

Crowdfunding

By Alen Tayzhanov

What is?

- **Crowdfunding** is the practice of funding a project or venture by raising monetary contributions from a large number of people
- The crowdfunding model is based on three types of actors:
 - *Who need*
 - *Who support*
 - *Who moderate*

History

- Word "crowdfunding"
- The first crowdfunding sites

Types

- Equity based
- Donation based
- Lending based
- Reward based

Role of the crowd

- Choose what you want to
- Innovations
- Availability

Crowdfunding platforms

- **Crowdfunding models:**
- Money for goods
- Donation based
- Money for business ventures
- Continuous funding
- Post-creation services

Money for good

| Name | Model | Focus | Country | Notes |
|----------------|------------|-------------------|------------|-------------|
| ArtistShare | KiA | Musicians | US | Has own |
| CentUp | KiA | Ongoing | US | Decentrali |
| ClassWish | KiA | Education | US | Allows tax- |
| CommonBond | KiA | Student loans | US | Funded by |
| Community | KiA | Platform | US | Allows |
| First Funder | KiA or AoN | Community | US | |
| FundAnything | KiA | Funding for any | US | Fundrais |
| FundedByMe | AoN | Equity and | Sweden, | Only |
| FundRazr | KiA or AoN | Personal, | Canada | Lets you |
| Fundly | KiA | Personal, | US | Available |
| GiveForward | KiA | Online | US | Provides |
| GlobalGiving | KiA | Nonprofit | US, UK, | Provides |
| GoFundMe | KiA or AoN | Non incentive- | US | Provides 5- |
| Headstart | AoN | Entrepreneurs | Israel | |
| ICrowdFund | KiA or AoN | Donation and | Ireland | Non-profit |
| Indiegogo | KiA or AoN | Allows a broad | US | |
| JustGiving | KiA | Social good | UK | Non-profit |
| Ketto | KiA | Funding for any | India | Largest |
| Kickstarter | AoN | Creative projects | US, UK, | Highest |
| LaunchGood | KiA or AoN | Allows a broad | US, | Largely |
| Mobcaster | AoN | TV shows | US | |
| Myfreeimplants | AoN | Cosmetic surgery | US | Focused |
| Offbeatr | AoN | Pornography | US | Projects |
| Peoplefund.it | AoN | | UK | Attached |
| Piggybackr | KiA | Young children, | US | Young |
| Planeta.ru | AoN or KiA | Allows a broad | Russia | |
| PledgeMe | AoN | Allows a broad | New | |
| PledgeMusic | AoN | Musicians | Spain, UK, | |
| Pozible | AoN | Creative | Australia, | Bitcoin |
| Rally.org | KiA | Medical, | US, | |
| RocketHub | KiA | | US | |
| Sella band | AoN | Musicians | Germany | |
| Sponsume | KiA | | UK | |
| Tilt.com | KiA or AoN | Any goal | US | Offers |
| YouCaring | KiA | Medical | US, UK, | Does not |
| Weeve | KiA | Nonprofits | Canada | Site |

Donation based

| Name | Model | Focus | Country | Notes |
|---------------|--------------|--------------|----------------|--------------|
| DonorsChoose | AoN | Education | US | |
| Experiment.co | AoN | Scientific | US | No |

| Name | Funding model | Focus | Country | Notes | # of investor | Funded sum |
|---------------------|-----------------------|----------------------|--------------------|-------------------------|---------------|-----------------|
| Angels Den | Equity, Debt | All businesses | UK | | | |
| Angel List | Equity, Debt | Start-ups | US | Currently serves | | \$104 Million |
| BnkToTheFuture | Equity, Debt, Rewards | small businesses | CYM | | | |
| CircleUp | Equity | Consumer products | US | Currently serves | | €50 Million |
| Companisto | Equity | European companies | Germany | | 45 | €25 Million |
| Crowdfunder | Equity, Debt | Small and medium | US | Currently serves | 12 | \$100 Million |
| CrowdCube | Equity, Rewards | start-ups, small | UK | | 167,384 | £80 Million |
| EarlyShares | Equity | | US | | | |
| Emerging Crowd | Equity, Debt | SMEs in emerging | UK | | | |
| EquityNet | Equity, Debt | Startups and mature | US | Launched | | \$200 Million |
| Fundable | Equity, Debt, Rewards | Seed stage | US | | | \$164 Million |
| FundedByMe | Equity, Rewards | Entrepreneurs | Sweden, Finland | | | \$2.434 |
| FundersClub | Equity | Start-ups | US | Currently serves | 14 | \$35 Million |
| Funding Circle | Debt | Small businesses | UK | | 39,738 | £634 Million |
| Gambitious | Equity | Game development | Netherlands | | | |
| Innovestment GmbH | Equity auctions | | Germany | | | €2 Million |
| Investor | Equity | Startups and growth | Finland, Sweden | | | €5 Million |
| InvestedIn | Equity | | USA | | | \$47 Million |
| Invest Next Door | Equity | Small Businesses | US | Currently serves | | |
| Kopernik | Other | 3rd world issues | | | | |
| Lendico | Debt | Small and medium | Germany | | | |
| Lending Club | Debt | | USA | | | \$9 Million |
| LendingCrowd | Debt | Small and medium | UK | First Scottish peer-to- | | £1.2 Million |
| Lendinvest | Debt | Property | UK | First live peer-to-peer | | £308 Million |
| MicroVentures | Equity | Tech Startups & High | US | Currently serves | 28 | \$70 Million |
| Optimize Capital | Equity | | Canada | | | |
| OurCrowd | Equity | | Israel | | | |
| PledgeMe | Equity | | New Zealand | | | |
| Prosper Marketplace | Debt | | USA | | 2,200,000 | \$3,000 Million |
| rebuidingsociety.co | Debt | All businesses | UK | | | |
| Return on Change | Equity | Early and growth | USA | | | |
| Rock The Post | Equity | Early stage tech- | USA | | | |
| SecondMarket | Equity, Debt | Late stage start-ups | USA | | | |
| SeedInvest | Equity | Early stage | USA | Currently | 25 | \$20 Million |
| Seedrs | Equity | Seed-stage | UK & Europe | First equity crowd | 30 | £100 Million |
| Seedups | Equity | Early stage tech- | UK, Ireland, USA & | | | |
| StartupValley | Equity | Technology start-ups | US | | | |
| Symbid | Equity, Rewards | Start ups and | Netherlands | Responsible for one | 33.5 | €321 Million |
| SyndicateRoom | Equity | Growth businesses | UK | | | £37 million |
| TenPages.com | Revenue sharing | Books | Netherlands | | | |
| ThinCats | Loan | Small businesses | UK | | | £110 Million |
| Trillion Fund | Equity | environmental and | UK | | 7 | |
| TrustLeaf | Debt | Small businesses | US | Friends and family | 1,6 | \$41 Million |
| TubeStart | Equity | Video production | US | | | |
| Unbound | Perqs | Books | UK | Acts as both a | | |
| Upstart | Debt | Loans for recent | US | Currently serves | | |
| Wahooly | Equity | Tech startups | US | Rebranded to | | |
| Wefunder | Equity | Startups | US | | 45 | \$13 Million |
| Wishberry | Debt | Creative startups | India | | 10.5 | |
| Zencap | Debt | Small and medium | Germany, Spain | | | |
| Zopa | Debt | | UK | | | |

For business ventures

| Name | Frequency | Focus | Notes |
|--------------|---|--|---|
| Bountysource | Monthly or one-time donations | Open-source software developers | Money can be withdrawn via Paypal, Check, Bitcoin, and Ripple or used to post software bounties within Bountysource. |
| Patreon | Monthly or every time new content is released | Musicians, Podcasts, Vloggers, Youtubers, Webcomics | Subscribing to a project allows to view and post on its content stream. Patreon allows to set a monthly maximum to avoid going over a set budget. |
| Subbable | Monthly or one-time donations | Web series (both entertainment- and education-oriented) | The money that users spend goes into a "perk bank" and can be redeemed for creator-determined perks. Free subscriptions are available. |
| Sprked | Monthly or everytime content is released | Modders (mod creators), Indie gamers, Live streaming, Gaming related | The site uses a subscription-based model but the actual mods are not allowed to be sold. |

Continuous funding

Post-creation

| Name | Method | Focus |
|-------------|-----------------------|------------------|
| Flattr | Flattr button display | Content creators |
| Unglue.it | Contributing to | Books |

Benefits

- Profile
- Marketing
- Audience engagement
- Feedback

Risks & barriers

- Reputation
- IP protection
- Donor exhaustion
- Public fear of abuse