

HALO BUSINESS ANGEL NETWORK

EVALUATION

COMMERCIAL IN CONFIDENCE

OFFICIAL-SENSITIVE-COMMERCIAL

April 2022

OFFICIAL-SENSITIVE-COMMERCIAL

INVEST NI, ENTERPRISE IRELAND & INTERTRADE IRELAND

HBAN

FINAL EVALUATION

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HBAN

FINAL EVALUATION

GLOSSARY OF TERMS

AANZ	Angel Association of New Zealand
ASHE	Annual Survey of Hours and Earnings
BA	Business angel
BAE	Business Angel Europe
BAN	Business Angel Networks - (HBAN Dublin, HBAN South East, HBAN South West, HBAN West), HBAN Ulster)
BBB	British Business Bank
BIC	Business Information Centre
CB	Cross border
CFM	Clarendon Fund Management
Co-Fund	Northern Ireland Co-Investment Fund
DA	Delivery Agent
EBAN	European Business Angel Network
EI	Enterprise Ireland
EIS	Enterprise Investment Scheme (UK tax scheme)
EIIS	Employment and Investment Incentive Scheme (ROI tax scheme)
ERP	Economic Recovery Plan
FTE	Full Time Equivalent
GVA	Gross Annual Value
HBAN	Halo Business Angel Network Program
HPSU	High Potential Start Up
INI	Invest NI
ITI	InterTradeIreland
KPIs	Key Performance Indicators
NI	Northern Ireland
ROI	Republic of Ireland
SEIS	Small Enterprise Investment Scheme (UK tax scheme)
SME	Small, Medium Enterprise
UKBAA	UK Business Angel Association
VFM	Value for Money
VC	Venture Capital
WE	Wider Ecosystem
WXNW	West by North West

EXECUTIVE SUMMARY

Introduction to HBAN

Invest NI commissioned Capaxo Ltd and its associates to undertake an independent Evaluation of HBAN from 1st October 2018 to June 2021.

Enterprise Ireland (EI) and InterTradeIreland (ITI) supported the HBAN Programme in the Republic of Ireland (ROI), which ran from April 2015 to March 2018, managed by Dublin Business Innovation Centre (BIC) as part of the third phase of the programme. In Northern Ireland (NI), the business angel programme was historically known as 'Halo'. Up until April 2017, this network was delivered by Catalyst on behalf of Invest NI and ITI. From May 2017, the delivery of the Halo NI programme was delivered in house by Invest NI with support from ITI.

Following an Economic Appraisal in 2018, EI, Invest NI and ITI decided to come together to support a HBAN programme that would operate on an all-island basis. In October 2018, Dublin BIC secured the contract to deliver this programme on an all-island basis from October 2018 to September 2021.

Dublin BIC, as the HBAN Delivery agent (DA), have subcontracted the services of three Irish BICs (Cork BIC, West BIC & Southeast BIC) to assist it in delivering the service in ROI and Clarendon Fund Managers (CFM) to deliver the programme in NI.

Aim and Objectives of HBAN

The primary strategic aim of HBAN is to secure investment, by business angel investors and syndicate groups, in early-stage companies on the island of Ireland.

The five primary objectives as set out in the Framework Agreement with Dublin BIC were:

- Maintaining & Increasing the Supply of Business Angels
- Maintaining the Existing Syndicates
- Developing New Syndicates
- Sourcing Company Deal flow
- Matching Companies & Investors

Overview of Evaluation

The methodology adopted for the Evaluation comprised review and analysis of deal sheets; verification of deals; survey of investors with 124 responses and 25% response rate; survey of successful companies with 49 responses and 50% response rate; survey of unsuccessful companies with 33 responses and 18% response rate; 72 individual consultations across angels and companies; detailed consultation with focus groups, feedback from 16 Key Stakeholders, as well as the Economic Development organisations.

Performance of Dublin BIC and Achievement of Targets

Dublin BIC has performed well in the contract period and is considered to be meeting its aims and objectives.

There was €43.2m investment by business angels into 177 deals (123 ROI and 54 NI) of which 97 were first time investments with €19.6m angel money - and 76 were follow ons - with €23.5m angel money. Business angel investment leveraged a further €124.4m of funds, with total investment into early stage companies of €167.8m.

- ROI accounted for 69% of deals and 78% of angel investments, with total funds, including that leveraged, of €116.2m. This includes funding from the international syndicates. Average annual angel investment was €12.1m, up from €11.0m in the previous contract period, a positive outcome given the challenge of Covid-19 and the EU Exit.

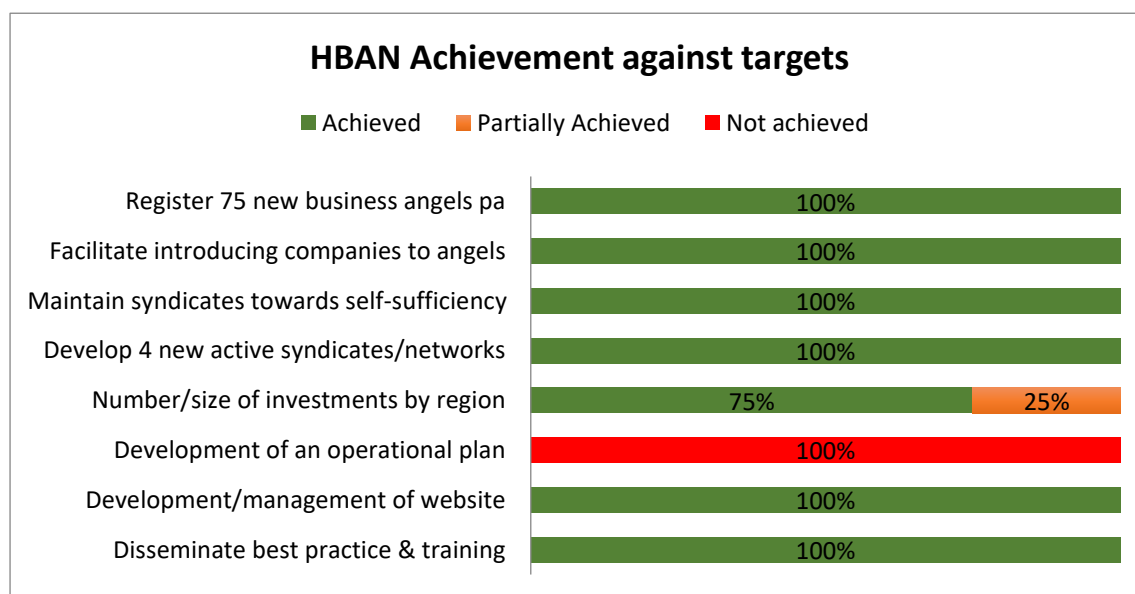
- NI (through HBAN Ulster) accounted for 31% of deals and 22% of investments, with total funds, including that leveraged, of €51.5m.
- Investment in NI captures that by business angels into the wider eco system (WE) with a small number of individuals accounting for c50% of the total investment. 49% of deals were in 2019¹, with there being deemed to be pent up demand in 2019 following no Halo angel-led investment in 2018. Excluding WE deals, average annual angel investment in NI was €2.2m, up from €1.02m in the previous contract period.

Other highlights were:

The number of active angels has increased. At 30 June 2021, there were 703 active angels and 275 inactive angels (defined in Appendix III- Assessment of HBAN activities and demand for HBAN services)

- Angels have invested from across all regions (Dublin, South East, South West, West and Ulster)
- Investee companies have been located across all regions, ranging from 11 in the South East to 56 in Dublin/Leinster
- 42% of investment was into companies that were “pre-revenue”
- HBAN has more than doubled its female angel memberships, from 3% to +8.5%. 18% of deals (21% ROI and 11% NI) had female angels (compared to 13% in the previous contract).
- 26% of deals (29% in ROI and 16% NI) had female founders/leads these securing 34% of total investment
- There has been greater focus on training, with total training participants (excluding at pitches) estimated at over 2,730
- Four of the syndicates/networks are now fee paying and there is progress towards partial sustainability
- There have been four Cross Border deals

In terms of performance, Dublin BIC is meeting its aims and objectives. It is achieving the overall deal activity targets, and is largely meeting its target KPIs²:



Satisfaction levels with HBAN are high across angels and companies (including unsuccessful companies) and stakeholders. While it is considered that the benefits from the cross-border networks

¹ There were in 2 investments made in Qtr1 (ie Oct-Dec 2018) which have been reported by HBAN as 2019 investments.

² The Operational plan has not been delivered. However, it is noted that the HBAN targets have largely been achieved.

have yet to be realised, angels and companies in NI are positive as to the benefits that could accrue to them from this network.

Issues raised include the need to support deal leads, to increase the number of deal leads, and to improve the reporting platform.

The position in NI, with many deals coming to HBAN Ulster through CoFund, is viewed positively by the angels, companies and stakeholders. While there is no evidence that CoFund is crowding angels out, CoFund should be satisfied that it is filling an identified funding gap in initial investments. Subsequently, it may need to protect the initial investment/mitigate dilution.

Economic Performance

It is very early in the investor journey to expect any significant return on investment and consequently to make a definitive commentary on Value for Money. The HBAN investments have only taken place in the last 3 years with many companies at the start of their development journey. The average investment will only have been in place 1.5 years, with 34% of investment committed to R&D.

In addition, the companies have been operating in what is arguably the most challenging period in recent economic history with the effective closure of the economy due to the Covid-19 pandemic, its fall out in terms of the start/stop recovery alongside the impact of the EU exit and the introduction of the Northern Ireland Protocol.

HBAN costs are higher than other benchmarked regions, although it is recognized that the HBAN programme delivers a broader range of services than other Business Angel Networks (BANs). It is however noted:

For every €1 invested by angels, €2.88 is leveraged from other sources.

At a cost of €2.5m to date in the current contract period, HBAN has leveraged investment at a rate of €17 of Angel investment per €1 programme costs and a total of €65 of total investment per €1 programme costs.

Overall Conclusion

This evaluation has concluded positively, in terms of the HBAN programme strategic fit with the economic development objectives of each of the funders, need and market failure and recommends a further HBAN programme.

An Option Workshop will be held as part of the Outline Business Case process to determine the operating model going forward. Recommendations are:

- 1. Improved Data Recording:** In addition to current reporting requirements, the HBAN DA should report on the following (by region where possible):
 - The number of applications, total companies pitching, number of unsuccessful pitches.
 - The pipeline (pipeline diversity, founders background, funding sought etc).
 - The number of angels investing in deals in ROI and NI ie active investors (including investors in Irrus).
 - Active and inactive angels.
 - Deals that are HBAN initiated deals.
 - Deal leader for each deal and the number of deal leads.
 - The number of training participants.
 - The extent to which the HBAN is able to signpost companies to more suitable forms of finance and support.
 - Consideration may be given to recording the ROI WE investments in future programs.

2. Classification of Active angels and Crowding in Inactive angels

- The funders to define an active angel as one who has invested into a company.
- HBAN managers to monitor the activities of inactive angels.
- To consider opportunities as how to crowd angels in.
- CoFund should be satisfied that it is filling an identified funding gap in initial investments. Subsequently, it may need to protect the initial investment/mitigate dilution.

3. The Deal Process including the Delio Platform

- HBAN Managers to get clarity on the factors causing deal delays and ensure that the deal process is not slowed down by smaller or inexperienced investors.
- Companies to be encouraged to upload details to Delio, with deals visible within syndicates/networks and between syndicates/networks where appropriate.
- Use of Delio to be considered - ie to communicate deals at the pitching stage (and not the progress of deal investment).
- Expectation setting to be further clarified in a standard document.
- Use of a written pitch process procedure for all syndicates/networks/forums.
- Pre pitch assessment of companies pitching and the investment parameters of those likely to be at a pitch meeting.
- Cross border opportunities to be monitored and mentored, with quarterly reporting.
- Consideration of the appropriate mix of in-person and online pitch events, and pre-recorded pitching available via the Delio or alternative platform.
- HBAN DA to continue to work closely with EI, INI, ITI and the wider stakeholders (including VCs) to ensure communication of the deal flow and pipeline.

4. Syndicate Development

- To determine the need for further syndicates linked to priority areas, based upon assessment of sufficient deal flow and HBAN angels with domain knowledge.
- HBAN manager should conduct a monitoring exercise of the syndicates over a period of time and introduce a generalised 'Syndicate Maturity model' to monitor progression.
- Existing syndicate chairs within Ireland to be invited to attend the international pitch sessions.
- Increased opportunities for non-deal specific networking between syndicate leaders and deal leads, including on a cross border basis.

5. Development of deal leads

- Continued follow up with those interested in becoming deal leads.

6. Angel and Syndicate Training

- Availability of training needs to be communicated more regularly to the membership.
- Refresh of standardised term sheets/due diligence processes to occur on timely basis.
- Introduce training for those running the syndicates.
- Consider resources to deliver specific women friendly training, including similar to UK HM Treasury "Investing in Women Code", and ensure diversity demonstrated on website.
- Consider post investment training for deal leads.
- Ensure regional spread of training opportunities, as physical meetings return.

7. Recording of Programme costs

- Ensure clarity of time spent by activity (maintaining angels, developing syndicates, matching investors, etc.)
- Funders to review the costs on an annual basis in order to satisfy their internal governance procedures.

1 INTRODUCTION AND BACKGROUND

1.1 Introduction

Invest Northern Ireland (Invest NI) commissioned Capaxo Ltd and its associates to undertake an independent Evaluation of HBAN (the Halo Business Angel Network) from 1st October 2018 to June 2021. The Terms of Reference and methodology are set out in Appendix I.

Enterprise Ireland (EI) and InterTradeIreland (ITI) supported the HBAN Programme in the Republic of Ireland (ROI), which ran from April 2015 to March 2018, managed by Dublin Business Innovation Centre (BIC) as part of the third phase of the programme.

In Northern Ireland (NI), the business angel programme was historically known as 'Halo'. Up until April 2017, this network was delivered by Catalyst on behalf of Invest NI and ITI. From May 2017, the delivery of the Halo NI programme was delivered in house by Invest NI with support from ITI.

Following an Economic Appraisal in 2018, EI, Invest NI and ITI decided to come together to support a HBAN programme that would operate on an all-island basis. In October 2018, Dublin BIC secured the contract to deliver this programme on an all-island basis from October 2018 to September 2021. Targets are set out in Appendix II.

Dublin BIC, as the HBAN Delivery agent (DA), have subcontracted the services of three Irish BICs (Cork BIC, West BIC & South East BIC) to assist it in delivering the service in ROI and Clarendon Fund Managers (CFM) to deliver the programme in NI. There is a dedicated HBAN Programme Manager as employed by Dublin BIC.

1.2 Aim and Objectives of HBAN

The primary strategic aim of HBAN is to secure investment, by business angel investors and syndicate groups, in early-stage companies on the island of Ireland. This aim is being met through the establishment, support, development and promotion of business angel investment groups or syndicates and by facilitating and encouraging referrals of pre-screened investment opportunities in start-up, early stage and developing businesses to these groups and individual investors.

HBAN is dedicated to the promotion of angel investment and supporting the early-stage entrepreneurial community on an all-island basis. Collectively, HBAN actively works to increase the number of angel investors involved in investing in early-stage companies and supports the formation of new and existing angel networks.

The five primary objectives as set out in the Framework Agreement with Dublin BIC were:

- Maintaining & Increasing the Supply of Business Angels
- Maintaining the Existing Syndicates
- Developing New Syndicates
- Sourcing Company Deal flow
- Matching Companies & Investors

1.3 The scope, purpose and objective of the Evaluation of HBAN (2018-2021)

The Evaluation has been undertaken in line with National and regional requirements. It is compliant with Central Government guidance including "The Green Book: Appraisal and Evaluation in Central Government", Current Edition, HM Treasury; "The Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE)", Current Edition, Department of Finance; "The Magenta Book: Guidance for Evaluation", Current Edition, HM Treasury; and Invest NI Economic Appraisal Methodology (EAM) guidance.

2 ANALYSIS & FEEDBACK FROM ENGAGEMENT WITH STAKEHOLDERS

2.1 Introduction

The detailed analysis and feedback from engagement with investors, companies and stakeholders are included as follows:

Appendix III	Assessment of HBAN Activity & Demand for HBAN services
Appendix IV	Syndicate Analysis - Review of Progress in the Development of the Syndicates
Appendix V	An assessment of the effectiveness of the current HBAN delivery model - progress since 2018
Appendix VI	Summary Feedback from User Groups and Stakeholders

Recommendations from this section are summarised in Section 4.

2.2 Summary of HBAN Business Angel Activity from 1 Oct 2018 to 30 June 2021

HBAN's business angels are organised as either Syndicates, Forums or Networks³, with the number of investments and amount invested from 1 October 2018 to 30 June 2021, (33 of the 36-month contract period) as follows (*note that the number of investments is not unique as more than one group can invest in a single deal⁴*):

Table 2.1: Summary of HBAN Investments

Year/€000	2018 - 3 mths No	2019 No	2020 No	2021- 6 mths No	Total Angel (000)	Total No	Average Invest (£000)
Angel Group 1	1	8	9	8	6,160	26	237
Angel Group 2	4	6	12	1	4,258	23	185
Angel Group 3	2	6	7	4	7,266	19	382
Angel Group 4	1	1	1	0	1,083	3	361
Angel Group 5	2	6	4	3	4,548	15	303
Angel Group 6	2	7	8	3	1,611	20	81
Angel Group 7	0	2	3	2	1,008	7	144
Network/Forums							
Network 1	0	0		2	75	2	38
Network 2	4	6	3	10	2,640	23	115
Network 3	1	2	1		566	4	142
Network 4	0	1	2		2,140	3	713
Network 5	2		2		380	4	95
Total ROI	19	45	52	33	31,735	149	213
HBAN Ulster		22	17	15	9,741	54	180
Singapore			2	1	140	3	47
London	2	4	1		1,076	7	154
New York	1	2			513	3	171
External Syndicates	3	6	3	1	1,729	13	133
Total per table	22	73	72	49	43,205	216	200

Note that the above includes 12 Syndicates/Forums/Networks (ten in situ on commencement of contract, with SE syndicate and network combined) and three international syndicates. HBAN Ulster

³ SYNDICATE - a group structured by broad sectoral interest that meets either monthly, bimonthly or quarterly and whose investors invest collectively; FORUM - a monthly pitching session which takes place in Dublin. It takes place 9 times a year with 5 companies in each session. Investors invest individually; NETWORK - regional based groups who facilitate both direct introductions and conduct pitching session of frequency of approximately every 6 weeks, which considers a wide array of sectors. Investors can invest individually and/or collectively as part of other syndicates

⁴ Where there are multiple syndicates/forums/networks investing in deals, an allocation is made so that each is credited with the deal (to record regional performance against regional targets)

deals are split between HBAN led deals and Wider Ecosystem (WE) deals- i.e., the latter not initiated by HBAN (see Appendix III- Assessment of HBAN activities and demand for HBAN services). Details on specialisms are:

Table 2.2: Details of Syndicates, Forums and Networks

HBAN Syndicate/Network	Specialism	HBAN Region	Year established
Syndicates:			
Angel Group 1	ICT	Regional	2010
Angel Group 2	ICT	Dublin	2008
Angel Group 3	Medtech/ICT	Regional	2012
Angel Group 4	Food/Agri/ Food Supply Chain	Dublin	2013
Angel Group 5	Medtech/ connected Health care	Regional	2013/2014
Angel Group 6	General	Regional	2015/2016
Angel Group 7	General	Regional	2014
ROI Syndicates			
Networks/Forums:			
Network 1	General	Regional	2020
Network 2	General	Dublin	1988
Network 3	General	Regional	2015
Network 4	General	Regional	(i)
Network 5	General	Regional	(i)
ROI Forums/Networks			
Total ROI			
HBAN Ulster Forum	General	NI	2018/19
International			
New York	General	n/a	2017
London	General	n/a	2018
Singapore	General	n/a	2017
TOTAL			

Source: HBAN DA

(i) More individual introductions than formal meetings

As demonstrated, the HBAN Programme manager reports its performance by five HBAN regions; Dublin, South East, South West, West and Ulster. At 30 June 2021, there were 703 active angels and 275 inactive angels.

Investments are split by year by ROI and NI:

Table 2.3: Details of Deals and Investment by year and jurisdiction

	ROI			NI			Total		
	No of Deals	HBAN angel Investment €000	Leverage €000	No of Deals	HBAN angel Investment €000	Leverage €000	No of Deals	HBAN angel investment €000	Leverage €000
2018	15	3,539	8,529	0	0	0	15	3,539	8,529
2019	44	12,174	23,251	22	4,738	14,347	66	16,912	37,598
2020	42	11,134	26,252	17	3,361	14,203	59	14,495	40,455
2021	22	6739	24,619	15	1,642	13,295	37	8,380	37,914
	123	33,586	82,651	54	9,741	41,845	177	43,326	124,496
Total ⁵			116,237			51,586			167,822

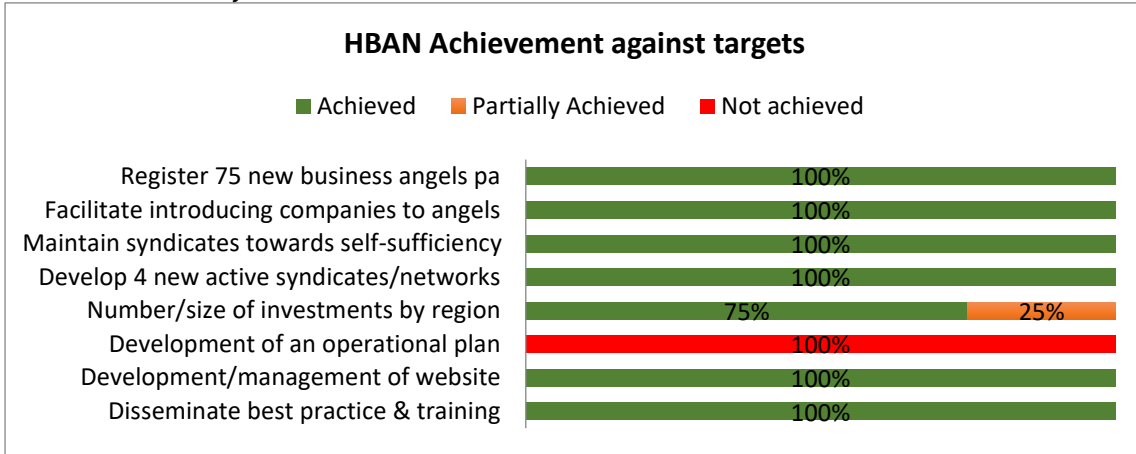
- ROI accounted for 69% of deals and 78% of angel investments, with total funds, including that leveraged, of €116.2m. This includes funding from the international syndicates.
- NI (though HBAN Ulster) accounted for 31% of deals and 22% of investments, with total funds, including that leveraged, of €51.5m
- NI is split by HBAN Led and WE deals, with 49% of deals in 2018/19, with there being deemed to be pent up demand in 2019 following no Halo angel-led angel investment in 2018.

⁵ Total angels and leveraged

2.3 Assess of performance against targets and outputs as per Dublin BIC contract

An assessment of HBAN’s performance against the Key Performance Indicators (KPI) targets set by the funders would indicate that targets were all, or almost all, achieved, bar the Operational plan⁶:

Table 2.4: Summary of achievement of KPIs



Supporting details on performance against KPIs is as follows:

⁶ The operational plan has not been delivered. However, it is noted that the HBAN targets have largely been achieved.


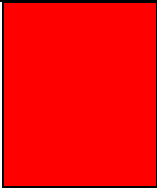
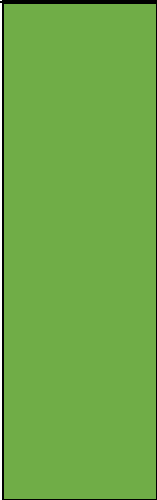

Table 2.5: Supporting documentation for KPIs

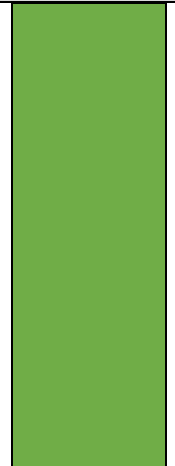
Target	Actual Performance and Activities	Achievement
<p>Register 75 new business angels per annum (60 in ROI and 15 in NI). Overall target of 225</p>	<p>HBAN has been successful in registering new business angels (with a Pro-rata target of 206 to June 2021).</p> <p>There have been 323 new business angels registered in ROI, and 99 new business angels in NI, a total of 432 new business angels registered (and exceeding targets by 96% in ROI and 140% in NI).</p>	
<p>Facilitate investment forums/pitch events for both the Business Angel networks and syndicate groups and to introduce companies to Business Angels annually. Investment forums/pitch events should ensure a regional spread across the island</p>	<p>HBAN has been successful in facilitating investment events. Investment forums/pitches have been undertaken on a monthly/quarterly basis, across the syndicates (Boole, Bloom, Irrus Investments, MedTech and WxNW) and the Forums/Networks, including for the two new networks introduced (Kerry and Ulster). While the Food syndicate has had 3 investments (1 each in FY18, FY19 and FY20), it has not operated since March 2020, primarily due to a lack of investible opportunities. There have been 282 companies introduced to Business Angels, of whom 97 were successful and 185 were unsuccessful. This is in addition to the investment in 80 follow on deals (including follow on from companies funded prior to this contract). For the 97 new investments and 80 follow on investments (177 in total):</p> <ul style="list-style-type: none"> • angels have invested from across all five regions (Dublin, South East, South West, West and Ulster). • companies have been located across all five regions, ranging from 11 in SE to 56 in Dublin/Leinster 	
<p>Maintain the existing network of Syndicates under the HBAN Programme. Continue to develop these Syndicates towards full or partial economic and operational self-sufficiency</p>	<p>HBAN has been successful in maintaining the network of syndicates in place at the start of the contract. Ten of the eleven ROI/NI syndicates/networks in existence at the start of the contract period (Boole, Bloom, Irrus Investments, MedTech, WxNW, South East, Dublin Forum, South East, South West, West networks) continue to operate. There have been attempts by HBAN to reinvigorate the Food syndicate in the contract period and HBAN are working with the EI Food team to see if widening the scope of the syndicate to include agri/food supply will improve the number of investible deals. Of the three International networks in existence at the start of the contract, New York (NY) has effectively withdrawn from angel investing in favour of Series A funding, and Singapore and London continue to co-invest. HBAN has continued to develop the Syndicates towards full or partial economic and operational self-sufficiency. Four groups (Irrus, Bloom, Medtech and Kerry) now charge membership and deal arrangement fees. Irrus continues to be the most self sufficient, with an estimated annual income</p>	

Target	Actual Performance and Activities	Achievement																																												
	of c€200k and two staff, followed by Medtech at c€75k pa. Membership fee levels vary from €250 pa in Bloom and Kerry, to €1,000 in Medtech and €3,000 in Irrus. There is no charging mechanism yet in place with the other Forums/Networks, including in Ulster where a small number of angels have made 56 investments (new and follow on) totalling €4.5m investment. It is noted that the networks in SE, SW and West are considered to be funnels for interested angels to consider as an individual and then move to syndicates as a more structured model of engagement. There are no plans as yet to introduce fees into other Syndicates/Forums/Networks.																																													
Develop 4 new active ⁷ syndicates networks on an all-island basis over the contract period > one in ROI and one in NI	2018/19 saw the formation of the HBAN Ulster forum. 2020/21 saw the formation of the new Kerry Angel Network group. 2020/21 has seen the introduction of a pilot Dubai grouping. HBAN have made a number of attempts to form new syndicates in the period - (e.g. Fintech, Agtech, Cleantech), as well as exploring demand for a female syndicate.																																													
HBAN will facilitate a minimum number of investments by region (total 179 investments)	<p>HBAN has met six of the eight investment targets. Details are in Appendix II and summarised {note: based on 33 months completed of a 36 month contract, HBAN would need to be at 91.6% complete to be on target across all categories}:</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Total Target 36 months</th> <th>Total Actual 33 months</th> <th>Actual % of target at June 21 (and Sept 21 where known)</th> </tr> </thead> <tbody> <tr> <td>ROI</td> <td>144</td> <td>123</td> <td>85% (133 & 92.3% Sept 21)</td> </tr> <tr> <td>East/Leinster</td> <td>65</td> <td>56</td> <td>86%</td> </tr> <tr> <td>West</td> <td>29</td> <td>26</td> <td>90%</td> </tr> <tr> <td>South West</td> <td>29</td> <td>30</td> <td>103%</td> </tr> <tr> <td>South East</td> <td>21</td> <td>11</td> <td>52%</td> </tr> <tr> <td>NI</td> <td>35</td> <td>54</td> <td>154% (59 & 168% Sept 21)</td> </tr> <tr> <td>NI HBAN-led deals</td> <td>16</td> <td>35</td> <td>219%</td> </tr> <tr> <td>NI Wider eco-system deals</td> <td>19</td> <td>20</td> <td>105%</td> </tr> <tr> <td>Total no. of deals (ROI and NI)</td> <td>179</td> <td>177</td> <td>99% (192 & 107% Sept 21)</td> </tr> <tr> <td>Min. no. of first round investments</td> <td>94</td> <td>97</td> <td>103%</td> </tr> </tbody> </table>	Location	Total Target 36 months	Total Actual 33 months	Actual % of target at June 21 (and Sept 21 where known)	ROI	144	123	85% (133 & 92.3% Sept 21)	East/Leinster	65	56	86%	West	29	26	90%	South West	29	30	103%	South East	21	11	52%	NI	35	54	154% (59 & 168% Sept 21)	NI HBAN-led deals	16	35	219%	NI Wider eco-system deals	19	20	105%	Total no. of deals (ROI and NI)	179	177	99% (192 & 107% Sept 21)	Min. no. of first round investments	94	97	103%	
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NI	35	54	154% (59 & 168% Sept 21)																																											
NI HBAN-led deals	16	35	219%																																											
NI Wider eco-system deals	19	20	105%																																											
Total no. of deals (ROI and NI)	179	177	99% (192 & 107% Sept 21)																																											
Min. no. of first round investments	94	97	103%																																											

⁷ An active Syndicate is defined as a Syndicate with at least 15 members and having closed at least two deals over a 12-month period. Also covers Networks/Forums

Evaluation of HBAN: OFFICIAL-SENSITIVE-COMMERCIAL

Target	Actual Performance and Activities				Achievement														
	No. of investments committed > €80k (ROI and NI)	94	R-92, NI-38, T-130	138%															
Development of an operational 3 year plan at commencements and annual operational plan thereafter	The HBAN Programme manager has indicated that a summary Operational plan was included in the Tender. The funders noted that a Plan was requested subsequent to the tender process and was not forthcoming. However, it is noted that the HBAN targets have largely been achieved.																		
Continued development and management of the existing HBAN website	<p>The HBAN website has a section for investors, entrepreneurs, a Learning centre with podcasts</p> <table border="1" data-bbox="678 724 1845 1294"> <thead> <tr> <th data-bbox="678 724 1211 756">Requirement per contract</th> <th data-bbox="1211 724 1845 756">Activity</th> </tr> </thead> <tbody> <tr> <td data-bbox="678 756 1211 895">The website and associated online database electronic platform will be used to publish all deal opportunities resources and related material</td> <td data-bbox="1211 756 1845 895">HBAN DA introduced a platform called Delio in 2020 to share deal opportunities and interest. The system has facilitated a structured approach to the pitch meetings etc although it is stated to be difficult to navigate for angels and companies.</td> </tr> <tr> <td data-bbox="678 895 1211 1007">Content should include best practice investing and this content should be updated regularly with learning materials insights from business angels and industry trends</td> <td data-bbox="1211 895 1845 1007">International best practice published, quality, international guest speakers at conference etc.</td> </tr> <tr> <td data-bbox="678 1007 1211 1066">Ensure that the website ranks highly under search engine optimisation (SEO)</td> <td data-bbox="1211 1007 1845 1066">Appears to rank highly</td> </tr> <tr> <td data-bbox="678 1066 1211 1150">Ensure the HBAN website is the only website associated with Business angel activity</td> <td data-bbox="1211 1066 1845 1150">As well as the HBAN website, Irrus has its own website which HBAN partially contributed to and HBAN's role is acknowledged</td> </tr> <tr> <td data-bbox="678 1150 1211 1235">Ensure that the website provides a showcase for active companies in the network throughout the duration of the program</td> <td data-bbox="1211 1150 1845 1235">A sample of investments made are showcased on the HBAN website</td> </tr> <tr> <td data-bbox="678 1235 1211 1294">Produce a quarterly update to members (newsletter/emagazine)</td> <td data-bbox="1211 1235 1845 1294">E-Newsletters (issued 6/7 times a year) to 2,286 members and non members</td> </tr> </tbody> </table>				Requirement per contract	Activity	The website and associated online database electronic platform will be used to publish all deal opportunities resources and related material	HBAN DA introduced a platform called Delio in 2020 to share deal opportunities and interest. The system has facilitated a structured approach to the pitch meetings etc although it is stated to be difficult to navigate for angels and companies.	Content should include best practice investing and this content should be updated regularly with learning materials insights from business angels and industry trends	International best practice published, quality, international guest speakers at conference etc.	Ensure that the website ranks highly under search engine optimisation (SEO)	Appears to rank highly	Ensure the HBAN website is the only website associated with Business angel activity	As well as the HBAN website, Irrus has its own website which HBAN partially contributed to and HBAN's role is acknowledged	Ensure that the website provides a showcase for active companies in the network throughout the duration of the program	A sample of investments made are showcased on the HBAN website	Produce a quarterly update to members (newsletter/emagazine)	E-Newsletters (issued 6/7 times a year) to 2,286 members and non members	
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Identify and disseminate international best practice in	The annual HBAN conferences have had a number of well attended Angel education sessions covering areas as legals terms, tax treatment, impact investing etc. Female investors have been invited to present.																		

Target	Actual Performance and Activities	Achievement
<p>Business Angel investing amongst the network members. Develop a range of resources to assist in the process of investing (sample legal documents, the due diligence process, etc.) Create and deliver training/learning resources to improve the capability of Business Angels/Syndicates</p>	<p>The website includes Podcasts, guides etc. Match funding sources referred only to ROI. These could be referenced to ITI’s extensive detail on funding sources on the island of Ireland. Standardised term sheets have been refreshed in June 2021 and standardised Due Diligence documents are being finalised in November 2021. HBAN has developed guideline term sheets and explainer documents that cover the Irish experience. Strategically they do not put Term sheets on the website on the basis that it can adversely impact on perceptions in the investor and promotor communities due to misinterpretations which could result in either parties deciding not to engage with HBAN.</p> <p>Business training events include the conferences (with 1,070 attendees in FY19-FY21), 19 physical and 7 online training events up to May 2020 (attracting 1,290 attendees), webcasts since May 2020, angel master-classes and online training at pitch events since April 2020, with total training participants (excluding at pitches) estimated at over 2,730.</p> <p>A “town hall” events with 26 deal leads was held in October 2021, with the emphasis on shared learnings. International developed training is available via the HBAN website - https://www.hban.org/learning-centre/angel-academy</p>	

2.4 Assessment against Aims and Objectives

As noted in the Framework Agreement, the primary goal of the HBAN Programme is to secure funding for early-stage companies. The five primary objectives as set out in the Framework Agreement with Dublin BIC were:

- Maintaining & Increasing the Supply of Business Angels
- Maintaining the Existing Syndicates
- Developing New Syndicates
- Sourcing Company Deal flow
- Matching Companies & Investors

Overall, as contract holder, Dublin BIC have been successful against these objectives, particularly given the potential impact of Covid-19 and the EU Exit, with each objective considered below:

Maintaining & Increasing the Supply of Business Angels

The target for HBAN was against the number of new registered angels annually and it has exceeded these targets.

There are a significant number of angels in ROI who have invested just once, while in NI, there is heavy reliance on a small number of angels who represents c50% of all investment.

Maintaining the Existing Syndicates

Against the backdrop of Covid-19, HBAN has done well to maintain the syndicate groups, particularly given their size (syndicate members range from 26 to 59 for the most active syndicates). There are efforts to get the Food Syndicate back in operation, given how critical this sector is to the Irish economy.

Again, in the context of Covid-19, to have four syndicates/groups now generating income is an achievement, although only Irrus is moving towards self-sufficiency. Other syndicates note the reliance on a few individuals to act as deal leads. There appears to be an appetite by some angels to take on the role of lead angels but the major request to the HBAN Programme manager from angels is for administrative support to reduce capacity issues with existing deal leads.

Developing New Syndicates

There has been considerable effort by the HBAN delivery team to develop new syndicates, with Kerry and Ulster launched, a Dubai pilot being launched and discussions around Fintech, Agtech, Cleantech, female led groups etc. The HBAN Programme manager notes that for a syndicate to be successful it needs solid dealflow in that category; 20 - 25 good companies at the right level of traction per annum, as well as investors with appropriate domain knowledge.

The introduction of international syndicates is welcomed by angels who note the potential for new market linkages (for trading purposes) as being of more benefit to investee companies than just funds.

Sourcing Company Deal flow

The HBAN Programme manager advises that the HBAN programme has c300 applications a year. HBAN ROI is closely aligned to EI (from where companies will be signposted for match funding), to the BICs (which provide business support including around investor readiness programmes) and has closely workings with the accelerators including Dogpatch Labs.

In NI, deals are likely to come to the HBAN Ulster manager through CoFund⁸. HBAN and CoFund are intrinsically linked, being both managed by Clarendon Fund Managers (CFM) and all but three of the NI HBAN angel investments have had CoFund participation.

Matching Companies & Investors

The HBAN DA has a successful record of matching companies and investors. Throughout the contract period, HBAN managers have successfully run forums and syndicate pitching and individual introductions which facilitated the matching of early stage companies and angels in 177 deals.

⁸ CFM manage the £47.3m Co-Investment Fund on behalf of Invest NI.

The HBAN delivery team has responded well to the challenges of Covid 19 with the online pitching stated to be responsible for more investors participating in pitches. The online platform adopted - Delio - has caused challenges with investors noting a lack of visibility (where all companies do not upload their pitches and supporting documentation - see Appendix VI - Feedback from User groups and Stakeholders).

Assessment against Other Targets from 2017 Economic Appraisal

The HBAN economic appraisal completed in 2017 noted the Inputs, Activities, Outputs and Outcomes to be measured as part of the monitoring of HBAN. These are included in Appendix VII.

2.5 Comparison to Performance Under previous contract

The level of activity under this contract (2018-2021 to date) can be compared to the previous contract period. The last contract was from 1st April 2015 to the 1st April 2018, with a 6-month extension until 1st October 2018, i.e. 3.5 years. HBAN/the funders have provided details:

Table 2.9: Performance under previous contract period to Sept 2018 (all millions and Euros)

Year to Dec €m	2015 - 9 months	2016	2017	2018-9 months	Total	Average Annual
Deals ROI	30 ⁹	42	43	14	129	36.9
Deals NI	7	10	2	0	19	5.4
Total Deals	37	52	45	14	148	42.3
ROI Angel Investment	6.6	12.1	12.3	5.9	36.9	10.5
ROI Leveraged	8.9	16.6	17.7	19	62.2	17.8
Total ROI	15.5	28.7	30.0	24.9	99.1	28.3
NI Angel Investment	1.0	2.1	0.5	0	3.6	1.0
NI Leveraged	1.3	2.0	0.5	0	3.8	1.1
Total NI	2.3	4.1	1.0	0	7.4	2.1
Total Angel Investment	7.6	14.2	12.8	5.9	40.5	11.6
Total Leveraged	10.2	18.6	18.2	19	66	18.9
Overall total	17.8	32.8	31	24.9	106.5	30.4

Note that NI was not formally a participant of the HBAN contract in the period to Sept 2018. Invest NI has noted that leverage investment (from CoFund etc) was not captured prior to this current contract.

Table 2.10: Performance under current contract Oct 2018 to June 2021 (all millions and Euros)

Year to Dec €m	2018 - 3 months	2019	2020	2021 - 6 months	Total	Average Annual
Deals ROI	15	44	42	22	123	44.7
Deals NI	0	22	17	15	54	19.6
Total Deals	15	66	59	37	177	64.4
ROI Angel Investment	3.5	12.2	11.1	6.7	33.5	12.2
ROI Leveraged	8.5	23.3	26.3	24.7	82.8	30.1
Total ROI	12	35.5	37.4	31.4	116.3	42.3
NI Total Angel Investment	0	4.7	3.4	1.6	9.7	3.5
NI Leveraged	0	14.4	14.1	13.3	41.8	15.2
Total NI	0	19.1	17.5	14.9	51.5	18.7
Total Angel Investment	3.5	16.9	14.5	8.3	43.2	15.7
Total Leveraged	8.5	37.7	40.4	38	124.6	45.3
Overall total	12	54.6	54.9	46.3	167.8	61.0

Overall, performance is improved under this contract period, and notwithstanding the challenges of Covid-19, Brexit etc:

- The average annual investment in ROI by business angels was €11.0m in the previous contract period with €33.4m total investment. This compares to the average annual investment in ROI by business angels of €12.1m in the current contract period with €42.2m total investment, an

⁹ Based on a prorata for 12 months.

increase of 11% and 39% respectively, which given the environment with Covid-19 etc is a positive outcome.

- The average annual investment in NI by business angels was €1.02m in the previous contract period with €2.11m total investment. This compares to the average annual investment in NI by business angels of €3.48m in the current contract period with €20.6m total investment, an increase of c200% and 700% respectively, although only the latter includes WE deals. Excluding WE deals, the average annual investment level is €2.22m, an increase of 117%.
- The difference in the ROI and NI performance reflects the size of the absolute markets, while the growth in NI reflects the level of immaturity in NI angel investing at the start of the contract and the inclusion of the WE deals.
- The above would indicate not only progress across both jurisdictions, but also during the Covid 19 period, a time of increased availability of savings but also significant uncertainty in the market.

2.6 The Impact of introducing HBAN Ulster

At a Cross Border (CB) level, the HBAN programme is aligned with the InterTradeIreland Corporate Strategy¹⁰ which has been helping small businesses in Ireland and Northern Ireland explore new cross-border markets, develop new products, processes and services and become investor ready over the last 20 years. Its vision is for “An all-island ecosystem in which Ireland and Northern Ireland co-operate to facilitate cross-border opportunities that deliver for business”. Its mission is “to deliver focused, collaborative all-island trade and business development initiatives contributing to economic recovery by driving productivity, jobs and growth. HBAN Ulster was introduced in 2018 to further this vision and was established to allow, to some extent, the NI angels to learn from their ROI counterparts who were considered to be more experienced in angel investing.

At the commencement of the HBAN Ulster arrangement, it would not have been foreseen exactly who would have transferred from Halo and who would register to join the new HBAN Ulster organisation. It would also not have been envisaged who the deal-leads would have been in NI and the time they would have made available to HBAN. It would also have been difficult to know if the angels in HBAN Ulster would have been less experienced and knowledgeable than the ROI angels.

In practice, HBAN Ulster has been successful in attracting a reasonably large number of experienced angels. Some three years into the contract, there is no evidence that HBAN Ulster has lost any of these experienced angels, who themselves tend to have experience in areas such as Fintech and many of whom are leading on the HBAN Ulster training. Their ability to learn from the ROI angels might therefore be limited.

Angels in NI therefore consider the main benefits of the CB arrangement being the access to the HBAN structure (i.e. process of attracting angels, pre-screening, pitch process, angels brought together in a structured manner) and access to CB opportunities.

It is noted that there is limited networking amongst any of the chairs and deal leads in ROI or NI. All could however benefit from such networking opportunities.

It is noted that the integration of HBAN Ulster into the wider HBAN network continues, with ongoing weekly interaction between HBAN Dublin HQ staff and CFM to embed HBAN methodology and sharing of knowledge and best practice¹¹.

¹⁰ Corporate Brochure (intertradeireland.com)

¹¹ HBAN Ulster attend regular bi-weekly online Zoom HBAN All Island Team meetings.

3 RETURN ON INVESTMENT AND VALUE FOR MONEY

3.1 Introduction

This section considers the economic impact, return on investment and Value for Money assessment.

It is important to consider at the outset of this section that it is very early in the investor journey to expect any significant return on investment and consequently to make a definitive commentary on Value for Money. These investments have only taken place in the last 3 years with many companies at the start of their development journey. In addition, the companies have been operating in what is arguably the most challenging period in recent economic history with the effective closure of the economy due to the Covid-19 pandemic, its fall out in terms of the start/stop recovery alongside more recently the impact of EU exit and the introduction of the Northern Ireland Protocol. This programme is being evaluated therefore in unprecedented times and any decisions made on the programme’s future using this information should take this into consideration.

3.1 Capture and record qualitative and other economic impacts reported by participating companies

Consideration is given in this section to the extent of additionality of the HBAN programme intervention. This considers the extent to which the project activities and impacts would have been achieved at all or to a lesser scale and/or quality or in a different timescale in the absence of the HBAN support.

The extent to which the participant companies would have raised finance can only be measured after making allowances for what would have happened in the absence of the support from HBAN. ‘Deadweight’ is the term that refers to activity and impacts that would have occurred without HBAN support.

Levels of deadweight were calculated using a ‘participant self-assessment’ methodology within a survey of participant companies. Specifically, participant companies were asked to identify which ONE of the qualitative statements, featured below, best described their view on the extent to which funding would have been secured in the absence of support from HBAN. This was based on feedback from 37 companies that provided sufficient information to make this assessment.

Table 3.1: Firms Reporting on whether or not they would have raised finance in the absence of HBAN

	No	% of responses
Definitely would not have raised finances from other sources	1	2%
Probably would not have raised finances from other sources	6	15%
May have raised finances but not as quickly	7	17%
May have raised finances but on a smaller scale	1	2%
May have raised finances but on a smaller scale and not as quickly	8	20%
Probably would have raised the necessary finance from other sources	7	17%
Definitely would have raised the necessary finance from other sources	11	27%
N=	41	100%

Source: Successful Company Survey responses

In overall terms, this suggests that just over 1 in 4 companies (27%) believe they would have raised the necessary finance from other sources with a further 17% believing they probably would have raised the finance. In contrast, 17% stated that the definitely/probably would not have raised the finance in the absence of HBAN.

A detailed calculation of deadweight/ additionality was undertaken for both HBAN assisted companies in the Republic of Ireland and those located in Northern Ireland. This drew initially on the headline response that companies gave to the seven statements above, as well as additional detail provided on the headline responses. For instance, where companies recorded that funding would have been achieved on a smaller scale, they were asked to record the extent of the reduction in scale. Similarly, where companies recorded that funding would have been secured at a later date, they were asked to record how much later (in terms of months and years, as appropriate). Where the company recorded

that monetary impacts would have been at a reduced scale and later, they provided additional details on both. The individual monetary impacts recorded by every company were then each adjusted by applying weighting factors agreed with Invest NI to the headline responses and related additional detail (e.g. on reduced scale and later timing).

Based on each of the responses set out above, a range of deadweight 'levels' or weightings are assigned to each - the outcome of which is provided in the table below. At one extreme the level of deadweight associated with the "Would not have been raised" is zero, where all of the funding achieved are retained within the analysis (i.e. no netting off). The other extreme "Would have been raised anyway" is full/100% deadweight. Responses falling between these two extremes exhibit varying degrees of partial deadweight, reflected in the weightings assigned. The deadweight factors agreed with Invest NI are as set out in Appendix VIII.

These factors have been applied to the individual company responses to the survey to provide an overall assessment of additionality of HBAN impact in terms of jobs, turnover and Gross Value Added (GVA).

Displacement has been considered in relation to jobs e.g. 10% displacement has been agreed with INI on the basis that some new jobs creating may displace existing jobs because the labour market is relatively tight and businesses may be competing for workers. No displacement has been included on turnover on the basis that the companies assisted are either largely externally/export sales focused and/or are located in sectors where internal market competition is low.

The summary assessment of additionality on the basis of the figures above suggests the following:

Table 3.2: Additionality Factors from HBAN interventions Self-Reported by Companies

	Jobs	Turnover/GVA
HBAN ROI	36%	28%
HBAN Ulster	29%	12%

Source: Successful Company Survey Response

The estimated Return on Investment is shown below:

Table 3.3: Estimated Return on Investment - HBAN Assisted Companies, September 2021

	Programme Cost	Additional Turnover €	Additional GVA €	Ratio of Additional Turnover to costs (€)	Ratio of Additional GVA to costs ¹² (€)
HBAN ROI	€1,904k	€8,000k	€3,710k	€ 4.20	€ 1.95
HBAN Ulster	€688k ¹³	€795k	€318k	€ 1.16	€ 0.46

With regards to anticipated return on investment, the data provided by the companies is limited and not considered to be sufficient to assess anticipated returns. The NI return on investment is significantly below that of ROI which reflects the scale and maturity of companies securing investment in ROI versus NI as well as the lower levels of additionality (5%) attributed to WE deals.

The analysis is based on benefits to date and that for equity investments, much of the benefits would take much longer to realise.

3.2 To assess the extent to which the intervention represents good Value for Money (VFM) and appropriate use of public funds across the full spectrum of relevant VFM indicators;

Consideration is given to the extent to which the HBAN programme represents good Value for Money (VFM) and appropriate use of public funds across the full spectrum of relevant VFM indicators. Value for money is considered against relevant indicators:

¹² Details based on data presented to Evaluators

¹³ 33 months at €176,800 pa

Table 3.14 Value for Money

Summary of Value to Money										
VFM Indicator										
Strategic Fit	The HBAN programme has a strong strategic fit with the economic development objectives of each of the funders,									
Need & Market Failure	<p>Demand for HBAN Programme services has been high, with c 300 applications a year, 97 companies securing funding and 185 companies who have pitched and not secured investment.</p> <p>The HBAN programme has secured funding from angels of €42.7m with €124m leveraged.</p> <ul style="list-style-type: none"> • There is no evidence that, with the exception of Irrus, the private business angel sector is yet willing to come forward, to the extent necessary, to fill funding gaps of companies; • This market failure is attributed to a range of issues including the quality of projects being presented and risk aversion of the private sector; • While progress is being made with a fee structure introduced into four syndicates in 2021, again, with the exception of Irrus, the syndicates are still some way to go before being self-sustainable. There is a heavy reliance on volunteers and no real evidence that the number of deal leads is being increased; • In NI, this operates as a network rather than a syndicate, with the BAN operating in NI considered to be still in its infancy and despite a small number of angels doing multiple deals, the supply market will likely remain in a developing state for a number of years. 									
Additionality	<p>In terms of their ability to access funding in the absence of the HBAN Programme, feedback from company respondents would suggest that additionality is relatively low:</p> <p>Table 3.15: Additionality Factors from HBAN interventions Self-Reported by Companies</p> <table border="1"> <thead> <tr> <th></th> <th>Jobs</th> <th>Turnover/GVA</th> </tr> </thead> <tbody> <tr> <td>HBAN Ulster</td> <td>29%</td> <td>12%</td> </tr> <tr> <td>HBAN Republic of Ireland</td> <td>36%</td> <td>28%</td> </tr> </tbody> </table> <p>Source: Successful Companies Survey responses (n=50)</p> <p>Some caution should be used in assessing the above, with companies possibly under-estimating the extent to which the angel community was encouraged to invest as a result of HBAN. This is seen in the investor feedback, with only 21% (n=65) stating that they would have definitely or probably have made angel investment in the absence of HBAN support.</p>		Jobs	Turnover/GVA	HBAN Ulster	29%	12%	HBAN Republic of Ireland	36%	28%
	Jobs	Turnover/GVA								
HBAN Ulster	29%	12%								
HBAN Republic of Ireland	36%	28%								
Displacement and complementarity	Displacement is likely to be low or non-existent, with evidence of a global customer and competitor base. This reflects the largely early stage in the company development process. €43.2mm of HBAN angel funding has leveraged €124m of total funds into 97 companies. This match funding has included from the EI HPSU initiatives and EI-backed VC funds in ROI and the Invest NI backed CoFund and Techstart in NI. The feedback from angels and stakeholders is that these funds are complementary and not displacing angel activity.									
Economy Efficiency and Effectiveness	The HBAN programme has performed relatively well in terms of economy, efficiency and effectiveness as per Appendix IX, although there are areas identified for improvement.									
Cost effectiveness	Dublin BIC has exceeded its target for the number of deals in the contract period. For every €1 invested by angels, €2.48 is being leveraged in from other sources.									
EET	<p>Survey responses would indicate that HBAN has demonstrates a more positive return in ROI than NI with NI yet to demonstrate a positive GVA.</p> <p>1) businesses have received support only within the last 3 years and for a number only in the last year and 2) the Covid -19 pandemic has had varying trading consequences for businesses in the last 18 months, and more recently some have also had to deal with the initial impacts of EU Exit in the last 9</p>									

Summary of Value to Money	
VFM Indicator	
	<p>months. The data therefore on Return on Investment is indicative only. Overall, the value/cost ratio is significant, with the HBAN Programme securing HBAN investment at a rate of €17 per €1 programme cost and €65 per €1 programme cost for HBAN and leveraged investment.</p> <p>There has been one exit in the period. The experience of the Scottish evaluation of Archangel would be that the average angel investment term is 9 years.</p>

Overall, there a number of aspects of the HBAN programme that have demonstrated a positive outcome across all Value for Money indicators. The strategic fit is strong with both jurisdictions committed to driving business start-up and growth by maximizing funding options that involve the private sector. The market failure still exists in that there is little evidence that the private angel investor sector is willing to take forward to fill the funding gap for companies, self-sustainability is still some way off and challenges in the maturity and supply of angels remain in some areas (Northern Ireland). The Angel investment has leveraged more funding and the target number of deals for the contract period has been exceeded.

Areas to consider further focus on the additionality and economy, efficiency and effectiveness of the programme. The additionality of the programme appears low based on self-reporting of the survey companies. However, this is set within the context that the estimates provided are based on a sample of supported companies meaning they can easily be subject to change. This is particularly the case with the NI figures with particular sensitivities in the data given the small numbers involved. Also, as per the discussion above, it is not unusual for companies not to fully recognize the role these supports play and the rating of HBAN generally was very high. In terms of considerations around economy, efficiency and effectiveness it would be useful to consider the points raised above in drawing conclusions on performance and impact. Different approaches are taken to monitoring and measuring costs against activities and outputs and consistency is important in that respect. In terms of effectiveness, despite the early stage in measuring impact and the fact that two major events, the Covid-19 pandemic and EU Exit, have occurred in the last 18 months taking a huge toll on global economies and many businesses, there are positive signs in terms of Return on Investment when setting programme expenditure against business performance. The exception is that the Return on Investment in terms of value added to the economy in Northern Ireland is currently lower than in ROI although it is the case that the performance of HBAN Ulster companies was weaker compared to their counterparts in the ROI (as has been the case with the two economies).

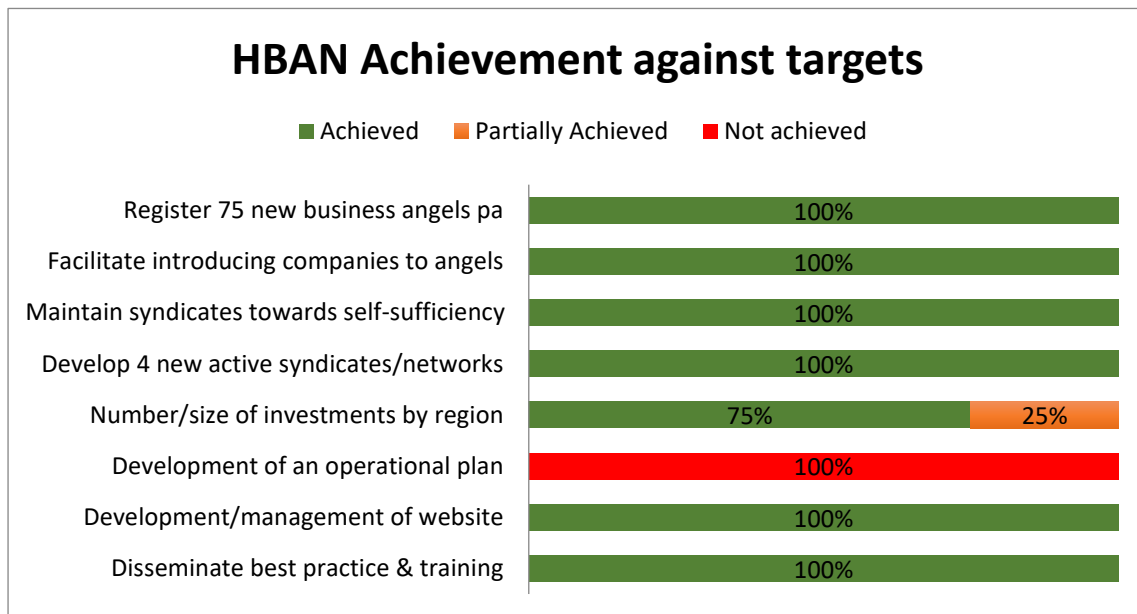
4 CONCLUSION

4.1 To present a succinct set of conclusions from the evaluation, taking account of all of the evidence gathered during the assignment

Dublin BIC has performed well in the contract period and is considered to be meeting its aims and objectives. There was €43.2m investment by business angels into 177 deals (123 ROI and 54 NI) of which 97 were first time investments with €19.6m angel money - and 76 were follow-ons - with €23.5m angel money. Business angel investment leveraged a further €124.4m of funds, with total investment into early stage companies of €167.8m.

- The number of active angels has increased. At 30 June 2021, there were 703 active angels and 275 inactive angels
- Angels have invested from across all regions (Dublin, South East, South West, West and Ulster)
- Investee companies have been located across all regions, ranging from 11 in the South East to 56 in Dublin/Leinster
- 42% of investment was into companies that were “pre-revenue”
- HBAN has more than doubled its female angel memberships, from 3% to +8.5%. 18% of deals (21% ROI and 11% NI) had female angels.
- 26% of deals (29% in ROI and 16% NI) had female founders/leads these securing 34% of total investment
- There has been greater focus on training. with total training participants (excluding at pitches) estimated at over 2,730
- Four of the syndicates/networks are now fee paying and there is progress towards partial sustainability
- There have been four Cross Border deals

In terms of performance, Dublin BIC is meeting its aims and objectives. It is achieving the overall deal activity targets, and is largely meeting its target KPIs¹⁴:



¹⁴ The Operational plan had not been delivered. However, it is noted that the HBAN targets have largely been achieved.

4.2 Economic Performance

It is very early in the investor journey to expect any significant return on investment and consequently to make a definitive commentary on Value for Money. However:

- For every €1 invested by angels, €2.88 is being leveraged in from other sources
- At a cost of €2.5m to date in the current contract period, HBAN has leveraged investment at a rate of €17 of Angel investment per €1 programme costs and a total of €65 of total investment per €1 programme costs.

4.3 To consider the merits of Invest NI, Enterprise Ireland and InterTradeIreland continuing to fund the intervention, including an assessment of whether the strategic context remains valid and if need and demand still exist taking into account other publicly available

The Evaluation has confirmed the need for the HBAN programme and the positive impact that HBAN has played on the funding ecosystem across the island of Ireland.

This evaluation has concluded positively, in terms of the HBAN programme strategic fit with the economic development objectives of each of the funders and market failure.

We would recommend funding of a further HBAN programme.

4.4 If this assessment is positive, to identify recommendations as appropriate in relation for example to the participant profile, strands of activity, delivery model, and the ongoing monitoring of the Service etc. with a view to enhancing the economy, efficiency and effectiveness of the Service. The recommendations should be numbered and concisely worded and be Specific, Measurable, Achievable, Relevant and Time-Bound (SMART) where possible/relevant.

An Options Workshop will be held as part of the Outline Business Case process to determine the operating model going forward.

Recommendations are as follows (details in Appendix X):

1) **Improved Data Recording:** In addition to current reporting requirements, the HBAN DA should consider the ability to report on the following (by region where possible):

- the number of applications, total companies pitching, number of unsuccessful pitches
- the pipeline (pipeline diversity, founders background, funding sought etc)
- the number of angels investing in deals in ROI and NI ie active investors (including investors in Irrus).
- Active and inactive angels
- Deals that are HBAN initiated deals
- Deal leader for each deal and the number of deal leads. The baseline data is poor - i.e. there is a lack of clarity on the number of active angels at the start of the process.
- The number of training participants
- The extent to which the HBAN is able to signpost companies to more suitable forms of finance and support
- Consideration may be given to recording the ROI WE investments in future programs.

2) **Classification of Active angels and Crowding in Inactive angels**

- The funders to define an active angel as one who has invested into a company
- HBAN managers to monitor the activities of inactive angels
- To consider opportunities as how to crowd angels in.

- CoFund should be satisfied that it is filling an identified funding gap in initial investments. Subsequently, it may need to protect the initial investment/mitigate dilution.

3) **The Deal Process** including the Delio Platform

- HBAN Managers to get clarity on the factors causing deal delays and ensure that the deal process is not slowed down by smaller or inexperienced investors.
- Companies to be encouraged to upload details to Delio, with deals visible within syndicates/networks and between syndicates/networks where appropriate.
- Use of Delio to be considered - ie to communicate deals at the pitching stage (and not the progress of deal investment).
- Expectation setting to be further clarified in a standard document.
- Use of a written pitch process procedure for all syndicates/networks/forums.
- Pre pitch assessment of companies pitching and the investment parameters of those likely to be at a pitch meeting.
- Cross border opportunities to be monitored and mentored, with quarterly reporting.
- Consideration of the appropriate mix of in-person and online pitch events, and pre-recorded pitching available via the Delio or alternative platform.
- HBAN DA to continue to work closely with EI, INI, ITI and the wider stakeholders (including VCs) to ensure communication of the deal flow and pipeline.

4) **Syndicate Development**

- To determine the need for further syndicates linked to priority areas, based upon assessment of sufficient deal flow and HBAN angels with domain knowledge.
- HBAN manager should conduct a monitoring exercise of the syndicates over a period of time and introduce a generalised 'Syndicate Maturity model' to monitor progression.
- Existing syndicate chairs within Ireland to be invited to attend the international pitch sessions.
- Increased opportunities for non-deal specific networking between syndicate leaders and deal leads, including on a cross border basis.

5) **Development of deal leads**

- Continued follow up with those interested in becoming deal leads.

6) **Angel and Syndicate Training**

- Availability of training needs to be communicated more regularly to the membership.
- Refresh of standardised term sheets/due diligence processes to occur on timely basis.
- Introduce training for those running the syndicates
- Consider resources to deliver specific women friendly training, including similar to UK HM Treasury "Investing in Women Code", and ensure diversity demonstrated on website.
- Consider post investment training for deal leads.
- Ensure regional spread of training opportunities, as physical meetings return.

7) **Recording of Programme costs**

- Ensure clarity of time spent by activity (maintaining angels, developing syndicates, matching investors, etc.)
- Funders to review the costs on an annual basis in order to satisfy their internal governance procedures.