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Operational Dynamics and Insights into Early-Stage Angel Network working with Venture Capital Firms: An Internship-Based Perspective

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ABSTRACT: This qualitative case study examines the operational dynamics of an early-stage angel investment network through an internship-based lens, offering practical insights into how deal sourcing, evaluation, and investor coordination function within India's growing venture capital ecosystem. Using participant observation, task logs, CRM dashboards, and meeting notes, the study documents the structured deal-flow pipeline through which large volumes of startup applications are screened, filtered, and advanced to due diligence and syndication. The findings highlight the importance of standardized evaluation frameworks, rigorous industry research, disciplined data management, and consistent investor communication in shaping early-stage investment decisions. The study also reveals how angel networks act as ecosystem catalysts by pooling capital, strengthening founder credibility, and improving access to early financing. Ethical considerations including confidentiality, governance practices, and emerging regulatory norms further underscore the increasing formalization of India's private-market environment. Overall, the internship provides evidence of how established venture capital theories manifest in real-world operations while emphasizing the critical role of process discipline and data-driven decision-making in early-stage investing.

KEYWORDS: Venture Capital Operations, Startup Deal Flow, Angel Investing, Early-Stage Investment, Reporting, Deal Evaluation.

I. INTRODUCTION

Venture capital (VC) is a branch of private equity that provides both financial capital and strategic support to early-stage, high-growth startups. Beyond funding, VC firms contribute mentorship, governance oversight, market access, and operational expertise, helping founders refine their business models and scale sustainably. This combination of capital and capability-building allows innovative ideas to transition from early development to commercially viable, competitive businesses.

In India - a rapidly advancing economy with strong entrepreneurial momentum, VC and angel investments have become central pillars of the innovation landscape. The country now hosts one of the world's most dynamic startup ecosystems, with over 100,000 registered startups and more than 115 unicorns as of 2024. Cumulative funding has surpassed \$140 billion since 2014, driven by increasing digital adoption, expanding consumer markets, and growing investor confidence. Industry assessments project annual ecosystem growth of 12–15%, reflecting sustained interest from both domestic and global investors.

Government initiatives have further accelerated this growth. Programs such as Startup India, fund-of-funds allocations, relaxed compliance requirements, and tax incentives have broadened access to early capital and encouraged formalization within the entrepreneurial sector. Yet, despite this progress, early-stage founders often face funding gaps, as large VC firms typically concentrate on later-stage opportunities where risk-adjusted returns are more predictable. This gap is bridged by angel investors and organized angel networks, which provide the first institutional push many startups need to validate their models, build traction, and prepare for future VC rounds.

This internship-based study explores how an angel network functions within this broader ecosystem. It examines the processes through which the network sources startups, evaluates pitch decks, conducts industry and competitor research, coordinates due diligence, engages investors, and prepares investment documentation. Through direct exposure to these operational workflows, the study provides a detailed and practical understanding of how early-stage

venture finance operates on the ground in India, highlighting the pivotal role angel networks play in nurturing young companies and strengthening the country's innovation economy.

II. LITERATURE SURVEY

A. Gompers & Lerner (2001) – Role of VCs in Innovation

Venture capitalists play a crucial role in corporate governance, aligning incentives between investors and startups. The authors show that VCs actively participate in managerial decision-making and innovation cycles.

B. Kaplan & Strömberg (2004) – VC Investment Evaluation and Contracts

This study explores how venture capitalists structure investment contracts and allocate control rights. It finds that financial contracting is shaped by risk, control needs, and the staging of capital.

C. Hellmann & Puri (2002) – VC and Startup Professionalization

VC-backed startups tend to professionalize faster, often replacing founders with experienced CEOs and adopting formal HR policies. The paper argues that VCs accelerate startup development beyond capital.

D. Kerr, Lerner & Schoar (2014) – Angel Investing and Firm Outcomes

Startups funded by angel investors perform better in terms of survival, growth, and follow-on funding than comparable unfunded firms. This suggests angel investors add substantial non-financial value.

E. Chemmanur, Krishnan & Nandy (2011) – Venture Capital Reputation and IPO Success

The paper examines how the reputation of venture capitalists influences the success and valuation of portfolio firms' IPOs. Reputable VCs are shown to signal firm quality and reduce uncertainty for public investors.

III. METHODOLOGY

A qualitative case study design was adopted, suitable for exploratory and contextual research. The study treats the internship environment as a single case unit to examine the broader operational dynamics of an early-stage angel network. Rather than testing hypotheses statistically, the approach emphasizes observation and description to develop understanding. Data were collected primarily through participant observation during the internship, with the researcher (intern) maintaining detailed notes on daily activities, communications, and tasks. Supplementary sources included internal dashboards (such as deal pipeline CRMs and deal progress trackers), task record and management excel sheets, and meeting records. While no structured interviews were conducted, informal discussions with team members added qualitative context, and public materials (e.g., press releases) were referenced to understand macro-level trends. The intern, as the principal participant-observer, engaged directly with the network's team and a subset of portfolio startup founders such as during pitch meetings where founder-investor dynamics were observed and documented. Data collection included: (1) task logs capturing assignments like deal screening, due diligence, and outreach efforts; (2) observational notes from meetings and presentations, especially on topics such as business models, CAC/LTV, TAM/SAM/SOM or valuation debates; (3) emails and messages sent and the responses received with respect to a startup; and (4) a reflective journal capturing personal interpretations and thematic patterns as they emerged. These combined elements form the qualitative dataset analyzed in this study.

IV. RESULTS/ FINDINGS

A. Startup Sourcing and Deal-Flow Pipeline

The network operated a structured, multi-stage funnel for sourcing startups from referrals, industry events, partners, and online outreach. Each approved pitch deck was logged in the CRM and tagged by sector, allowing quick categorization and tracking. Only a small proportion of applications progressed beyond initial screening, reflecting the importance of early filtering. Maintaining accurate CRM tags, stages, and data hygiene ensured that strong opportunities were not overlooked and that the pipeline remained manageable. Data were easily available to the entire team which enabled them to answer queries of potential investors quickly.

B. Pitch Deck Evaluation and Investment Criteria

Pitch deck review formed a core part of the intern's responsibilities. Startups were assessed on clarity of problem-solution fit, scalability of the business model, traction, market potential, and founder capability. Using a standardized checklist helped keep evaluations consistent and objective. Decks with unclear revenue models or unrealistic

projections were deprioritized, while those with strong value propositions, accurate TAM/SAM/SOM, reasonable CAC/LTV and early validation were shortlisted for deeper review. This process strengthened the intern's ability to identify what makes a pitch compelling in a competitive environment.

C. Industry Research and Competitive Mapping

Before advancing any opportunity, the intern conducted focused research on the startup's sector, competitors, and market size. Market estimates, competitor matrices, and trend analyses were created to support investment decisions. This research clarified each startup's strategic position and revealed potential growth drivers or barriers. Well-prepared industry insights often strengthened borderline cases by highlighting unique advantages or underserved market segments.

D. Due Diligence Coordination

Once shortlisted, startups entered the due-diligence stage, where the intern coordinated founder meetings, document sharing, and follow-up questions. Tasks included verifying financial data, assembling required materials, and ensuring timely communication among stakeholders. Effective coordination kept the process moving smoothly and reduced delays. The experience demonstrated that structured follow-up and clear information flow are essential for progressing deals efficiently.

E. Investor Outreach and Communication

Supporting investor relations involved drafting outreach messages, preparing event summaries, and sharing curated deal briefs. Personalized communication increased investor engagement, while timely follow-ups maintained momentum. Many investors required multiple touchpoints before committing to a meeting, making consistency essential. Through this work, the intern gained insight into the communication style and clarity expected in professional investment settings.

F. CRM and Data Operations

The CRM functioned as the operational backbone of the investment process. The intern routinely updated deal stages, logged conversations, merged duplicates, and maintained investor and startup conversation notes. High-quality data enabled fast investor matching, accurate reporting, and smoother decision-making. Clean dashboards and organized records allowed the team to identify bottlenecks, track progress, and respond quickly to new opportunities.

G. Event Support and Real-Time Engagement

Pitch days and investor mixers were key activities where the intern assisted with logistics, participant engagement, and note-taking. During events, real-time documentation of feedback and questions created actionable insights for follow-up. These engagements provided direct exposure to how investors evaluate startups and how founders communicate under pressure. The events played a key role in identifying new startups which were considering fundraising and looking for guidance on the same. The intern learned to manage multiple stakeholders while ensuring events ran efficiently.

H. Documentation: Memos, Reports, and Agreements

Documentation played a central role in translating analysis into decisions. The intern drafted investment memos summarizing business models, financials, traction, and risks in concise formats for partner and angel review. Preparing MoUs and structured reports required clarity and precision, reinforcing the value of well-organized written communication. These materials allowed decision-makers to evaluate opportunities quickly and effectively as they had all the necessary statistics about a startup right in front of them.

V. ANALYSIS/INSIGHTS

A. Angel Networks Strengthen Early-Stage Funding

The internship showed that organized angel networks act as ecosystem catalysts by pooling investor capital, expanding sourcing channels, and enhancing credibility for founders. Their structured processes and collective reach produced higher-quality deal flow than individual efforts could, reinforcing their growing importance in early-stage investing.

B. Research and Frameworks Improve Investment Judgment

Industry research, competitive mapping, and frameworks such as TAM/SAM/SOM and unit economics clarified market positioning and risk. These tools strengthened decision quality by reducing uncertainty and highlighting genuine differentiation among startups.

C. Investor Behavior Shapes Deal Progress

Consistent and personalized communication significantly influenced investor engagement. Deals advanced faster when founders promptly addressed queries and demonstrated clear traction. The network's inclusive events also attracted diverse investor segments, showing how targeted outreach shapes pipeline dynamics.

D. Documentation and Data Systems Enable Fast Decisions

High-quality CRM data, organized dashboards, and concise investment memos allowed the team to respond quickly to opportunities and maintain clarity across stakeholders. Accurate documentation translated research into actionable insights, enabling efficient, informed investment decisions.

VI. ETHICAL, PROFESSIONAL AND REGULATORY CONSIDERATIONS

Several ethical and regulatory considerations shaped the internship experience. Confidentiality was critical, with NDAs and secure handling of sensitive financial and personal data forming part of daily operations. Professional integrity required transparent communication with co-investors and strict avoidance of conflicts of interest. Recent regulatory updates have formalized angel investing in India, introducing requirements such as accredited investors, standardized disclosures, and clearer allocation methods. These shifts emphasize transparency and accountability across early-stage funding. The network's existing practices: structured documentation, accurate reporting, and disciplined data management were already aligned with these expectations, reflecting a maturing investment ecosystem that prioritizes compliance and ethical conduct.

VII. CONCLUSION

This internship-based study offers a grounded view of how early-stage angel networks operate within India's rapidly expanding venture capital ecosystem. The findings demonstrate that deal-flow management, systematic screening, rigorous research, and disciplined investor communication are central to effective early-stage investing. The internship confirmed several themes highlighted in VC literature including the importance of staged decision-making, professionalization, and the use of structured contracts while also revealing the operational realities that shape these theoretical principles in practice.

The analysis shows that CRM-driven data systems, coordinated due diligence processes, and clear documentation significantly enhance decision quality and investor confidence. Ethical and regulatory considerations, particularly confidentiality and evolving SEBI norms, further underscore the importance of governance discipline in early-stage networks.

Overall, the study provides practical and theoretical insights into how angel networks bridge early funding gaps, catalyze startup development, and contribute to India's innovation economy. Future research could compare operational models across multiple networks or explore how data systems influence investment outcomes over time.

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