



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

NC rowth

Crowdfunding for Small Businesses

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What is Crowdfunding?



Small Contributions

X



Lots of People

=



Creative Success!

Crowdfunding platforms are projected to raise over \$34 Billion in 2015 (Massolution 2015)

Crowdfunding is of great interest to US policy makers due to the recent passage of the JOBS Act

Types of Crowdfunding Platforms

- Reward-based Crowdfunding
 - *Kickstarter, Indiegogo, etc.*
- Equity-based Crowdfunding
 - *AngelList, Crowdcube, etc.*
- Lending-based Crowdfunding
 - *Prosper, Kiva, etc.*
- Donation-based Crowdfunding
 - *JustGiving, GoFundMe, etc.*



Reward-Based Crowdfunding

The High Fidelity Bluetooth Speaker

by BUMM Sound Technology

Home Updates **3** Backers **206** Comments **29**

📍 Miami, FL 🛠 Product Design



206

backers

\$19,847

pledged of \$40,000 goal

12

days to go

Back This Project

\$1 minimum pledge

This project will only be funded if at least \$40,000 is pledged by Sunday Mar 17, 8:11pm EDT.

Pledge \$75 or more

155 backers

Early Birds: 1 T-Sound X- Silver metallic color \$25 retail savings! Original Package, with power adapter and 3.5mm stereo cable. (For US add US\$10 shipping fee, worldwide shipping fee US\$20)

Estimated delivery: Apr 2013
Add \$20 to ship outside the US

Pledge \$99 or more

68 backers

Limited Edition. Add a free laser engrave to the back side of the T-Sound X. Plus protecting case (\$25 value), choose between black or pink color. (For US add US\$10 shipping fee, worldwide shipping fee US\$20)

Estimated delivery: Apr 2013
Add \$20 to ship outside the US

Lending-Based Crowdfunding

Sign In | Join Now | Help

PROSPER^{CO}

Invest | Borrow | How It Works | About Us

1,610,000 members | \$447,000,000 in personal loans funded

Facebook | Twitter | RSS

NEW!
INVESTORS
Prosper Premier
Great returns,
priority service
[Learn more](#)

We connect people who want to invest money
with people who want to borrow money
[Learn More](#)

I WANT TO INVEST MONEY

SEASONED RETURNS*
9.28%

- Earn great returns
- Diversify portfolio
- Control your investment

Seasoned Returns by Prosper Rating

Prosper Rating	Seasoned Return
Total	9.28%
AA	5.50%
A	6.25%
B	9.31%
C	10.66%
D	11.32%
E	10.71%
HR	13.29%

[Open an Account](#) [Learn More](#)

I WANT TO BORROW MONEY

RATES STARTING AT
6.59%
APR
FOR AA LOANS**

- Unsecured loans
- Easy monthly payments
- Fixed loan rates from 6.59% to 35.80% APR

Check your loan rate

- Select Loan Purpose -

\$ Enter amount (\$2,000 to \$25,000)

- Select Your Credit Quality -

[Learn about Loans](#) [Get Rate](#)

Donation-Based Crowdfunding

JustGiving

Fundraising | Giving



Start fundraising

- Step 1. Make your page
- Step 2. Share it with your friends
- Step 3. Raise money for your charity

Make your page

Donate to charity

Give to one of 8,000 charities and projects on JustGiving.

Charity's name

Search

Sponsor a friend

Support your friend by donating to their page.

Friend's name

Search

Become a charity member

Find out how JustGiving works for your charity.

About charity membership

Equity-Based Crowdfunding

wefunder STARTUP OF THE WEEK SUBMIT COMPANY FAQ BLOG LOGIN SIGN UP

Invest in Startups

Soon, you'll be able to invest as little as \$100 in your favorite startups. [Learn More](#)

Get one startup per week delivered to your inbox

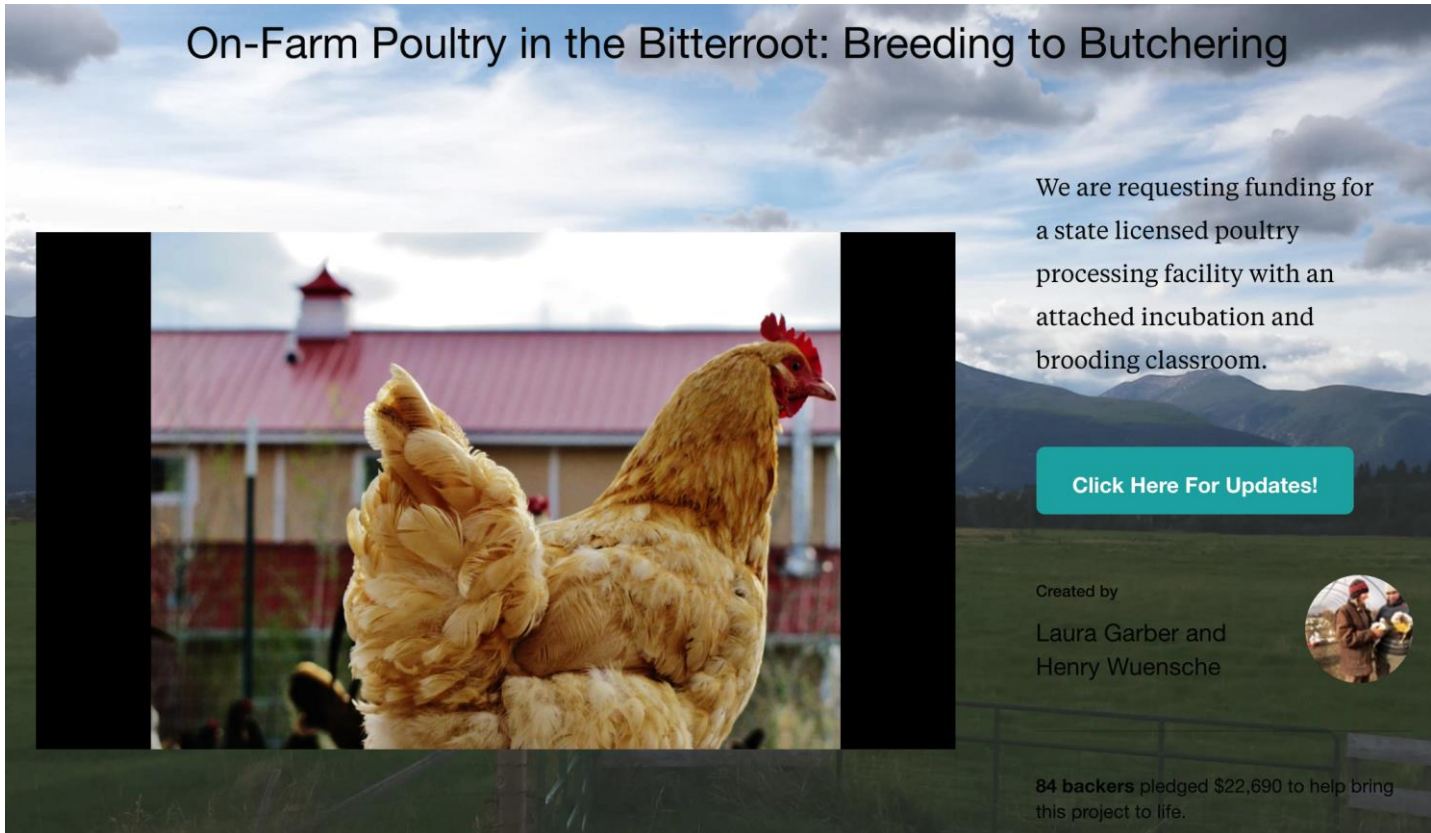
Mashable Forbes Bloomberg Businessweek CNNMoney BETABEAT "For startups, by startups" - CNN Money

12,198 funders pledge to invest \$37,621,550 in startups



Is Crowdfunding for Me?

Poultry Farm (Goal: \$21,667; Raised: \$22,690)



On-Farm Poultry in the Bitterroot: Breeding to Butchering

We are requesting funding for a state licensed poultry processing facility with an attached incubation and brooding classroom.

[Click Here For Updates!](#)

Created by
Laura Garber and
Henry Wuensche

84 backers pledged \$22,690 to help bring this project to life.

“We are requesting funding for a state licensed poultry processing facility with an attached incubation and brooding classroom.”

Is Crowdfunding for Me?

Doug's Nuts (Goal: \$10,000; Raised: \$10,366)



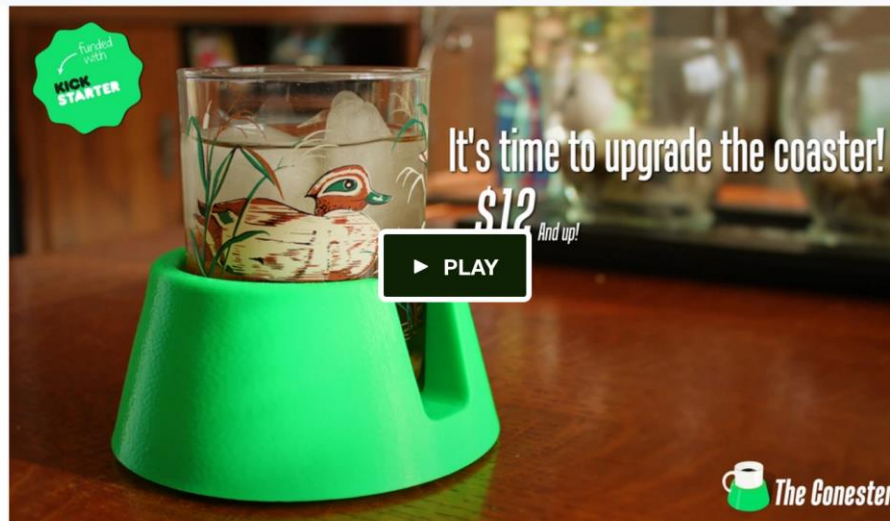
"We've decided to unleash a second crazy good nut blend ... Rolling out a new flavor requires an investment in design, printing plates and packaging, with the total coming in at around \$10,000."

Is Crowdfunding for Me?

The Conester (Goal: \$3,000; Raised: \$6,415+)

The Conester - The Cone Shaped Anti Spill Drink Coaster

by Fox Valley Novelties



215

backers

\$6,415

pledged of \$3,000 goal

13

days to go

[Back This Project](#)

Chicago, IL Product Design

This project will be funded on Sun, May 15, 2016

“Here are a few of the ways your support will be used: Injection Mold Tooling & Die, CADwork and Product Designs, First Production Run (MOQ), Packaging, etc.”

Is Crowdfunding for Me?

The E-Pebble Watch (Goal: \$100,000; Raised: \$10.3 Million)

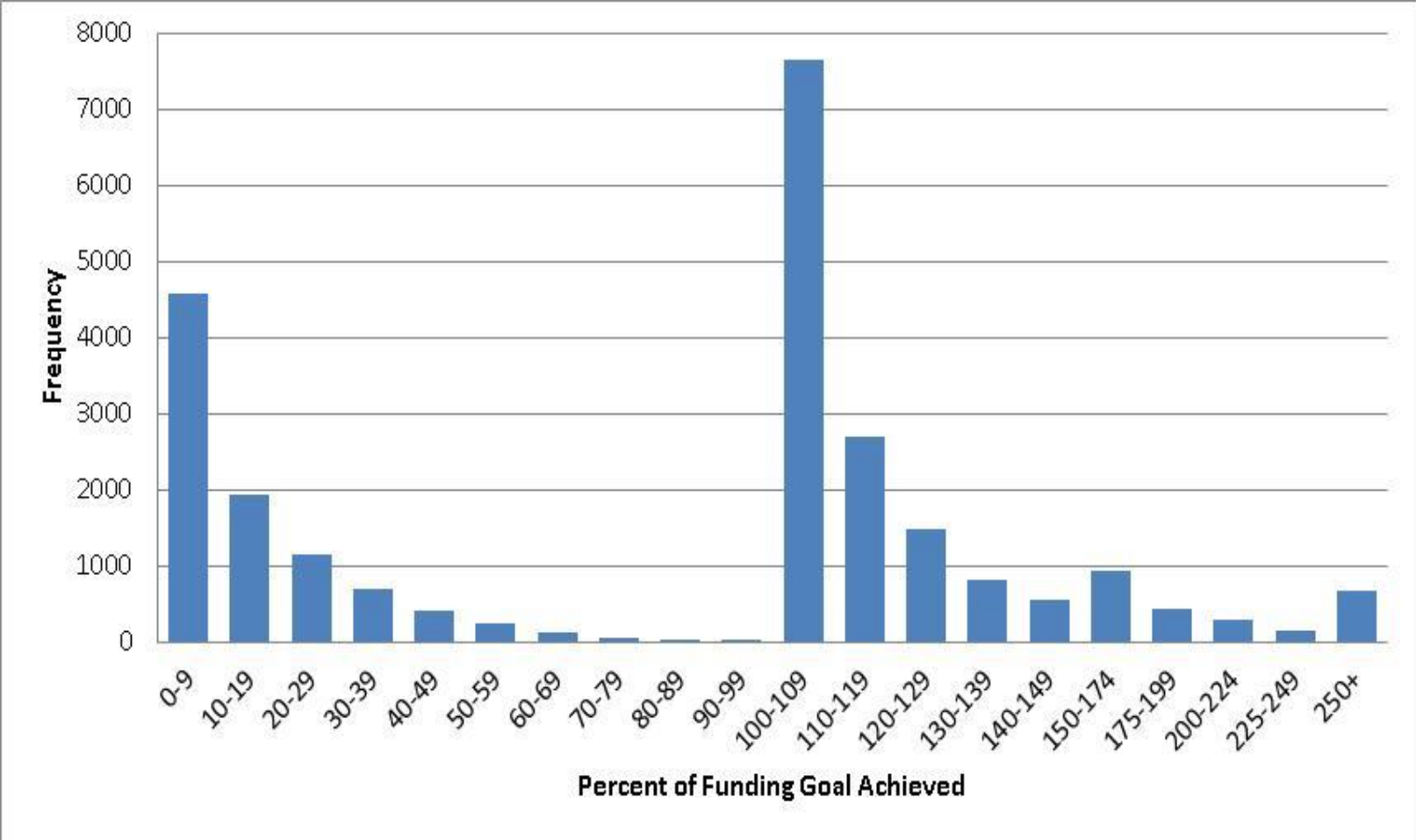
The image shows a screenshot of the Pebble crowdfunding page on the Kickstarter website. The page features the following elements:

- KICKSTARTER** logo and navigation links: "What is Kickstarter?", "Discover great projects", "Start your project", "Search projects" (input field), "Help", "Sign up", "Log in".
- Project Title:** "Pebble: E-Paper Watch for iPhone and Android" by Pebble Technology.
- Project Stats:** Home, Updates (22), Backers (68,929), Comments (8,015). Location: Palo Alto, CA. Category: Product Design.
- Status:** A green banner reads "Funded! This project successfully raised its funding goal on May 18."
- Product Image:** Three Pebble watches are shown: a white one with a digital display showing "28:56", "4.08mi", and "7:05"; a red one with a digital display showing "twelve thirty five" and a "PLAY" button; and a black one with an analog clock face.
- Funding Progress:** A large grey box displays "68,929 backers" and "\$10,266,845 pledged of \$100,000 goal". Below this, it shows "0 seconds to go".
- Project Details:** "Project by Pebble Technology, Palo Alto, CA, Contact me". "First created - 22 backed". "Eric Migicovsky (@emigicov)". Website: "http://getpebble.com".
- Social Media:** "Like" button, "99,579 people like this. Sign Up to see what your friends like.", "Tweet", "Embed", and "http://kickstarter.com" links.

Is Crowdfunding for Me?

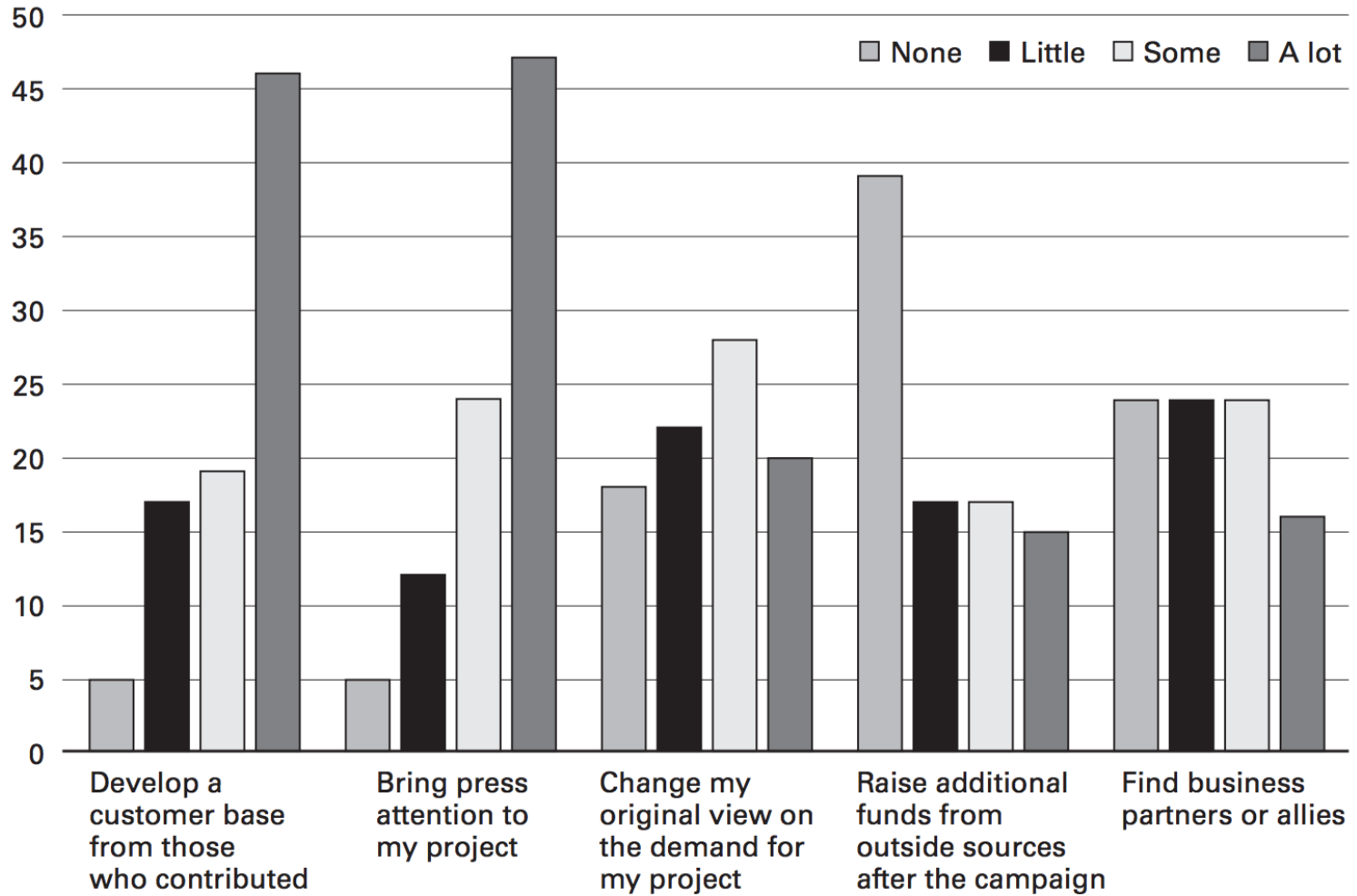
Category	Launched Projects		Success Rate (%)
	(#)	(%)	
Film & Video	55,409	19	37
Music	46,044	16	50
Publishing	31,453	11	30
Games	24,081	8	33
Technology	22,385	8	20
Art	22,201	7	41
Design	20,417	7	33
Food	19,374	7	25
Fashion	16,107	5	24
Theater	9,394	3	60
Photography	8,990	3	29
Comics	7,692	3	51
Crafts	6,220	2	24
Journalism	3,692	1	22
Dance	3,166	1	63
All	296,625	100	36

Distribution of Success on Kickstarter



Outcomes of Crowdfunding (Mollick and Kuppuswamy 2015)

Reported benefits of crowdfunding campaigns



If you build it ... they will NOT necessarily come!

Crowdfunding campaigns entail a considerable amount of work:

- Need to craft an appealing video pitch and description
- Think carefully about interesting and appealing rewards (if applicable)
- Think carefully about the type of crowdfunding you prefer and the specific platform

However, once you launch a project, the hard work only begins!

- Thousands of projects are launched every day – how will people find you?
- Social media activity is key!
- Sustained publicity efforts required for 30 days, not just 1!

Nevertheless, crowdfunding represents a promising new source of seed-capital for entrepreneurs and small businesses

- Not ideal for every type of project
- However, a vast variety of projects seek and obtain funding everyday!

NC PACES Act

The PACES Act will allow North Carolina companies to raise up to \$1,000,000 in any 12-month period from investors who are North Carolina residents.

- Companies will be required to provide a business plan, financial information, and a description of risks. The limit will be increased to \$2,000,000 if the company provides audited or "reviewed" financial statements to investors.
- Companies will be permitted to publicly advertise the offering through a website, marketing materials or a third-party portal, after filing a notice and disclosures with the N.C. Secretary of State and paying a very small fee.
- Non-accredited investors are limited to investing a maximum of \$5,000 in any one company's offering (during a 12-month time period). Accredited investors may invest as much as they wish.



Thank You!

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