Introduction to Crowdfunding
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

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
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**

<table>
<thead>
<tr>
<th>COACHING</th>
<th>TRAINING</th>
<th>TECHNICAL ASSISTANCE</th>
</tr>
</thead>
</table>
| • Support to individual companies on how to best run their CF campaign  
• Start-ups, NGOs, incubators, chambers of commerce, regional authorities | • 3-modules training CV (Basic, Advanced, Professional) aimed at improving CF knowledge and professionalism  
• Chambers of commerce, VET providers, HE institutes, public authorities | • 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 |
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.
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 potencial**
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

- 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?
“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

Source: Cambridge Centre for Alternative Finance: Shifting Paradigms, The 4th European Alternative Finance Benchmarking Report, 2019
Crowdfunding in Europe
Crowdfunding doesn't compensate but supplement traditional financing.

- Crowdfunding
- Angel Investment
- Venture Fonds
- Other Fundings, Grants, Securities, Guaranties
- Bank financing

- 0 €
- 250k €
- 750k €
- > 3 Mio. €

- 0M
- 12M
- 24M
- 36M
- 48M

Time
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

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
Examples
Examples - Donations

Nathan’s New Chair

Aaron Fuhriman 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 ECU 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.
Examples – Reward Based
Examples - Lending

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

Amount originated
£8.1 billion
Leant 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)
Examples – Equity

https://www.aescuvest.eu/investment-opportunities/
WHICH PLATFORM SHOULD I CHOOSE?
Finding a suitable platform for your project

- 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
Finding a suitable platform for your project

Platform

- Allocation of Funding
- Specialization
- Costs

- Generalist platform vs. specialized platform
- Generalists: accept projects from any sector
- Specialized: e.g. creative sector, renewable energies, technologies; or specialized on a certain country
Finding a suitable platform for your project

- Take-it-all vs. All-or-nothing model
  - Take-it-all: you get the funding sum no matter if preset target is reached
  - All-or-nothing: you get the funding only when preset target is reached
Finding a suitable platform for your project

- **Platform**

- **Specialization**
- **Allocation of Funding**

- **Costs**

- 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?
## Vision & Motivation
- 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?

## Funding Model & Platform
- 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?

## Project Goal & Realization
- What is the goal of your project?
- How is the project realized after successful funding?
- What are the milestones of the project?

## Community
- 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?

## Key Resources
- 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?

## Rewards
- What do backers receive in return to their support?
- What rewards fit to the project and the target group of the campaign?

## Cost Structure & Funding Goal
- 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?

## Communication
- 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 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

<table>
<thead>
<tr>
<th>Project</th>
<th>Crowd</th>
<th>Communication</th>
<th>Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear Project Description</td>
<td>Family &amp; Friends</td>
<td>Communication Plan</td>
<td>Time &amp; Engagement</td>
</tr>
<tr>
<td>Project Team</td>
<td>Regionality</td>
<td>Emotion &amp; Passion</td>
<td>Personal Involvement</td>
</tr>
<tr>
<td>Story &amp; Innovation</td>
<td>Selection of Platform</td>
<td>Social Media</td>
<td>Open Mindset</td>
</tr>
<tr>
<td>Graphics &amp; Video</td>
<td>Funding Goal &amp; Rewards</td>
<td>Online &amp; Offline PR</td>
<td>Cooperation Partner</td>
</tr>
<tr>
<td>Updates &amp; Progress</td>
<td>Transparency</td>
<td>Personal Form</td>
<td>Professionalism</td>
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</tbody>
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BUILDING A SUCCESSFUL CROWDFUNDING PITCH
Structuring a solid crowdfunding pitch

- 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

- 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

▪ 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!
THANK YOU FOR YOUR ATTENTION!

Our Website: www.aal-europe.eu

ECN website: www.eurocrowd.org