

GOING  
DIGITAL

DHAKA SATURDAY FEBRUARY 13, 2021, MAGH 30, 1427 BS

10

Angel investing 101: Doing it right  
in Bangladesh

RAHAT AHMED

As interest in the Bangladeshi startup ecosystem has grown, so has the responsibility of angel investors and other early stage stakeholders to properly assist founders and startups in preparing for their next stages of growth and funding. At Anchorless Bangladesh, we've spent the last 18 months better understanding how to accelerate the ecosystem relative to regional peers. This included a wide sweep with our friends at LightCastle Partners into the amount, type and sources of funding for startups. Of the roughly US\$300 million invested in startups so far, under \$25 million came from angels, of which less than a third were from local angels.

In our assessment, lack of consistent and appropriately structured angel funding is one of the single biggest weaknesses that has limited the development of the ecosystem. In comparison, our regional peers in India, Indonesia and Vietnam have benefitted from angels playing a critical role in the early development and future funding of startups. Not only does Bangladesh need more angel investors, but we need those who do become angels to invest more effectively and thoughtfully so founders can proceed to raise future rounds of funding abroad to scale their businesses. Why does this matter? Because startups and venture capitals can have a generational impact on the Bangladeshi economy, paving the



pathway for our own Google, Facebook and Microsoft.

## THE ROLE OF ANGELS IN THE FUNDING PROCESS

Angel investors give startups capital at very early stages — often even before the company has revenue, traction or even a minimum viable product (MVP). While there are cases where angels invest in just an idea, especially for second or third-time founders with

a track record, this is rare. Angels are critical in supporting startups before they receive proper seed funding, when ideally an institutional investor would come in with sizable capital to aggressively go for product-market fit and scaling. Angels invest in startups to lock-in a disproportionately high return in return for the risk they take. For instance, well-known angel investor Jason Calacanis received a return of over

\$100 million for the \$25,000 he initially put in. We encourage angel investors to build rapport with founders and the ecosystem; once an angel is known to properly support founders, they will likely get access to more future deals from the best founders. This explains why some angel investors get repeated deal flow into the best startups.

## FINDING THE RIGHT INVESTMENT

The process of finding the right founders and funding the startups is not easy— however, if done right, the chances of a better return are significantly greater. Here are some suggestions for angel investors on how to find the next investment.

## QUALITY OF THE FOUNDER AND THEIR FOCUS

Finding the right investment starts with talking to founders. When we at Anchorless meet with companies, a sizable portion of our interest is related to the founders themselves. Similarly, an angel also invests in founders. Why? Because at the early stage of a startup, there's a lot of uncertainty regarding the market and the solution. This is exactly why an investor must trust founders to navigate such complexities. Before an investor puts in a dollar, they must make sure they're betting on those they trust and whose values and goals they align with — especially since an investment can last anywhere from 3-5 years, maybe even longer. Good founders will take capital and use it effectively to create value. If they are jumping from idea to idea without market research and validation, that may be a red flag.

## UNIT ECONOMICS &amp; TECH-ENABLED SCALING

While a startup will almost always be initially unprofitable, that doesn't mean

CONTINUED ON PAGE 11

EXIM প্রবাসী  
সুবিধা আরও বেশী

প্রবাসী ভাই বোনদের কষ্টার্জিত অর্থের নিরাপদ ও লাভজনক বিনিয়োগ নিশ্চিত করতে এক্সিম ব্যাংক এবার নিয়ে এলো দু'টি ব্যতিক্রমী ব্যাংকিং সেবা  
'এক্সিম প্রবাসী মাসিক মুনাফা প্রকল্প ও এক্সিম প্রবাসী মাসিক সঞ্চয়ী প্রকল্প'

## এক্সিম প্রবাসী মাসিক মুনাফা প্রকল্পের বৈশিষ্ট্য:

- বিদেশে বসবাসরত যেকোনো বাংলাদেশি এই প্রকল্পে ২৫ হাজার টাকা বা তার গুণিতক টাকার হিসাব খুলতে পারবেন
- মাস শেষে আকর্ষণীয় মুনাফা
- জমাকৃত টাকার ৮০ শতাংশ পর্যন্ত বিনিয়োগ সুবিধা প্রাপ্তির সুযোগ
- মেয়াদ শেষে স্বয়ংক্রিয়ভাবে হিসাব নবায়নের সুবিধা

## এক্সিম প্রবাসী মাসিক সঞ্চয়ী প্রকল্পের বৈশিষ্ট্য:

- বিদেশে বসবাসরত যেকোনো বাংলাদেশি এই প্রকল্পে ৫০০ টাকা বা তার গুণিতক টাকার হিসাব খুলতে পারবেন
- মেয়াদ শেষে আকর্ষণীয় মুনাফার হার
- প্রকল্পের মেয়াদ ৩, ৫, ৮, ১০ ও ১২ বছর
- জমাকৃত টাকার ৮০ শতাংশ পর্যন্ত বিনিয়োগ সুবিধা প্রাপ্তির সুযোগ

**EXIM** এক্সপোর্ট ইমপোর্ট ব্যাংক  
BANK অব বাংলাদেশ লিমিটেড  
শরীয়াহ ভিত্তিক ইসলামী ব্যাংক