

# Introduction to Crowdfunding

**AAL**

**PROGRAMME**

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EUROPEAN  
CROWDFUNDING  
NETWORK

# The AAL Programme

## WHAT

A unique public-public partnership of national funding agencies from currently 20 countries around Europe plus Canada, who are the members of the AAL Association, with financial support from the European Commission's Horizon 2020 R&D programme.

## WHY:

1. Enhancing older adults' quality of life through innovative **digital technology-based** solutions
2. Support long-term sustainability of **health and care systems**
3. Strengthening the emerging industrial base in Europe

# The European Crowdfunding Network



- The European Crowdfunding Network AISBL (ECN) is a professional industry network
  - Promoting transparency, (self-) regulation and governance of the crowdfunding industry
  - Fostering policy discussion and public opinion building
  - Aiming to increase the understanding of crowdfunding as key support for entrepreneurship
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- OUR NETWORK
  - 80 Members (crowdfunding platforms and other stakeholders)
  - 16 EU countries represented
  - 7 Team members
  - 1-2 Major Conference organized each year
  - [www.eurocrowd.org](http://www.eurocrowd.org)

# Work and objectives

## LOBBYING

- Ongoing dialogue with EU institutions
- Joint statements with fellow trade bodies

## EDUCATION

- Publications
- Events
- 2 annual conferences
- Seminars, webinars and workshops

## RESEARCH

- Own research
- EC research projects
- Consulting services for regional and local authorities

## SUSTAINABLE GROWTH

- ECN Code of conduct
- Best practices
- Transparency
- Fairness

# OUR SERVICES



## COACHING

- Support to individual companies on how to best run their CF campaign
- Start-ups, NGOs, incubators, chambers of commerce, regional authorities

## TRAINING

- 3-modules training CV (Basic, Advanced, Professional) aimed at improving CF knowledge and professionalism
- Chambers of commerce, VET providers, HE institutes, public authorities

## TECHNICAL ASSISTANCE

- Support for the deployment of a CF initiative (feasibility study, train the trainers, follow up and evaluation report)
- Public authorities and private organisations with mid-term CF strategy



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# Crowdfunding

## Coaching services

**Helps to set the basic procedure to launch a crowdfunding campaign!**

Establish step by step the key-points to take into account when a project is focused on fundraising through collective finance.





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The main purpose of the coaching services is to provide specific knowledge to **use precisely alternative finances tools** by:

- 1 **Highlighting projects/ideas, as to set the CF potential**
- 2 **Remarking the benefits of the proposal for the crowd**
- 3 **Identifying the platforms and the requirements to have in mind**
- 4 **Maximizing the impact of communication, crucial in a crowdfunding campaign**



# Overview

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- How does crowdfunding relate to the financial system –is it an alternative or supplement?
- Which crowdfunding model is most suitable for my project or organization?
- Which platform should I choose?
- How do I proceed?
- What are essential things to consider before starting a crowdfunding campaign?
- Building a successful crowdfunding Pitch



# **HOW DOES CROWDFUNDING RELATE TO THE FINANCIAL SYSTEM –IS IT AN ALTERNATIVE OR SUPPLEMENT?**



# What is Crowdfunding ?

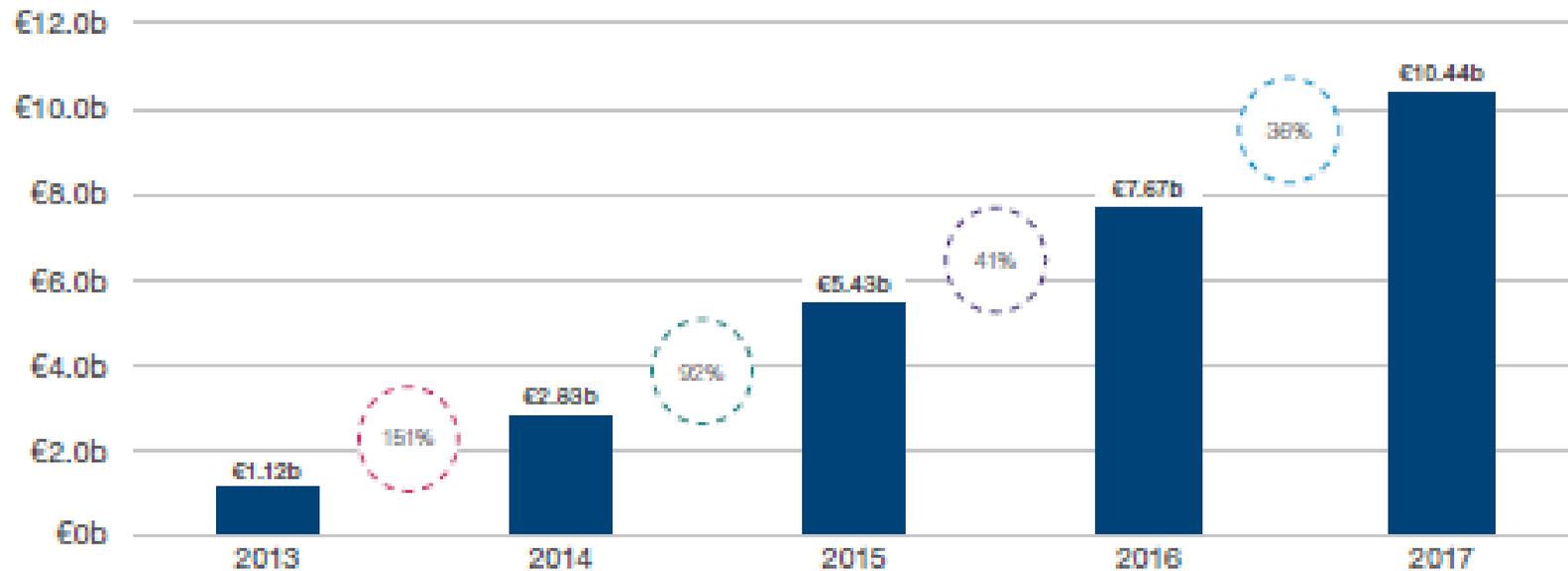
“Crowdfunding is an emerging alternative **source of financing**. It refers to open calls to the public, generally **via internet**, to finance a project through either a **donation**, a monetary contribution in exchange for a reward, **product pre-ordering**, **lending**, or **investment**.

Any type of project can launch a **crowdfunding campaign**: SMEs, artists, innovative start-ups, social entrepreneurs may all benefit from different forms of crowdfunding.”

(European Commission, 2013)

# Crowdfunding Volumes

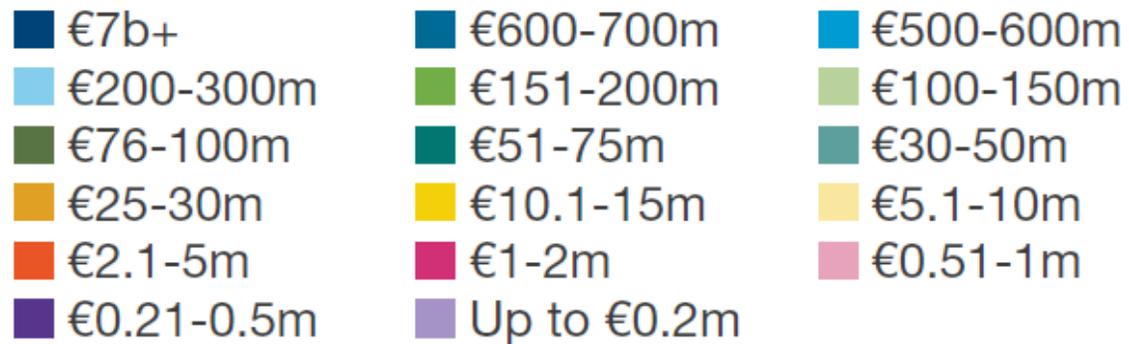
Figure 1: European Online Alternative Finance Market Volumes 2013-2017 in €billions  
(Including the UK)



Source: Cambridge Centre for Alternative Finance: Shifting Paradigms, The 4th European Alternative Finance Benchmarking Report, 2019



### Total volume in €m



# Crowdfunding in Europe

# Crowdfunding *doesn't compensate* but *supplement* traditional financing



## Sales Market

Building a Community

Customer acquisition  
and retention

Active Promotion for  
your new  
product/service

Marketing & PR

# The side effects of Crowdfunding

Branding

Establishing new  
brands

Market Analysis

Pre-Sales of products  
or services

Testing the market  
potential

Identify customer  
needs and improve  
the product

Customer Retention

Distribution Channel

Minimize Innovation Risk



# WHICH CROWDFUNDING MODEL IS MOST SUITABLE FOR MY PROJECT OR ORGANIZATION?

# Different types of Crowdfunding



- **Donation:** a donor contract without existential reward = supporter/fan
- **Reward:** purchase contract for some type of product or service = client, buyer
- **Lending:** credit contract, credit is being repaid plus interest = creditor
- **Equity:** shareholding contract, shares, equity-like instruments or revenue sharing in the project/business = investor



# *Choosing the right type of crowdfunding*

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1. Donation: social aim, up to € 30,000
2. Reward: tangible product, market test, € 100,000 -
3. Lending:
  1. Peer-to-peer lending (debt capital for private purposes)
  2. Peer-to-business lending (debt capital to business entities)
4. Equity: new shareholders





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# Examples

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# Examples - Donations

Search | How it works | Start a GoFundMe



Sign in

Share

Donate

## Nathan's New Chair



 Aaron Fuhrman is organising this fundraising appeal on behalf of Nathan Ogden.

Created 25 September 2017 |  Medical, Illness & Healing

Nathan Ogden's wheelchair was stolen at the BSU football game last Friday night. As a quadriplegic the \$4,500 chair was custom made and this loss is devastating to him and his family. It is especially ironic since he has spent the last 6 months raising over \$43,000 for people who desperately need wheelchairs in underdeveloped countries. Nathan and his family rode their bicycles over 1,200 miles from Bend, OR to Los Angeles, CA raising funds for the cause Chair the Hope.

**\$23,360** raised of \$40,000 target

62 donors 438 shares 88 followers

Donate now

Share

 Josh and Rachel Wilmore  
\$10 • 5 months ago

 Anonymous  
\$25 • 6 months ago

 Anonymous  
\$10 • 6 months ago

 Elza Jean  
\$10 • 7 months ago

 Samantha Guthman  
\$50 • 17 months ago

See all

# Examples – Reward Based

Campaign    FAQ <sup>2</sup>    Updates <sup>0</sup>    Comments <sup>102</sup>    Community

[Share this project](#)    [Save](#)



**SpinePRO™**

SpinePRO | The CUSTOM-FIT Back Support

[Provo-UT](#)    [Product-Design](#)

**\$57,409**  
pledged of \$8,000 goal

**398**  
backers

**Support**

**Pledge US\$ 1 or more**

You've Got Our Back!

Thanks for supporting the SpinePRO, every little bit counts. Give yourself a pat on the back from us, and help stop back pain by sharing this with your friends and family.

ESTIMATED DELIVERY  
Oct 2017

9 backers

**Pledge US\$ 25 or more**

We've Got Your Back!

Learn more about your own back.

- Fit Stick to measure your spine curve
- Stretch & exercise guide containing clinically proven methods to help decrease back pain, and improve posture.

ESTIMATED DELIVERY    SHIPS TO  
Jan 2018                      Anywhere in the world

5 backers

**Pledge US\$ 115 or more**

SpinePRO Backer

- One SpinePRO
- FREE Fit Stick and Fitting Guide
- FREE Stretch & Exercise Guide containing clinically proven methods to help decrease back pain and improve back posture.

∴ That's more than 27% off estimated retail of \$169.99 ∴

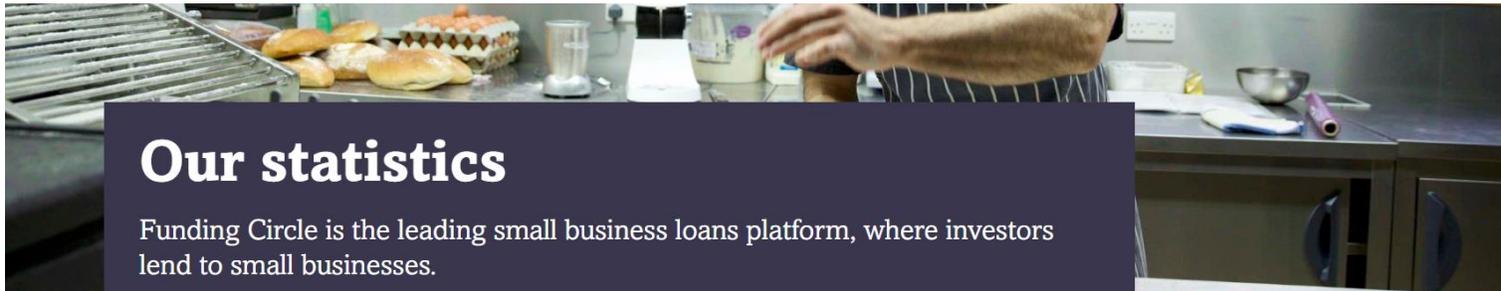
ESTIMATED DELIVERY    SHIPS TO  
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**Story**

**RISKS AND CHALLENGES**



# Examples - Lending



## Our statistics

Funding Circle is the leading small business loans platform, where investors lend to small businesses.

Amount originated

**£8.1 billion**

Lent globally to 77,000 small businesses

Loans under management

**£3.7 billion**

Loans outstanding globally

Jobs unlocked

**115,000**

Jobs created and sustained globally in 2018

*Data as of: 31st December 2019 (returns only)*

*Data as of: 30th September 2019 (all other numbers)*

Lending Returns Businesses

# Examples – Equity



aescuvest.eu  
POWERED BY EIT HEALTH

Invest Raise Funds More

Login [Get started](#)

**FUNDING EXTENDED**

110°

#free dimensional

Watch 3-min pitch video

**Surge-on Medical - FUNDING EXTENDED**

Funding Target	€500,000
Equity offered	12.74%
<b>Funded 112.1%</b>	<b>€560,500</b>

Venture Category: MedTech  
Business Phase: Sales Expansion  
Professional Investors: 1 VC, 2 Family Offices

31 days left

- <https://www.aescuvest.eu/investment-opportunities/>



# WHICH PLATFORM SHOULD I CHOOSE?

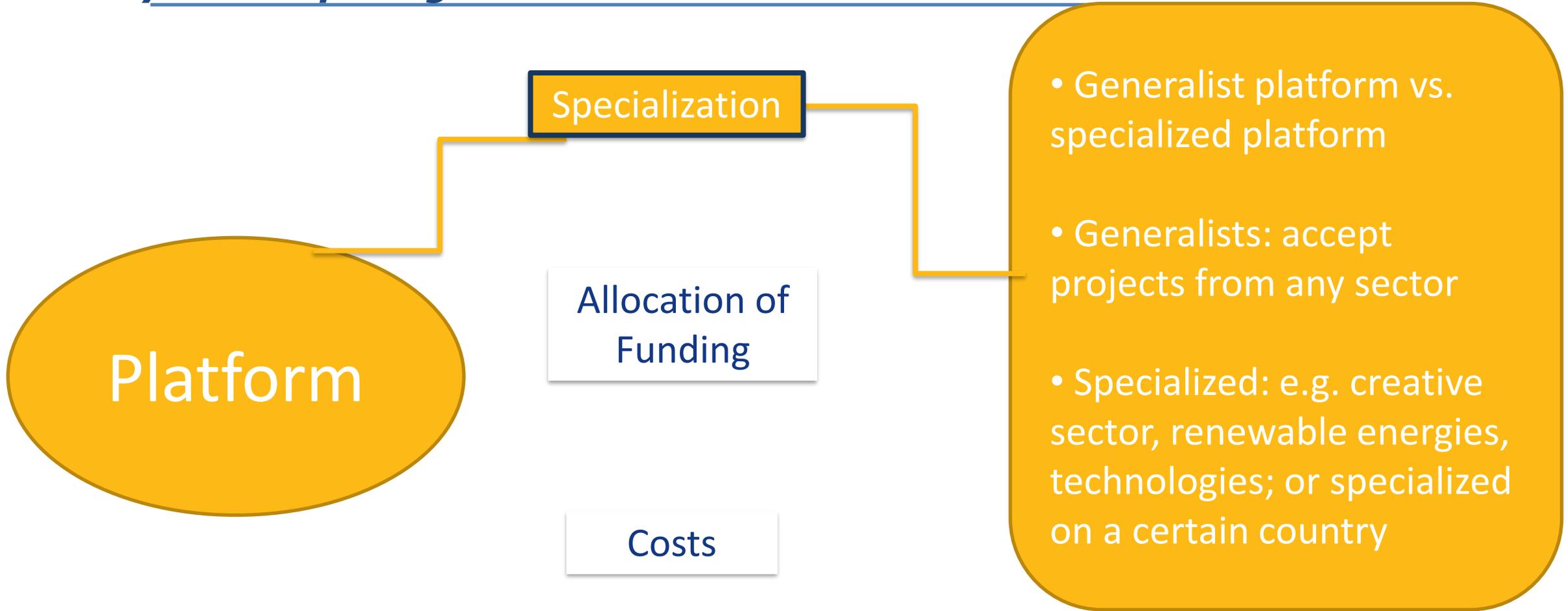
# *Finding a suitable platform for your project*

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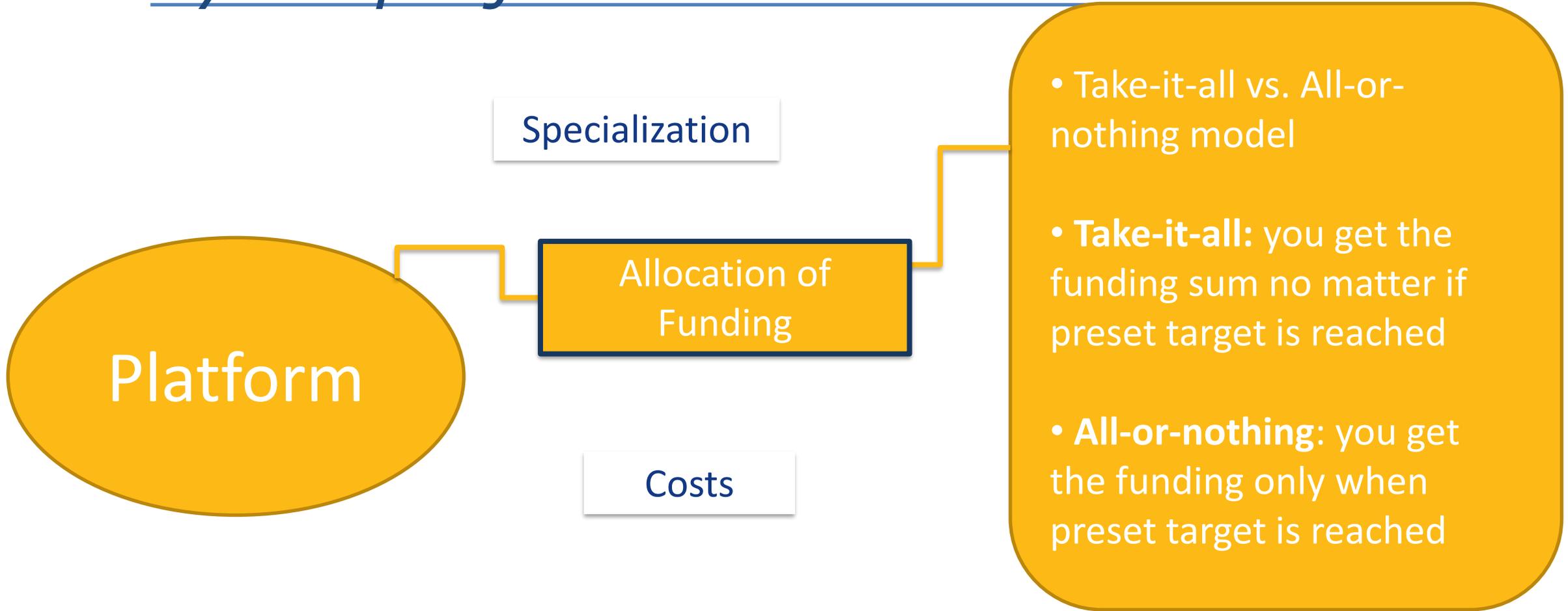


- Variety of EU platforms (around 500 active) with different terms and conditions, specialized or non-specialized
- You need to take into account several variables when choosing the platform

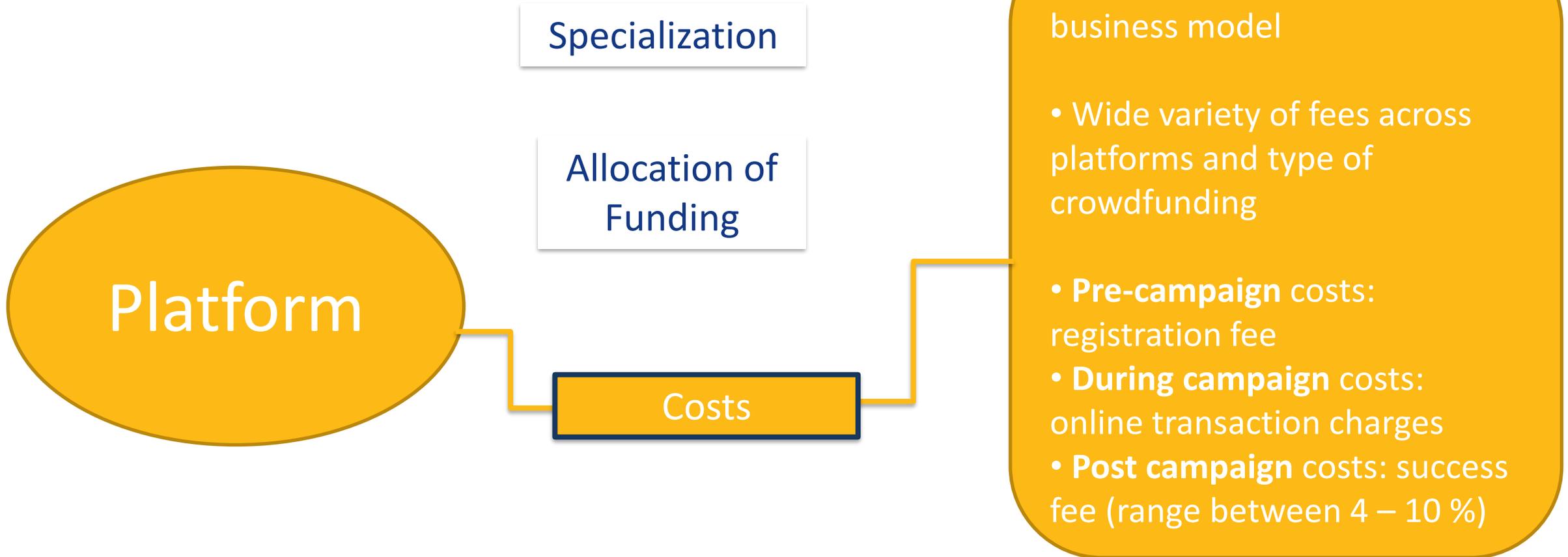
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# *Finding a suitable platform for your project*



- Every platform has its own business model
- Wide variety of fees across platforms and type of crowdfunding
- **Pre-campaign costs:** registration fee
- **During campaign costs:** online transaction charges
- **Post campaign costs:** success fee (range between 4 – 10 %)



# HOW DO I PROCEED?



# The Crowdfunding Canvas



<p><b>Vision &amp; Motivation</b>          What are your personal drivers and motivation?          Which problem solves your project and what is the added value for your backers?          What is the principal aim of your campaign? Financing, marketing or testing the market?</p>	<p><b>Funding Model &amp; Platform</b>          Which crowdfunding model is suitable for the project?          Donation, Rewards, Equity, Lending          Do you want to run the campaign on your own website or on a dedicated platform?          Which platform fits to the project and matches the target group?</p>	<p><b>Project Goal &amp; Realization</b>          What is the goal of your project?          How is the project realized after successful funding?          What are the milestones of the project?</p>	<p><b>Community</b>          Who is the target group of the project? Who has most interest to support the project?          Which potential cooperation partners could be involved in the campaign?          Who are relevant multipliers and opinion leaders?          Which existing networks and communities can be used to reach out?</p>	<p><b>Rewards</b>          What do backers receive in return to their support?          What rewards fit to the project and the target group of the campaign?</p>
<p><b>Key Resources</b>          Which resources in terms of time and staff do you have for the campaign?          Is the allocation of responsibilities and tasks during the campaign clear?          What are your core competences and where do you need external support?</p>				
<p><b>Cost Structure &amp; Funding Goal</b>          How much funding do you require to realize your project?          Which amount shall be covered through crowdfunding?          What are the crowdfunding costs before, during and after the campaign?</p>		<p><b>Communication</b>          What's the key message of the campaign?          What should the target group remember?          What is the story to be told?          Via which communication channels you can best reach your target group?          What's the communication and time plan of the campaign?</p>		



# WHAT ARE ESSENTIAL THINGS TO CONSIDER BEFORE STARTING A CROWDFUNDING CAMPAIGN?

# Plan the crowdfunding process

## 1. Setup

- **4 to 8 weeks**
- Define CF-model (e.g. Equity)
- Analyse, e.g. the business plan
- Design Campaign
- Create pitch video

## 2. Campaign

- **1 to 3 months**
- Lead-investor phase
- „Going Live“ on platform
- Ongoing on- and offline marketing activities
- Ongoing supervision and communication

## 3. Reporting

- After campaign reporting during runtime of the project
- Regular reporting
- Publishing Information
- Communication and information for the crowd

# Checklist success factors



Project	Crowd	Communication	Person
Clear Project Description	Family & Friends	Communication Plan	Time & Engagement
Project Team	Regionality	Emotion & Passion	Personal Involvement
Story & Innovation	Selection of Platform	Social Media	Open Mindset
Graphics & Video	Funding Goal & Rewards	Online & Offline PR	Cooperation Partner
Updates & Progress	Transparency	Personal Form	Professionalism



# BUILDING A SUCCESSFUL CROWDFUNDING PITCH

# Structuring a solid crowdfunding pitch

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- What?
- Why?
- How?
- Who?
- When?
- Where?
- Why do you need their support?
- What do you offer in exchange?
  - Thank you
  - Rewards
  - Equity shares
  
- Call to action

# Get the right format

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- Crowdfunding Page
  - Visuals, infographics
  - Concise and clear
  - Adequate language
- Video
  - 3 min max
  - Show your face
  - Look convincing and trustworthy
  - Adequate language

# Tips and tricks

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- Increase credibility by inserting a press section
- Increase credibility by displaying partnership and previous investments
- Design cool flyers with canva.com
- Include free copyright music in your video
- Be fun or emotional
- Don't forget to say thanks!



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**THANK YOU  
FOR  
YOUR ATTENTION!**

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▲ Our Website:  
**[www.aal-europe.eu](http://www.aal-europe.eu)**

▲ ECN website:  
**[www.eurocrowd.org](http://www.eurocrowd.org)**



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