you at VANTEC 7. have you pursued? Please check the most appropriate.		Number of Responses	Response Ratio
None		19	26%
1-2		32	43%
3-5		15	20%
6-10		6	8%
More than 10		2	3%
Total		74	100%

How many investments have you made into companies introduced at 8. VANTEC? Please check the most appropriate.		Number of Responses	Response Ratio
None		37	49%
1-2		26	35%
3-5		9	12%
6-10		2	3%
More than 10		1	1%
Total		75	100%













9. What percentage of your angel investment activity is attributable to VANTEC? Please check the most appropriate.		Number of Responses	Response Ratio
None		30	40%
Less than 25%		24	32%
25-50%		13	17%
50-75%		5	7%
75-100%		3	4%
Total		75	100%








10. Has your contact with other investors at the VANTEC led to: Please check all that apply.		Number of Responses	Response Ratio
Additional investments with other Angels		19	30%
Others joining me in an investment I was considering		22	34%
Additional rounds of investment for a company in which I had already invested		9	14%
More opportunities in the marketplace for the companies that present		23	36%
Better contacts with angels and VCs for subsequent rounds of funding		46	72%
 Other, Please Specify		10	16%

11. To help us gauge the Economic Impact of Angel investing through VANTEC, has the amount of your typical investment into a company changed since you joined VANTEC?		Number of Responses	Response Ratio
Yes, and my average investment amounts have increased		15	21%
Yes, but my average investment amounts have decreased		3	4%
No, my average investment amounts remain unchanged		46	65%
VIEW Other, Please Specify		7	10%
Total		71	100%

12. How much do you typically invest into any given company?		Number of Responses	Response Ratio
Don't have any		7	10%
< \$ 10 K		5	7%
\$ 10 - \$ 100 K		52	72%
> \$ 100 K		8	11%
Total		72	100%

13. What is the typical size of an angel investment round in a company?		Number of Responses	Response Ratio
Don't have any		14	19%
< \$ 50 K		11	15%
\$ 50 - \$ 250 K		24	33%
\$ 250 - \$ 500 K		18	25%
> \$ 500 K		6	8%
Total		73	100%




Which of the following describe your VANTEC investments? Please 14. check all that apply.		Number of Responses	Response Ratio
Don't have any		31	42%
Some growing really well and don't need additional investment		5	7%
Some have received additional angel investment		24	33%
Some have received subsequent venture capital investment		19	26%
Most added employees after investment		17	23%
Most are growing and making progress		19	26%
Some have exited through a merger with a successful ROI		3	4%
Some have exited through an Initial Public Offering (IPO) with a successful ROI		4	5%
Some failed		16	22%
Too early to tell with some of them		26	36%
Valuations have increased for some of the investments		11	15%
 Other, Please Specify		4	5%

What is your level of activity after your investment in the companies 15. who presented at VANTEC? Please check all that apply.		Number of Responses	Response Ratio
Silent Investor		19	25%
Board Member		20	27%
Activity level slowly declines after the investment is made		8	11%
Called in when there are problems		8	11%
Active mentor on an on-going basis		24	32%
Others are active mentors so I am less active		12	16%
I assist with subsequent financing rounds		14	19%

VIEW	Other, Please Specify 	16	21%
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16. What other aspects of the VANTEC Angel Network are important? Are there important attributes of the Network that we have missed?

[VIEW](#) 32 Responses

17. We will follow-up this questionnaire with individual interviews. Are you available for an interview?		Number of Responses	Response Ratio
Yes		50	67%
No		19	25%
Please call me to discuss the topics the interview will cover		6	8%
Total		75	100%

18. Please identify yourself by providing your name (optional question).

[VIEW](#) 55 Responses

Cross Tabulation Results



Appendix E VANTEC Investor Cross Tabulation

Completes only

Report created on: 4/5/2006 4:19 PM

The table below shows the results from comparing the following selected questions.

How were you introduced to VANTEC? Please check all that apply.										
	Total	Which part of the VANTEC Angel Network do you attend? Please check the most appropriate.:				How long have you been attending VANTEC? Please check the most appropriate. :				
		Information/ Advanced technologies	Health/ Life Sciences	Both	No longer active	Less than one year	1-2 years	2-3 years	3-4 years	Greater than four years
Total	75	33	11	21	10	10	20	21	11	13
Mike Volker	41	21 63.6%	1 9.1%	13 61.9%	6 60%	6 60%	9 45%	13 61.9%	4 36.4%	9 69.2%
Joyce Groote and Rick Walter	7	0 0%	5 45.5%	2 9.5%	0 0%	0 0%	1 5%	3 14.3%	2 18.2%	1 7.7%
Founding member	6	5 15.2%	0 0%	0 0%	1 10%	0 0%	0 0%	0 0%	1 9.1%	5 38.5%
Another member of Vantec	11	4 12.1%	1 9.1%	5 23.8%	1 10%	2 20%	3 15%	4 19%	2 18.2%	0 0%
Another Angel	12	6 18.2%	3 27.3%	1 4.8%	2 20%	2 20%	1 5%	5 23.8%	2 18.2%	2 15.4%
Sponsor	3	1 3%	2 18.2%	0 0%	0 0%	0 0%	0 0%	2 9.5%	1 9.1%	0 0%
A company that was presenting	4	1 3%	3 27.3%	0 0%	0 0%	0 0%	1 5%	2 9.5%	1 9.1%	0 0%
I was interested in a company that was presenting	2	1 3%	1 9.1%	0 0%	0 0%	0 0%	0 0%	2 9.5%	0 0%	0 0%
I found it myself	4	3 9.1%	1 9.1%	0 0%	0 0%	1 10%	2 10%	1 4.8%	0 0%	0 0%

Vancouver Enterprise Forum	6	3 9.1%	2 18.2%	0 0%	1 10%	1 10%	0 0%	4 19%	0 0%	1 7.7%
Industry Association	3	1 3%	0 0%	0 0%	2 20%	0 0%	0 0%	0 0%	1 9.1%	2 15.4%
Other, Please Specify	6	2 6.1%	0 0%	1 4.8%	3 30%	0 0%	3 15%	0 0%	1 9.1%	2 15.4%

Have you introduced others to VANTEC? Please check the most appropriate.:

	Total	Which part of the VANTEC Angel Network do you attend? Please check the most appropriate.:				How long have you been attending VANTEC? Please check the most appropriate.:				
		Information/ Advanced technologies	Health/ Life Sciences	Both	No longer active	Less than one year	1-2 years	2-3 years	3-4 years	Greater than four years
Total	73	33	11	20	9	9	19	21	11	13
No	15	8 24.2%	1 9.1%	5 25%	1 11.1%	7 77.8%	6 31.6%	1 4.8%	0 0%	1 7.7%
Yes, one or two	40	18 54.5%	5 45.5%	11 55%	6 66.7%	1 11.1%	12 63.2%	14 66.7%	8 72.7%	5 38.5%
Yes more than a few	15	6 18.2%	4 36.4%	3 15%	2 22.2%	1 11.1%	1 5.3%	5 23.8%	2 18.2%	6 46.2%
I actively recruit others	3	1 3%	1 9.1%	1 5%	0 0%	0 0%	0 0%	1 4.8%	1 9.1%	1 7.7%

How often do you attend? Please check all that apply.

	Total	Which part of the VANTEC Angel Network do you attend? Please check the most appropriate.:				How long have you been attending VANTEC? Please check the most appropriate.:				
		Information/ Advanced technologies	Health/ Life Sciences	Both	No longer active	Less than one year	1-2 years	2-3 years	3-4 years	Greater than four years
Total	75	33	11	21	10	10	20	21	11	13
All the time	9	3 9.1%	3 27.3%	3 14.3%	0 0%	2 20%	1 5%	3 14.3%	1 9.1%	2 15.4%
About half the time	21	9 27.3%	3 27.3%	9 42.9%	0 0%	0 0%	5 25%	8 38.1%	4 36.4%	4 30.8%
Occasionally	18	9 27.3%	2 18.2%	4 19%	3 30%	1 10%	4 20%	6 28.6%	3 27.3%	4 30.8%
Whenever there is a company I am interested in.	14	10 30.3%	2 18.2%	2 9.5%	0 0%	4 40%	4 20%	3 14.3%	1 9.1%	2 15.4%

Irregular – when it suits my schedule	12	8 24.2%	1 9.1%	2 9.5%	1 10%	1 10%	6 30%	2 9.5%	1 9.1%	2 15.4%
No longer attend	9	1 3%	1 9.1%	1 4.8%	6 60%	2 20%	3 15%	2 9.5%	1 9.1%	1 7.7%

How many companies have you introduced to present at VANTEC? Please check the most appropriate.:

	Total	Which part of the VANTEC Angel Network do you attend? Please check the most appropriate.:				How long have you been attending VANTEC? Please check the most appropriate. :				
		Information/ Advanced technologies	Health/ Life Sciences	Both	No longer active	Less than one year	1-2 years	2-3 years	3-4 years	Greater than four years
Total	73	32	10	21	10	10	19	20	11	13
None	34	13 40.6%	4 40%	12 57.1%	5 50%	9 90%	12 63.2%	8 40%	2 18.2%	3 23.1%
1-2	29	14 43.8%	3 30%	8 38.1%	4 40%	1 10%	7 36.8%	10 50%	7 63.6%	4 30.8%
3-5	8	4 12.5%	2 20%	1 4.8%	1 10%	0 0%	0 0%	2 10%	1 9.1%	5 38.5%
More than 5	2	1 3.1%	1 10%	0 0%	0 0%	0 0%	0 0%	0 0%	1 9.1%	1 7.7%

How many investment opportunities introduced to you at VANTEC have you pursued? Please check the most appropriate.:

	Total	Which part of the VANTEC Angel Network do you attend? Please check the most appropriate.:				How long have you been attending VANTEC? Please check the most appropriate. :				
		Information/ Advanced technologies	Health/ Life Sciences	Both	No longer active	Less than one year	1-2 years	2-3 years	3-4 years	Greater than four years
Total	74	33	11	20	10	10	19	21	11	13
None	19	7 21.2%	2 18.2%	6 30%	4 40%	6 60%	9 47.4%	3 14.3%	1 9.1%	0 0%
1-2	32	15 45.5%	5 45.5%	6 30%	6 60%	4 40%	7 36.8%	9 42.9%	7 63.6%	5 38.5%
3-5	15	6 18.2%	3 27.3%	6 30%	0 0%	0 0%	1 5.3%	9 42.9%	1 9.1%	4 30.8%
6-10	6	4 12.1%	0 0%	2 10%	0 0%	0 0%	1 5.3%	0 0%	1 9.1%	4 30.8%
More than 10	2	1 3%	1 9.1%	0 0%	0 0%	0 0%	1 5.3%	0 0%	1 9.1%	0 0%

How many investments have you made into companies introduced at VANTEC? Please check the most appropriate.:

	Total	Which part of the VANTEC Angel Network do you attend? Please check the most appropriate.:				How long have you been attending VANTEC? Please check the most appropriate. :				
		Information/ Advanced technologies	Health/ Life Sciences	Both	No longer active	Less than one year	1-2 years	2-3 years	3-4 years	Greater than four years
Total	75	33	11	21	10	10	20	21	11	13
None	37	12 36.4%	4 36.4%	13 61.9%	8 80%	10 100%	13 65%	7 33.3%	5 45.5%	2 15.4%
1-2	26	15 45.5%	4 36.4%	6 28.6%	1 10%	0 0%	5 25%	12 57.1%	4 36.4%	5 38.5%
3-5	9	4 12.1%	2 18.2%	2 9.5%	1 10%	0 0%	1 5%	2 9.5%	1 9.1%	5 38.5%
6-10	2	2 6.1%	0 0%	0 0%	0 0%	0 0%	1 5%	0 0%	0 0%	1 7.7%
More than 10	1	0 0%	1 9.1%	0 0%	0 0%	0 0%	0 0%	0 0%	1 9.1%	0 0%

What percentage of your angel investment activity is attributable to VANTEC? Please check the most appropriate.:

	Total	Which part of the VANTEC Angel Network do you attend? Please check the most appropriate.:				How long have you been attending VANTEC? Please check the most appropriate. :				
		Information/ Advanced technologies	Health/ Life Sciences	Both	No longer active	Less than one year	1-2 years	2-3 years	3-4 years	Greater than four years
Total	75	33	11	21	10	10	20	21	11	13
None	30	9 27.3%	3 27.3%	11 52.4%	7 70%	7 70%	12 60%	4 19%	5 45.5%	2 15.4%
Less than 25%	24	10 30.3%	6 54.5%	5 23.8%	3 30%	1 10%	4 20%	10 47.6%	2 18.2%	7 53.8%
25-50%	13	9 27.3%	1 9.1%	3 14.3%	0 0%	2 20%	1 5%	6 28.6%	1 9.1%	3 23.1%
50-75%	5	3 9.1%	0 0%	2 9.5%	0 0%	0 0%	2 10%	1 4.8%	1 9.1%	1 7.7%
75-100%	3	2 6.1%	1 9.1%	0 0%	0 0%	0 0%	1 5%	0 0%	2 18.2%	0 0%

Has your contact with other investors at the VANTEC led to: Please check all that apply.

		Which part of the VANTEC Angel Network do you attend? Please check the most appropriate.:	How long have you been attending VANTEC? Please check the most appropriate. :

	Total	Information/ Advanced technologies	Health/ Life Sciences	Both	No longer active	Less than one year	1-2 years	2-3 years	3-4 years	Greater than four years
Total	64	29	11	19	5	8	15	20	11	10
Additional investments with other Angels	19	10 34.5%	3 27.3%	5 26.3%	1 20%	2 25%	3 20%	5 25%	4 36.4%	5 50%
Others joining me in an investment I was considering	22	10 34.5%	4 36.4%	6 31.6%	2 40%	0 0%	5 33.3%	6 30%	5 45.5%	6 60%
Additional rounds of investment for a company in which I had already invested	9	4 13.8%	1 9.1%	4 21.1%	0 0%	0 0%	0 0%	4 20%	2 18.2%	3 30%
More opportunities in the marketplace for the companies that present	23	11 37.9%	3 27.3%	8 42.1%	1 20%	2 25%	4 26.7%	11 55%	4 36.4%	2 20%
Better contacts with angels and VCs for subsequent rounds of funding	46	24 82.8%	7 63.6%	13 68.4%	2 40%	6 75%	11 73.3%	17 85%	9 81.8%	3 30%
Other, Please Specify	10	3 10.3%	2 18.2%	4 21.1%	1 20%	2 25%	3 20%	3 15%	1 9.1%	1 10%

To help us gauge the Economic Impact of Angel investing through VANTEC, has the amount of your typical investment into a company changed since you joined VANTEC?:

	Total	Which part of the VANTEC Angel Network do you attend? Please check the most appropriate.:				How long have you been attending VANTEC? Please check the most appropriate. :				
		Information/ Advanced technologies	Health/ Life Sciences	Both	No longer active	Less than one year	1-2 years	2-3 years	3-4 years	Greater than four years

Total	71	33	11	19	8	8	18	21	11	13
Yes, and my average investment amounts have increased	15	7 21.2%	4 36.4%	4 21.1%	0 0%	2 25%	4 22.2%	2 9.5%	4 36.4%	3 23.1%
Yes, but my average investment amounts have decreased	3	3 9.1%	0 0%	0 0%	0 0%	0 0%	1 5.6%	1 4.8%	0 0%	1 7.7%
No, my average investment amounts remain unchanged	46	22 66.7%	7 63.6%	12 63.2%	5 62.5%	5 62.5%	10 55.6%	17 81%	7 63.6%	7 53.8%
Other, Please Specify	7	1 3%	0 0%	3 15.8%	3 37.5%	1 12.5%	3 16.7%	1 4.8%	0 0%	2 15.4%

How much do you typically invest into any given company?:

	Total	Which part of the VANTEC Angel Network do you attend? Please check the most appropriate.:				How long have you been attending VANTEC? Please check the most appropriate. :				
		Information/ Advanced technologies	Health/ Life Sciences	Both	No longer active	Less than one year	1-2 years	2-3 years	3-4 years	Greater than four years
Total	72	33	11	19	9	10	17	21	11	13
Don't have any	7	1 3%	0 0%	3 15.8%	3 33.3%	4 40%	3 17.6%	0 0%	0 0%	0 0%
< \$ 10 K	5	3 9.1%	0 0%	0 0%	2 22.2%	1 10%	0 0%	1 4.8%	2 18.2%	1 7.7%
\$ 10 - \$ 100 K	52	25 75.8%	10 90.9%	15 78.9%	2 22.2%	4 40%	12 70.6%	17 81%	8 72.7%	11 84.6%
> \$ 100 K	8	4 12.1%	1 9.1%	1 5.3%	2 22.2%	1 10%	2 11.8%	3 14.3%	1 9.1%	1 7.7%

What is the typical size of an angel investment round in a company?:

	Total	Which part of the VANTEC Angel Network do you attend? Please check the most appropriate.:				How long have you been attending VANTEC? Please check the most appropriate. :				
		Information/ Advanced technologies	Health/ Life Sciences	Both	No longer active	Less than one year	1-2 years	2-3 years	3-4 years	Greater than four years

Total	73	33	11	19	10	9	19	21	11	13
Don't have any	14	5 15.2%	1 9.1%	4 21.1%	4 40%	4 44.4%	7 36.8%	2 9.5%	0 0%	1 7.7%
< \$ 50 K	11	5 15.2%	1 9.1%	4 21.1%	1 10%	2 22.2%	2 10.5%	2 9.5%	1 9.1%	4 30.8%
\$ 50 - \$ 250 K	24	14 42.4%	2 18.2%	6 31.6%	2 20%	1 11.1%	7 36.8%	9 42.9%	5 45.5%	2 15.4%
\$ 250 – \$ 500 K	18	6 18.2%	6 54.5%	5 26.3%	1 10%	1 11.1%	3 15.8%	7 33.3%	3 27.3%	4 30.8%
> \$ 500 K	6	3 9.1%	1 9.1%	0 0%	2 20%	1 11.1%	0 0%	1 4.8%	2 18.2%	2 15.4%

Which of the following describe your VANTEC investments? Please check all that apply.

	Total	Which part of the VANTEC Angel Network do you attend? Please check the most appropriate.:				How long have you been attending VANTEC? Please check the most appropriate. :				
		Information/ Advanced technologies	Health/ Life Sciences	Both	No longer active	Less than one year	1-2 years	2-3 years	3-4 years	Greater than four years
Total	73	33	11	19	10	10	18	21	11	13
Don't have any	31	10 30.3%	3 27.3%	10 52.6%	8 80%	10 100%	10 55.6%	7 33.3%	3 27.3%	1 7.7%
Some growing really well and don't need additional investment	5	4 12.1%	1 9.1%	0 0%	0 0%	0 0%	0 0%	0 0%	2 18.2%	3 23.1%
Some have received additional angel investment	24	13 39.4%	4 36.4%	6 31.6%	1 10%	0 0%	4 22.2%	6 28.6%	8 72.7%	6 46.2%
Some have received subsequent venture capital investment	19	10 30.3%	5 45.5%	3 15.8%	1 10%	0 0%	3 16.7%	6 28.6%	4 36.4%	6 46.2%
Most added employees after investment	17	11 33.3%	3 27.3%	3 15.8%	0 0%	0 0%	2 11.1%	7 33.3%	6 54.5%	2 15.4%

Most are growing and making progress	19	9 27.3%	5 45.5%	5 26.3%	0 0%	0 0%	2 11.1%	9 42.9%	6 54.5%	2 15.4%
Some have exited through a merger with a successful ROI	3	3 9.1%	0 0%	0 0%	0 0%	0 0%	1 5.6%	0 0%	0 0%	2 15.4%
Some have exited through an Initial Public Offering (IPO) with a successful ROI	4	0 0%	2 18.2%	2 10.5%	0 0%	0 0%	0 0%	2 9.5%	2 18.2%	0 0%
Some failed	16	10 30.3%	3 27.3%	3 15.8%	0 0%	0 0%	2 11.1%	5 23.8%	3 27.3%	6 46.2%
Too early to tell with some of them	26	15 45.5%	4 36.4%	7 36.8%	0 0%	0 0%	5 27.8%	13 61.9%	5 45.5%	3 23.1%
Valuations have increased for some of the investments	11	6 18.2%	3 27.3%	2 10.5%	0 0%	0 0%	2 11.1%	5 23.8%	1 9.1%	3 23.1%
Other, Please Specify	4	1 3%	1 9.1%	1 5.3%	1 10%	0 0%	1 5.6%	2 9.5%	0 0%	1 7.7%

What is your level of activity after your investment in the companies who presented at VANTEC? Please check all that apply.

	Total	Which part of the VANTEC Angel Network do you attend? Please check the most appropriate.:				How long have you been attending VANTEC? Please check the most appropriate. :				
		Information/ Advanced technologies	Health/ Life Sciences	Both	No longer active	Less than one year	1-2 years	2-3 years	3-4 years	Greater than four years
Total	75	33	11	21	10	10	20	21	11	13
Silent Investor	19	4 12.1%	5 45.5%	8 38.1%	2 20%	2 20%	4 20%	7 33.3%	2 18.2%	4 30.8%
Board Member	20	13 39.4%	2 18.2%	4 19%	1 10%	1 10%	7 35%	5 23.8%	3 27.3%	4 30.8%

Activity level slowly declines after the investment is made	8	3 9.1%	3 27.3%	2 9.5%	0 0%	1 10%	1 5%	1 4.8%	2 18.2%	3 23.1%
Called in when there are problems	8	2 6.1%	3 27.3%	3 14.3%	0 0%	0 0%	1 5%	2 9.5%	3 27.3%	2 15.4%
Active mentor on an on-going basis	24	13 39.4%	2 18.2%	8 38.1%	1 10%	5 50%	5 25%	10 47.6%	3 27.3%	1 7.7%
Others are active mentors so I am less active	12	6 18.2%	4 36.4%	1 4.8%	1 10%	0 0%	3 15%	3 14.3%	3 27.3%	3 23.1%
I assist with subsequent financing rounds	14	8 24.2%	2 18.2%	4 19%	0 0%	1 10%	5 25%	4 19%	2 18.2%	2 15.4%
Other, Please Specify	16	4 12.1%	1 9.1%	6 28.6%	5 50%	3 30%	6 30%	5 23.8%	0 0%	2 15.4%

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Appendix F - Investor Interview Results and Quotes

The following are representative quotes from investors in response to their overall impressions of VANTEC, their suggestions for improvement, their investment style and other comments regarding the angel investment community:

- a) Impressions of VANTEC
 - a. I use mostly my own personal referral network to source and make investments and VANTEC is certainly one of the ways I keep up with my investing contacts.
 - b. All of my investments are through personal referrals.
 - c. I don't know if the companies are "better" now than in the past because it's still a "hodge podge" but then that's good that it's varied.
 - d. Yes, the companies are better because the companies and their sponsors are starting to understand the standards/expectations.
 - e. Yes, the companies are better because the coaching before their presentations are better.
 - f. Best part is the feedback; gives confidence for potential investment
 - g. Keep the presenters in the room ("we're all grown-ups")
 - h. Good to have the presenters out of the room because angel-angel discussions are more frank ("we're still only human")
 - i. Has its reputation as good (useful & effective) vs bad (it's a roast because if you don't "pass", then you can't go out for funding from others)

- b) Suggestions to improve VANTEC
 - a. Companies need to understand who is in the audience; also there is a definite disconnect of types of people in the room in varying stages of investor sophistication
 - b. Companies should be coached on better public speaking skills; half of them don't even describe what their deal is; the marketing piece is typically weak; too many slides to tell their story
 - c. Better sponsors and more direct involvement of the sponsors would improve quality because the weaker companies have poorer sponsors; coaching is needed on their presentation style and to manage their expectation so that they're more realistic
 - d. Crisper, standard format for the presentation; some presentations are more free-form than others and don't answer the key questions; would like to see more Q&A that's of real value; would rather hear few quality presentations than more poor quality presentations; would like to see a real-time feedback form for the presenters and not have to listen to others' self-importance; improve the process and you'd improve the investment probability
 - e. Better networking; facilitate more interaction (e.g. social activities?)
 - f. Improved presentations; like the new feedback form, like to see longer term tracking of the deals and anything that would show that this



[company's business model] is a viable way to make a living; answer the question "What happens to these companies?"










- g. Need a better web presence for VANTEC
 - h. Lots of angels have never heard of VANTEC; need help (from government? Volunteers?) to spread the word; we need to increase the size of the angel community; some angel networks and organizations get outside funding to keep them going e.g. Kauffman Foundation
 - i. Really useful to make links with other angel organizations (e.g. Okanagan, Seattle); more cooperation with VC funds; increase the cooperation with other tech associations like VEF
 - j. I rely on the people for personal referrals; more social networking events would be good to get to know the other angels better and how they work
 - k. I feel like I'm mis-representing myself because I'm not an "angel"; I don't have the time or ability to be an angel; worthwhile to have courses on "how to be an angel"
 - l. The marketing question is a huge dilemma; how do we attract new blood? How do we keep the very senior and most successful angel investors involved in VANTEC? We need to take VANTEC to the next level; we need to publicize the good exposure that entrepreneurs will get so that they are encouraged that what they're doing is worth doing because they can see companies being successful.
 - m. The biggest improvement would be better publicity for the network; understand what it would take to attract more people to the network (e.g. ad in the Sun?); more quality investors should be in the audience because it's not fair to the presenting companies who are looking for investment funds to be pitching to service providers;
 - n. To get more quality investors you need 2 things: better company presentations and some learning items in the agenda (e.g. a "genetics in the wine industry" topic would attract people with an interest in investing in that sector)
 - o. List of mentors (who, what they do, their area of expertise, remuneration expectations, etc.) for young companies; the mentoring should be a follow-up program for the companies
 - p. Work with other organizations (e.g. Leading Edge BC?) and VCs/Seed Funds to get them to attend the meetings and to publicize our successes
- c) Personal investment styles
- a. I won't even sponsor a company at VANTEC unless I've got more than 2 investors in the room pre-sold
 - b. I only look at early stage and only if I can be actively involved; so I only fund 4 or 5 projects at a time
 - c. My strategy is to work with the people I want to work with; this is both the company executives and with the other investors I may invest with
 - d. I haven't invested directly in the companies; only via WUTIF; it's hard to get to the heart of the matter so I could be of any use; lack of time and experience to do this.

- e. I invest on my own because of my niche; I find that angels are becoming more like VCs; there are huge opportunities in the very early seed; maybe at later stage too although early start-ups are too highly valued;
 - f. I only invest with others; and these are with people that I trust
 - g. I invest in what I know; I rarely venture outside my expertise/comfort zone
 - h. I get to see a lot companies before they go to VANTEC
- d) Comments about the angel investment community
- a. We need to increase the size of the angel investment community
 - b. Happy when this whole thing [VANTEC] started but there is not enough new blood and we need to get the new blood out; it's the investors who bring in the companies
 - c. Angels definitely invest in packs.

Appendix G VANTEC Company Survey Results

Responses: Completes only Partial only Completes & Partial





Which part of the VANTEC Angel Network did you present to? Please 1. check the most appropriate.		Number of Responses	Response Ratio
Information/Advanced technologies		30	63%
Health/Life Sciences		16	33%
Both		2	4%
Total		48	100%









2. How were you introduced to VANTEC? Please check all that apply.		Number of Responses	Response Ratio
Mike Volker		23	48%
Joyce Groote and Rick Walter		8	17%
Founding member		1	2%
Another member of Vantec		8	17%
Another Angel		11	23%
Sponsor		7	15%
Another company that presented		0	0%
I found it myself		4	8%
Vancouver Enterprise Forum		4	8%
Industry Association		2	4%
 Other, Please Specify		6	13%

3. How long ago did you first present at VANTEC? Please check the most appropriate.		Number of Responses	Response Ratio
Less than one year		16	33%
1-2 years		11	23%
2-3 years		11	23%
3-4 years		7	15%
Greater than four years		3	6%
Total		48	100%









4. Have you introduced other companies to VANTEC? Please check the most appropriate.		Number of Responses	Response Ratio
No		27	57%
Yes, one or two		18	38%
Yes more than a few		2	4%
I actively recruit others		0	0%
Total		47	100%





5. Where has your company made presentations for angel or venture capital funding? Please check all that apply.		Number of Responses	Response Ratio
Once at VANTEC		36	75%
More than once at VANTEC		8	17%
Angel Forums organized by Bob Chaworth-Musters		26	54%
Canadian Financing Forum		9	19%
ACG Capital Connection		0	0%
At other investor forums		16	33%
Seed funds (e.g. BC Advantage, WUTIF, Building Biotech, BDC Seed Fund)		27	56%

Venture capital funds (e.g. BDC, Growthworks, Ventures West, Yaletown Ventures)		27	56%
Debt capital (e.g. VanCity, Royal Bank, Comerica)		7	15%
Other institutional funding groups		9	19%
Through our own network of potential investors		27	56%








What were the results of your presentations to angel investors? Please check all that apply.		Number of Responses	Response Ratio
Received funding as a result of our presentation at VANTEC		7	15%
Significant discussions but no funding as a result of our presentation at VANTEC		15	31%
Received funding as a result of our presentations at other investor forums		10	21%
Received funding through our own networks independent of VANTEC and/or other investor forums		18	38%
Increased our network of potential investors		21	44%
Benefited from additional mentors/advisors		13	27%
 Other, Please Specify		13	27%


7. What is your company's current situation? Please check all that apply.	Number of Responses	Response Ratio
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Private operating company		38	79%
Public operating company		3	6%
Purchased by another company		2	4%
Growing well and don't need additional investment		3	6%
Received additional angel investment		14	29%
Received subsequent venture capital investment		4	8%
Added employees after investment		13	27%
Growing and making progress		28	58%
Not in operation		4	8%




To help us gauge the Economic Impact of Angel investing through VANTEC, how has your company grown since your first presentation at VANTEC? Please check the most appropriate.		Number of Responses	Response Ratio
8. No additional employees		22	48%
Increased head count by 1-5 people		15	33%
Increased head count by 5-10 people		4	9%
Increased by 10-25 people		3	7%
Increased by > 25 people		2	4%

9. To help us gauge the Economic Impact of Angel investing through VANTEC, how have your company's sales grown since your first presentation at VANTEC?	
VIEW 39 Responses	

10. If you received investment based on your presentation at VANTEC, what role(s) did your investor(s) play within your company after they invested? Please check all that apply.		Number of Responses	Response Ratio
Silent Investor		4	29%
Board Member		2	14%
Activity level slowly declined after the investment is made		0	0%
Called in when there were problems		0	0%
Active mentor on an on-going basis		3	21%
Some are active, others aren't		3	21%
They assisted with subsequent financing rounds		2	14%
 Other, Please Specify		6	43%

11. Other than investment funding, what were the most important things that your Angel investors did for your company after you received investment through VANTEC?
 24 Responses

12. What other aspects of the VANTEC Angel Network are important? Are there important attributes of the Network that we have missed?
 17 Responses

13. We will follow-up this questionnaire with individual interviews. Are you available for an interview?		Number of Responses	Response Ratio
Yes		34	71%
No		11	23%
Please call me to discuss the topics the interview will cover		3	6%
Please call me to discuss who the most suitable person for the interview would be at my company		0	0%
Total		48	100%

14. Please identify yourself by providing your name (optional question).

[VIEW](#)

38 Responses

Cross Tabulation Results



Appendix H VANTEC Company Cross Tabulation

Completes only

Report created on: 4/5/2006 4:36 PM

The table below shows the results from comparing the following selected questions.

How were you introduced to VANTEC? Please check all that apply.				
	Total	Which part of the VANTEC Angel Network did you present to? Please check the most appropriate.:		
		Information/Advanced technologies	Health/Life Sciences	Both
Total	48	30	16	2
Mike Volker	23	17 56.7%	6 37.5%	0 0%
Joyce Groote and Rick Walter	8	0 0%	7 43.8%	1 50%
Founding member	1	1 3.3%	0 0%	0 0%
Another member of Vantec	8	8 26.7%	0 0%	0 0%
Another Angel	11	9 30%	1 6.2%	1 50%
Sponsor	7	5 16.7%	2 12.5%	0 0%
Another company that presented	0	0 0%	0 0%	0 0%
I found it myself	4	3 10%	1 6.2%	0 0%
Vancouver Enterprise Forum	4	4 13.3%	0 0%	0 0%
Industry Association	2	2 6.7%	0 0%	0 0%
Other, Please Specify	6	3 10%	3 18.8%	0 0%

How long ago did you first present at VANTEC? Please check the most appropriate. :

	Total	Which part of the VANTEC Angel Network did you present to? Please check the most appropriate.:		
		Information/Advanced technologies	Health/Life Sciences	Both

		Information/Advanced technologies	Health/Life Sciences	Both
Total	48	30	16	2
Less than one year	16	10 33.3%	6 37.5%	0 0%
1-2 years	11	5 16.7%	6 37.5%	0 0%
2-3 years	11	6 20%	3 18.8%	2 100%
3-4 years	7	6 20%	1 6.2%	0 0%
Greater than four years	3	3 10%	0 0%	0 0%

Have you introduced other companies to VANTEC? Please check the most appropriate.:

	Total	Which part of the VANTEC Angel Network did you present to? Please check the most appropriate.:		
		Information/Advanced technologies	Health/Life Sciences	Both
Total	47	29	16	2
No	27	17 58.6%	8 50%	2 100%
Yes, one or two	18	12 41.4%	6 37.5%	0 0%
Yes more than a few	2	0 0%	2 12.5%	0 0%
I actively recruit others	0	0 0%	0 0%	0 0%

Where has your company made presentations for angel or venture capital funding? Please check all that apply.

	Total	Which part of the VANTEC Angel Network did you present to? Please check the most appropriate.:		
		Information/Advanced technologies	Health/Life Sciences	Both
Total	48	30	16	2
Once at VANTEC	36	24 80%	11 68.8%	1 50%
More than once at VANTEC	8	4 13.3%	4 25%	0 0%
Angel Forums organized by Bob Chaworth-Musters	26	20 66.7%	5 31.2%	1 50%
Canadian Financing Forum	9	5 16.7%	3 18.8%	1 50%

ACG Capital Connection	0	0 0%	0 0%	0 0%
At other investor forums	16	10 33.3%	5 31.2%	1 50%
Seed funds (e.g. BC Advantage, WUTIF, Building Biotech, BDC Seed Fund)	27	14 46.7%	12 75%	1 50%
Venture capital funds (e.g. BDC, Growthworks, Ventures West, Yaletown Ventures)	27	16 53.3%	9 56.2%	2 100%
Debt capital (e.g. VanCity, Royal Bank, Comerica)	7	6 20%	0 0%	1 50%
Other institutional funding groups	9	4 13.3%	4 25%	1 50%
Through our own network of potential investors	27	17 56.7%	9 56.2%	1 50%

What were the results of your presentations to angel investors? Please check all that apply.

	Total	Which part of the VANTEC Angel Network did you present to? Please check the most appropriate.:		
		Information/Advanced technologies	Health/Life Sciences	Both
Total	48	30	16	2
Received funding as a result of our presentation at VANTEC	7	3 10%	4 25%	0 0%
Significant discussions but no funding as a result of our presentation at VANTEC	15	12 40%	2 12.5%	1 50%
Received funding as a result of our presentations at other investor forums	10	6 20%	4 25%	0 0%
Received funding through our own networks independent of VANTEC and/or other investor forums	18	10 33.3%	7 43.8%	1 50%
Increased our network of potential investors	21	12 40%	8 50%	1 50%
Benefited from additional mentors/advisors	13	11 36.7%	2 12.5%	0 0%
Other, Please Specify	13	7 23.3%	6 37.5%	0 0%

What is your company's current situation? Please check all that apply.

		Which part of the VANTEC Angel Network did you present to? Please check the most appropriate.:

	Total	Information/Advanced technologies	Health/Life Sciences	Both
Total	48	30	16	2
Private operating company	38	22 73.3%	14 87.5%	2 100%
Public operating company	3	2 6.7%	1 6.2%	0 0%
Purchased by another company	2	2 6.7%	0 0%	0 0%
Growing well and don't need additional investment	3	3 10%	0 0%	0 0%
Received additional angel investment	14	8 26.7%	6 37.5%	0 0%
Received subsequent venture capital investment	4	2 6.7%	1 6.2%	1 50%
Added employees after investment	13	8 26.7%	4 25%	1 50%
Growing and making progress	28	17 56.7%	10 62.5%	1 50%
Not in operation	4	3 10%	1 6.2%	0 0%

To help us gauge the Economic Impact of Angel investing through VANTEC, how has your company grown since your first presentation at VANTEC? Please check the most appropriate.

	Total	Which part of the VANTEC Angel Network did you present to? Please check the most appropriate.:		
		Information/Advanced technologies	Health/Life Sciences	Both
Total	46	28	16	2
No additional employees	22	13 46.4%	8 50%	1 50%
Increased head count by 1-5 people	15	10 35.7%	5 31.2%	0 0%
Increased head count by 5-10 people	4	2 7.1%	2 12.5%	0 0%
Increased by 10-25 people	3	2 7.1%	1 6.2%	0 0%
Increased by > 25 people	2	1 3.6%	0 0%	1 50%

If you received investment based on your presentation at VANTEC, what role(s) did your investor (s) play within your company after they invested? Please check all that apply.

	Total	Which part of the VANTEC Angel Network did you present to? Please check the most appropriate.:

		Information/Advanced technologies	Health/Life Sciences	Both
Total	14	6	7	1
Silent Investor	4	0 0%	4 57.1%	0 0%
Board Member	2	1 16.7%	1 14.3%	0 0%
Activity level slowly declined after the investment is made	0	0 0%	0 0%	0 0%
Called in when there were problems	0	0 0%	0 0%	0 0%
Active mentor on an on-going basis	3	1 16.7%	2 28.6%	0 0%
Some are active, others aren't	3	1 16.7%	2 28.6%	0 0%
They assisted with subsequent financing rounds	2	1 16.7%	1 14.3%	0 0%
Other, Please Specify	6	3 50%	2 28.6%	1 100%

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Appendix I Company Data Listings

Presenting Companies (Indicates Multiple Presentations)

6th Dimension Devices Inc.
Actenum Corp.
Active Orthopaedic Inc.
Active State Tool Corp.
Active Stream Technologies
Advanced Integrated MicroSystems (Canada) Ltd.
AG Research Inc. & RAS Cardio Research Corp.
Air Games Wireless Incorporated
Alive Health Resort
AllSafe Technology
AlphaShield Inc.
Antarcti.ca
AOM Music
APRIO Inc.
APRIO Inc.
AquaGenyx Pharmaceuticals
Arbutus Therapeutics Inc.
ARC Pharmaceuticals Inc.
ARC Pharmaceuticals Inc.
ARC Pharmaceuticals Inc.
Argon Security Technologies
Argon Security Technologies
Aspreva
ATP Engineering
AutoHouse Technologies Inc
Avellann Networks Inc.
Azure Dynamics Inc.
Backbone Systems
Barter.com
BC Advantage Fund
BC Cancer Foundation
BioLytical Laboratories, Inc.
BioMers
Biosphere Refineries Corporation
Bitmovers Inc
Blue Energy Canada
BuilderBOS Inc
BuildIT Systems Corp.
Burning Tiger Technologies Ltd.
Cadium Systems Inc.
Caliente Solutions
Carbonetworks Corporation
Cardan Technologies Inc.
Carevoyance Telematics Inc.
Carevoyance Telematics Inc.
Celator Technologies Inc.
Cennapharm Inc. USA
Centric Safe Haven Inc USA?
Cetacea Networks Corporation

Charity One Club
Chirologix Pharmaceuticals Inc.
Chirologix Pharmaceuticals Inc.
Cibus Inc.
CineClix
CITi Construction Information Technology Inc.
CityFone Telecommunications Inc.
Clearigo Solutions
Clearvision Technologies
Clera Labs Inc.
Clera Labs Inc.
Cogent Chipware Inc.
Cogent Integrated Solutions Inc.
Coincard International
CompleGen
Concursion Technologies
Copperleaf Technologies
CPAL Inc.
CT HealthScan Vancouver Ltd.
DBMiner Technology Inc.
Delta-Q Technologies Corp.
Diabecore Medical Inc.
Digital Accelerator Corporation
d'masque Productions Inc.
Dyaptive Systems Inc.
Educare Data Strategies
Elecomm InterLink Corporation
eMedia-IT Solutions Inc.
enGene, Inc.
Enterra Systems Inc.
eOptimize.com Inc.
Epic Biosonics Inc
EZ-Text Inc.
EZ-Text Inc.
Faucon Wireless
Fertile Earth Corporation
Firgelli Technologies
Flame-Out Corporation
Fourth Company Marketing & Comms
fSona Corp
Gavagai Technology
GEMS Registration Services Ltd.
General Fusion Inc.
GenoLogics Life Sciences Software Inc.
Genops Bioinformatics Inc.
Genops Bioinformatics Inc.
Global e-Biz
Golf Ranger Products Inc.
GREENLAB Agronomics Inc.
Guardian Beyond Biotechnology
H.A.B.I.T. Research Inc.
H2ST Inc
Handview Inc.
HeatWave Drying Systems Ltd.
Hemptown Clothing Inc.
HireDesk Inc.

HR Online Inc.
iCell
Inimex Pharmaceuticals, Inc.
InsureSmart
Integral Biosensors
Intellinger Software Corp.
International Composting Corporation
International WEX Technologies
In-Touch Lock System
Inviro Medical Devices Inc.
Inviro Medical Devices Inc.
IP-Sign (Canada) Corp. DBA RegoMedia
iValet Systems
Joule Microsystems
KeyCurve Inc.
Kinetic Sciences Inc.
Kinexus
Koolhaus Games Inc
Kronofusion Technologies
Lambda Solutions
Lattice Informatics
Layer 7 Technologies Inc.
Learning Dividends Inc.
LogicLynx Technologies Inc.
Ludicorp Research & Development Ltd.
Luna Technologies
Madesco Technologies
MailChannels
Make Technologies Inc.
MedBioGene
Mediagenics
Mentor Capital (VCC) Corp.
Merit Learning
Meta4hand
MetaBios
Metamend Software
Methusala Technologies
Metrobridge
mgrok Corporation
MicroPlanet
Mindquake Software
MiraLink International
Mobile Contractor
Mobile Operandi Communications Corporation
Mountain Power Labs
Nature's Alternative International Inc.
Neltura Technology
NemaRx Pharmaceuticals
Netcentrics Corp
netLok8 Inc.
Network Integrity Systems
NeuroStream Technologies Inc.
NIC Medical Ltd.
Novation Pharmaceuticals Inc.
Novation Pharmaceuticals Inc.
Novelix Pharmaceuticals

Oasis Training Co.
Oglenet Software Inc.
One Person Health
OptiMEDirect Corporation
Orca Media Communications
Ostara Nutrient Recovery Technologies
Pacific Therapeutics
Panagin
Paradigm Environmental Technologies Inc.
Paradigm Environmental Technologies Inc.
Paradigm Environmental Technologies Inc.
Paradigm Environmental Technologies Inc.
Peer1.net
Perceptronix
PhotoBlaster Networks Inc.
Planetville.com
Plutonic Power Corp
Private Software
ProcessBuy Inc
Progressive Health Innovations
Projux Online
Prompt Technologies Inc. USA
Protea Ventures Private Equity Investors, LLC
QSV Biologics
Quantitative Imaging Corp.
Queue Global
Qumana Corp
RadioWeb Communications
Recombo Technologies
Recombo Technologies
Redlen Crystals Ltd.
Reputations.com
Scion Communications
Second Sun Digital
Sensific Technologies
Sentry Telecom Systems
Sentry Telecom Systems
Serveyor
ShawNeural Dynamics
ShawNeural Dynamics
Shepherd Medical Company
Sherwood Engineering Ltd. (Sherwood Steel)
Sieber Energy Inc
SignalChem Pharmaceuticals, Inc.
Signalink Technologies
Silicon Chalk
SilverTip Marine Inc.
SiM Composites
Sirius Genomics Inc.
Smartsense Innovations
SoftSearch
Software Productivity Center Inc.
Software Productivity Center Inc.
Sosiate
SplashDot.com
Sportica Internet Technologies Inc.

SST Wireless
Stelix Technologies
Stepcast Interactive Ventures
Sterling Systems Inc
Sunnybrook
Sunnybrook
Synapsys Software Inc.
Syncitium
Synoia Inc.
Techneos Systems Inc.
Technology Imaging Inc
Texon Technologies Ltd.
Tidal Photonics
Time Search Inc
Traction Technologies
Treated Air Systems Inc.
Treated Air Systems Inc.
Trilogics
Twin Lion Systems
Twinstrand Therapeutics
Upstream BioScience
Urigen
Vancouver Software Labs Inc.
Vectis Technologies
Vector 12 Corporation
Viewscape3D Ltd.
Virtually Here Inc.
Vivotech Software
VVPhone Technologies Inc.
WaferGen
Waterstreet Internet Technologies
Waterstreet Internet Technologies
WaveTeq
Welichem Biotech Inc.
Welichem Biotech Inc.
Wolf Medical Systems
WordLogic Corp.
WorkMasters Referral Network Inc.
WUTIF Capital (VCC) Inc.
WUTIF Capital (VCC) Inc.
WUTIF Capital (VCC) Inc.
Xbiotech
Xing Xing Digital
YouAchieve Inc.
Zero Combustion
Zoopad Inc.
Zymeworks Inc.

BCSC Filing

Antarcti.ca
ARC Pharmaceuticals Inc.
Aspreva
Celator Technologies Inc.
CITi Construction Information Technology Inc.
Cogent Integrated Solutions Inc.
CPAL Inc.
Dyaptive Systems Inc.
enGene, Inc.
fSona Corp
Gavagai Technology
HireDesk Inc.
International Composting Corporation
International WEX Technologies
Inviro Medical Devices Inc.
Joule Microsystems
Kronofusion Technologies
Luna Technologies
Mobile Operandi Communications Corporation
One Person Health
Paradigm Environmental Technologies Inc.
Perceptronix
Plutonic Power Corp
Twinstrand Therapeutics
Viewscape3D Ltd.
Welichem Biotech Inc.

ECP Program

Actenum Corp.
Air Games Wireless Incorporated
APRIO Inc.
ARC Pharmaceuticals Inc.
Aspreva
BuildIT Systems Corp.
Cetacea Networks Corporation
Cibus Inc.
CITi Construction Information Technology Inc.
Cogent Integrated Solutions Inc.
Coincard International
Delta-Q Technologies Corp.
Dyaptive Systems Inc.
enGene, Inc.
eOptimize.com Inc.
Epic Biosonics Inc
Flame-Out Corporation
General Fusion Inc.
GenoLogics Life Sciences Software Inc.
HR Online Inc.
Inimex Pharmaceuticals, Inc.
International Composting Corporation
IP-Sign (Canada) Corp. DBA RegoMedia
Joule Microsystems
Kinexus
Ludicorp Research & Development Ltd.
Make Technologies Inc.
Merit Learning
Metamend Software
Metrobridge
Mobile Operandi Communications Corporation
Mountain Power Labs
Nature's Alternative International Inc.
netLok8 Inc.
Novation Pharmaceuticals Inc.
Panagin
Paradigm Environmental Technologies Inc.
Recombo Technologies
Redlen Crystals Ltd.
Silicon Chalk
Sunnybrook
Syncitium
Treated Air Systems Inc.
Viewscape3D Ltd.
Virtually Here Inc.
Wolf Medical Systems
Zymeworks Inc.

Venture Capital

Actenum Corp.
Active State Tool Corp.
Antarcti.ca
APRIO Inc.
ARC Pharmaceuticals Inc.
Aspreva
ATP Engineering
Azure Dynamics Inc.
Celator Technologies Inc.
Chirologix Pharmaceuticals Inc.
Clearigo Solutions
Copperleaf Technologies
Dyaptive Systems Inc.
fSona Corp
GenoLogics Life Sciences Software Inc.
HeatWave Drying Systems Ltd.
Hemptown Clothing Inc.
HireDesk Inc.
Inimex Pharmaceuticals, Inc.
Inviro Medical Devices Inc.
Kinexus
Layer 7 Technologies Inc.
Make Technologies Inc.
Metrobridge
Mindquake Software
Mobile Operandi Communications Corporation
Neltura Technology
NemaRx Pharmaceuticals
Netcentrics Corp
NeuroStream Technologies Inc.
Novation Pharmaceuticals Inc.
Paradigm Environmental Technologies Inc.
Projux Online
QSV Biologics
Quantitative Imaging Corp.
Recombo Technologies
Redlen Crystals Ltd.
Silicon Chalk
SiM Composites
Sunnybrook
Twinstrand Therapeutics
Vectis Technologies
Vector 12 Corporation
Waterstreet Internet Technologies
Welichem Biotech Inc.
YouAchieve Inc.

Exchange Listed

Azure Dynamics Inc.
Cogent Integrated Solutions Inc.
eOptimize.com Inc.
Inviro Medical Devices Inc.
One Person Health
Plutonic Power Corp

M&A

ActiveState Corp
ATP Engineering Inc.
MetroBridge Networks Corp.
NeuroStream Technologies Inc.

Public Offerings

Azure Dynamics Corporation
Azure Dynamics Corporation
Aspreva Pharmaceuticals Corporation
Azure Dynamics Corporation

Appendix J – Company Interview Results and Quotes

To the final interview question, "How could VANTEC be improved?", here are some interesting quotes:

a) While the quality of the attendees and their questions are excellent, the format is overly rigid. During our 10 min. a question was asked which effectively robbed us of 2 min. That weakened our presentation and, in fact, 2 min. wasn't enough time to adequately answer a very important question. The market has changed. Most companies that present are generally more mature and well prepared. The format is too limiting and restrictive. There should be an opportunity (post-presentation coffee) for the angels and companies to network and, at least, exchange cards. This format provides too much insulation for the angels. In fact, Mike B. tried to locate us after our presentation and couldn't find us. The formats (updated) that were used at the Okanagan angel forum and the VEF are much more open and allowed for informal sessions that have proved to be really valuable.

b) 1. Increase turnout. Too often the number of angels is small. 2. Provide some downstream update vehicle, which could reintroduce the VANTEC angels to the company by showing what they've done to improve their product or situation and make them ripe for investment. 3. Maybe a little less rigidity in the presentation structure. 4. Provide companies with a little more opportunity to network following presentations.

c) While VANTEC is a great idea, it seems a bit 'stale'. I'd like to see some new players. They need people who are seriously interested in investing in the right companies. Mentoring, in and of itself, isn't enough if the end game doesn't lead to investment. The 'end game' needs to be clear and achievable. In other words, if the right companies provide the right business plans and the right products, there needs to be a reasonable expectation that this will eventually lead to \$\$\$s.

d) Provide better direct feedback and try to do more to ensure that some attendees are familiar with and have some genuine interest in the product/service being presented.

e) I like the fact that VANTEC is accessible and credible. I worked w/ MV and helped start the WUTIF fund. I hope to start-up a VANTEC-like forum on Vanc. Isl. VANTEC may wish to expand its scope and, in turn, attract more investors. I'd like to see representation from more seed funds. They may also wish to better identify their successes and trumpet these on their website and through the media like BIV.

f) #1 - would have liked to have players more familiar w/ energy space. Recent presentation a real mess. Was treated rather poorly by some. Clearly the wrong audience. Got lumped in w/ Laser Guided Lawnmower. Most didn't take the time to read up on our technology and made some inaccurate assumptions. They s/b better educated before offering criticisms.

g) VANTEC forum seems to focus primarily on very early stage Biotech. They may wish to cast a wider net and market to more and varied incubators. Also, it seems that, out of the ~ 50 in attendance, on 10 or so are serious investors. The others seem to be curious about what's happening in the marketplace but aren't truly 'angels'. VANTEC may wish to better screen its audience.

h) First off, let me say that I greatly respect Mike V. and what he's trying to accomplish. My concern surrounds the lack of consistency surrounding the attendees and this is causing the reputation of VANTEC to become tarnished. In turn, too many quality Angels are avoiding this forum. I think there may be the need to better screen the attendees to ensure that they're truly looking to invest and indeed have funds available. Maybe some kind of declaration of net worth, numbers and value of deals, success stories and their expertise. This way the quality of the VANTEC audience could be more consistent and indeed attract even more quality Angels.

i) As to the format, I believe 10 min. is too short. Also, VANTEC may wish to schedule some sessions over a lunch period to attract more Angels and companies from outside the Lower Mainland. Also, it might be prudent to educate the Angels, especially anyone new, to the format. Too often precious time is taken up by a non-Angel who asks an inane question. The Q & A should be reserved for those Angels that truly have experience and knowledge around the presenter's business. Also, too much of the post-presentation feedback relates to style (# of slides, pace, etc.). It might be more valuable to have a couple of pros provide this feedback outside of the forum and provide the sponsor mainly with feedback related to content. It would also be useful to have a post-presentation coffee session where the investors, should they wish, could meet with the presenters. This would hopefully lead to more valuable contacts and insights.

j) It's a tremendous organization. Wide spectrum of investors. Maybe segregate the days into more defined verticals (i.e. Envirotech one month and Biotech another) but, overall, no complaints. k) Again, attract more Life Science folks. I've had way more success attracting funds from oil & gas and real estate angels than technology angels. It seems that

Angels are much less risk adverse these days ... acting more like V.C.s. This is creating a large gap between friends and family and the next source of funding. Not sure how it should be fixed but the gap seems to be widening even though the companies are, in general, stronger.

l) I've been to lots of boot camps and investment forums. The one criticism is that they force you to water down your presentation too much. It's too cookie cutter and too much valuable information gets left off the table. Somewhat understandable for a first go around but there needs to be a second level where, once you've passed the test, you can re-present and tell more than just the high level stuff. Especially in our case where the market is less understood, too much time is spent getting folks up to speed. Need a forum w/ players that truly understand 'energy' who have real \$\$\$s to offer to the right companies.

m) Feedback forms could have a greater range/scale (vs. 3). It's good that one has to work hard to get an invitation and to prove themselves before being granted an audience. If it's too easy then the companies VANTEC sees won't have really proved themselves.

VANTEC should be vigilant and avoid getting too cookie cutter.

n) Again, I'd like to see more 'clustering' of companies each month so, for example, Biotech would present in April and Wireless in May, etc. This might attract more of the Angels that are interested in a particular space. I do like the fact that both Angels and presenters are vetted in advance. Some forums seem to allow almost any start-up to present, regardless of their business plan or technology or status.

o) Eighteen months ago I attended a CEO dinner where prob. 90% of the top CEOs attended. The common opinion was that BC has to do a better job of attracting foreign investment. It would be prudent for VANTEC to establish stronger connections w/ non-BC angels. Maybe Videoconference the sessions into other US based angel groups. Also, lobby BC Gov't for better tax incentives. At the time, the presentation was 20 min. Too long for the sizzle and too short for the steak and sizzle. Either 10 min. or 45 min. is more suitable. Would like it to be a little less guarded, more interactive (works w/ 45-min. model only)

p) I would have liked to have received more structured feedback. What I received was too general and didn't really help me appreciate what my flaws may have been. It would also be nice to be able to read some case studies of VANTEC success stories so you could learn from them and, indeed from others that may have not succeeded and why.

q) It would have been nice to know WHY we failed to attract any financing. Feedback could be much better.

r) I think VANTEC needs to screen its participants a bit better. Too many lookie-loos that are not truly angels. Some seem to be looking for working opportunities or other ways they might make money themselves from the venture. Also, some V.C.s are attending. This is fine if they don't scare off investment. In one case a VC explained why he wouldn't invest which seem to scare off others. Unfortunately, his reasons for not investing don't directly correlate with the reason why an early stage 'angel' wouldn't invest. Incompatible criteria. Audience should be 'real' investors with a legitimate track record and \$\$\$ to place in the right company.

s) Frankly, I'm not really sure I understand what VANTEC does or is. Who are they working for? Who pays? Why? It's good they don't charge as its tough enough for start-up without having to pay to have potential backers listen to what you have to offer. It would make sense to try and keep companies who are in a similar space together. Say Biotech one month then Alternate Energy another. That way you would hopefully have more of the folks who are truly interested in that space in attendance. Overall, Vancouver is too small and too tight. Most have to go into the USA or other Provinces for any 'real' funding. I think a number of opportunities are being missed.

t) I think it would be better to have a Biotech only session vs. mixing w/ Hi-Tech more

focused and hopefully attract more of the angels familiar with and seriously interested in that space. I'd like to see a breakout session where angels could come and speak with the presenters. Also, something on the VANTEC website that would have the contact info. of our CEO so they could locate and follow-up if they so wished.

u) I think they should do more to qualify their investors and attendees. They should also divide the categories that presenting companies fit into further so there's more similarities in their technology. This, in turn, should attract more of the right investors to the respective sessions.

v) VANTEC is part of the puzzle. At the time they didn't provide enough advance preparation. I understand they now do.

w) I think VANTEC provides an important roll in this city. For Biotech firms such as ours, the funding chasm between Gov't and V.C.s is great so Angels need to fill that gap. As to improvements:

- Make sure attendees are familiar with our space.
- Try and limit VC's involvement.
- Work closer with other Angel groups like Seattle's Angel Alliance.

x) It would have been useful to gain a better understanding as to why we didn't receive funding. What are the perceptions? What do we lack? What should we do better? This information really wasn't forthcoming.

y) Too few angels are true visionaries unwilling to really take a chance on new and unproven technology. That's not a criticism of VANTEC, just an observation. I do think VANTEC could make itself more available to a few more true start-ups that may not have the necessary connections to a sponsor. Maybe once a quarter invite un-sponsored start-ups to present. This would expose VANTEC to a wider range of companies and, in turn, allow it to fulfill its apparent mentoring mandate.

RECOMMENDATION

Improve Access to Early-Stage Angel Financing and Expertise

PROPOSAL

We recommend that the federal government support early-stage business development by significantly improving Canada's angel investment environment.

To achieve this goal, we recommend two actions: funding excellence in building angel investor networks, and creating a new angel investor co-investment fund program. Both should be phased in, beginning with a pilot effort. The programs would earn more funding once they have proven their effectiveness.

Funding Excellence in Building Angel Investor Networks

It is necessary to ensure that start-up firms have access to the full range of business acumen necessary to attract early-stage investors.

To develop angel investor networks and enhance the managerial and financial support they provide to early-stage firms, we propose a competitive process to fund non-governmental organizations that mobilize the resources that already exist within communities. These organizations have the knowledge, experience and expertise to foster success. The goal of this initiative is to increase the number of investor-ready firms, improve the quality of the investment opportunities they present to investors, and match them with potential investors. The winning organizations will:

- mobilize people and resources within communities to work with entrepreneurs and emerging company managers to help them become more investor-ready by, for example, providing venues for companies to test their business proposals with informal groups of angel investors, in order to help the companies develop more compelling investment cases;
- match business opportunities with investors;
- strengthen networking activities within local clusters; and
- improve linkages to regional, national and international networks of expertise (i.e. technical, marketing, export and business-related expertise).



A New Angel Investor Co-Investment Fund Program

Early-stage investing is high-risk but essential to a dynamic and prosperous country. To ensure that the community of angel investors continues to grow, investment risk must be shared.

We are proposing the establishment of community-based funds, capitalized by the federal government, which will invest alongside angel investors in seed and start-up companies. Since angel investors will have their own money invested, they will have the incentive to perform all due diligence.

These funds will leverage private investments in start-up companies that are focused on growth through commercialization and will address the need for more funds. The funds will also create incentives for growth and enable angel investor expertise to reach more entrepreneurs and start-up businesses. The funding will expand the scale of angel funds.

The return of investment capital would be structured to reinforce the notion of shared risk but also to be consistent with the commitment to providing funding for early-stage support. Some companies will fail, but those that succeed should generate returns to the economy that exceed the cost of the program.

The interim CPB will need to work with its federal government partners to identify a private sector angel investor body to provide knowledgeable and objective peer review for this recommendation. The CPB should work with expert peer reviewers to identify the proposals from community organizations in both of the recommended action areas, and will recommend these to the Minister of Industry for funding.

REASONS FOR ACTION

Angel investment is about business, not philanthropy, and any advice that angel investors provide or any contributions they make – whether on corporate strategy, alliance and network-building or operational management – are meant to improve their own returns on investment, mitigate their risk and strengthen the companies they support. Their understanding of international markets and opportunities, and their ability to pave the way to later-stage funding, often makes a crucial difference in the progress of the firms in which they invest.

Angel investors are critical to the expansion of existing commercialization clusters and to helping to build local competitive advantages. In the U.S., their importance to start-ups has been demonstrated in many ways:

- Only 2 percent of *Inc.* magazine's 500 fastest growing companies received formal venture capital financing at the early seed stage.²⁹
- Three million angel investors in the U.S. invest \$50 billion annually in start-ups; their investments reach 30 to 40 times as many companies as formal venture capital investments and involve three to five times more money than comes from formal venture capitalists.
- The University of California at San Diego Connect Project has emphasized angel-type networks as part of a larger strategy that has been credited with helping to create 30 000 local biotechnology jobs and 24 000 jobs in telecommunications.

Information on Canadian angel investments is very limited. Some estimate that there are roughly 50 percent more informal investors per capita in the U.S. than in Canada.³⁰

The panel believes that Canada needs to expand the number of people who can bring their money and experience to bear so that the country's commercialization results can be improved. This is a legitimate public policy goal, since angel investors help to shape community attitudes and awareness of the opportunities that come from being innovation- and commercialization-centred. They are a recognized strength of many of Canada's technology clusters, which are known for their innovative businesses. They also help foster the culture of commerce discussed throughout the panel's recommendations concerning talent and research.

Angel investor networks often connect entrepreneurs seeking capital with potential angel investors and can be vehicles for providing advice to entrepreneurs who want to do a better job of meeting investors' expectations. The networks are also important in overcoming two key challenges facing people who could be angel investors: the lack of information about specific investment opportunities and a lack of links to potential partners.

As in all of the panel's proposals, the use of a competitive process will be used, in this case to support angel networks that are strongly motivated to meet the needs of both potential investors and start-up companies that are ready to grow. The panel expects that any program design will draw on lessons learned through previous initiatives, such as the recent Canada Community Investment Plan pilot. We also want to see this program be subject to peer review under the auspices of the CPB.

Funding Requirements and Expected Results

Funding requirements to support a pilot program in this area are an estimated \$20 million per year. Based on a review of the program's effectiveness, this could rise to annual funding of \$40 million. The panel expects that this recommendation will lead to:

- a significant increase in the number of recognized angel networks in Canada;
- a substantial increase in Canadian angel investment;
- an increase in the number of seed and start-up companies that successfully expand their operations, due to improved business-management capacity and enhanced funding; and
- improved networking among potential partners in commercialization activities across all sectors.

29. Based on data from the Canadian Task Force on Early Stage Funding.

30. Nathaly Riverin, et al., *Global Entrepreneurship Monitor*.

RECOMMENDATION

Review the Expansion-Stage Venture Capital Market in Canada

PROPOSAL

We recommend that the federal government, possibly with provincial/territorial governments' involvement, launch a comprehensive review of policies, programs and other factors influencing the role of the venture capital markets on companies during their expansion stage. This review would involve the venture capital community and include assessing current initiatives and capital supply and demand considerations, including factors for firms seeking financing.

REASONS FOR ACTION

The panel devoted a substantial amount of time to discussing the role of venture capital investments in commercialization opportunities at later stages of business growth but before venture capitalists exit the business. The evidence suggests the following:

- Returns from venture capital in Canada are poor.
- The sector is less mature than its U.S. equivalent (e.g. younger, smaller, with fewer specialized funds).
- Pension funds and other institutional investors have been reluctant to commit capital in view of more profitable opportunities in other fields of private equity investment.

The panel heard from people who believe that high-potential firms will inevitably attract capital, whether Canadian or foreign-sourced. Others say that the likelihood of success increases with financing and the value added from domestic venture capital. The recent Government of Ontario decision to phase out tax credits for investments in labour-sponsored venture capital corporations has focused attention on how the current policy framework affects the Canadian private equity investment environment.

Given the international nature of capital flows today, Canada should ensure that its emerging businesses have access to foreign venture capital (see the next recommendation), and there should be a strong, viable Canadian venture capital industry. The latter was clearly identified as a federal objective in the 2004 federal budget.

The lack of clear information to support explicit recommendations on how best to improve the domestic venture capital environment was a challenge for the panel. Federal and provincial/territorial governments have policies that affect the operation of late-stage capital markets. We did not see the growth from small to medium-sized companies and from medium- to large-sized companies that we wanted. Therefore, a review of the policies and their implications for risk capital markets supporting commercialization is in order.

As well, many other countries face similar questions as Canada does on how best to improve the efficiency and effectiveness of their venture capital markets. These questions include whether to increase investments by pension funds and other institutional investors. A national conference designed to bring together experts who can comment on the experiences of other countries and who can provide information to guide policy choices for stronger venture capital markets will help policy-makers. Such a conference should be preceded by regional conferences that explore the local issues facing venture capitalists and firms seeking investment.

Funding Requirements and Expected Results

The review of expansion-stage financing is expected to cost \$1 million (a one-time expense). This review should identify strategies to improve the operation of capital markets and will result in a more effective deployment of available capital. Increased venture capital investment in later-stage companies should also result.