

THE CROWD IS TALKING. ARE YOU LISTENING?

The Future of Crowdfunding for CDFI's

Paul Dombowsky

 Ideavibes

Overview

- Who am I?
- What are Crowdfunding and Crowdsourcing?
- Who is this CROWD?
- Types of Crowdfunding
- Crowdfunding Worldwide
- Why? What's changed in funding small business, etc.
- Motivators for seeking funds / funding projects
- Social Enterprise
- What do you need to crowdfund?
- Benefits and Challenges
- Examples
- Crowdfunding and Crowdsourcing Opportunities for You
- Resources

1 word or 2

This presenter uses
crowdfunding / crowdsourcing

Not

crowd funding / crowd sourcing

Who Am I?

Paul Dombowsky

- Founder and ceo of Ideavibes – 1.5 year old start-up
 - We help organizations engage their crowd to make change happen through engagement, ideas or funding worthy projects. We help organizations explore crowdsourcing and crowdfunding and assist them in launching initiatives (Scouts Canada, Mexico City, Transport Canada, TELUS, etc.)
 - We also like to think we help organizations hear from those that don't always get a chance to be heard.
- Founder of Fundchange – Canada's first crowdfunding site for charities
- Developed of 2 iPhone/iPad apps
 - Heartache App
 - Coach on the Go – Hockey

What is Crowdfunding?

So many definitions ...

According to Wikipedia – crowdfunding describes the collective cooperation, attention and trust by people who network and pool their money and other resources together, usually via the Internet, to support efforts initiated by other people or organizations. Crowdfunding occurs for any variety of purposes,[1] from disaster relief to citizen journalism to artists seeking support from fans, to political campaigns, to funding a startup company, movie [2] or small business[3] or creating free software.

Crowdfunding is a type of crowdsourcing.

So what is Crowdsourcing?

Defined

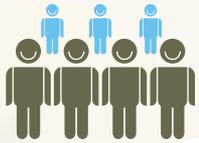
An engagement process whereby organizations seek input from either open or closed communities of people, either homogenous or not, to contribute ideas, solutions, or support in an open process whereby the elements of creativity, competition and campaigning are reinforced through social media to come up with more powerful ideas or solutions than could be obtained through other means.

Why Bother?

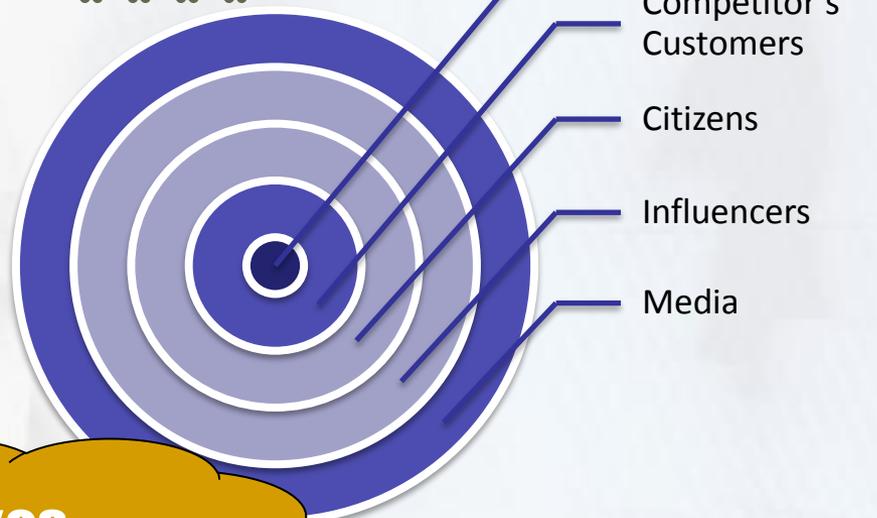
Organizations have a difficult time engaging with their communities to strengthen their relationship and be citizen/crowd focused. Internal or external, the community has ideas that can be harnessed that come from diverse backgrounds, experiences and education.

Who is this crowd?

The crowd you know

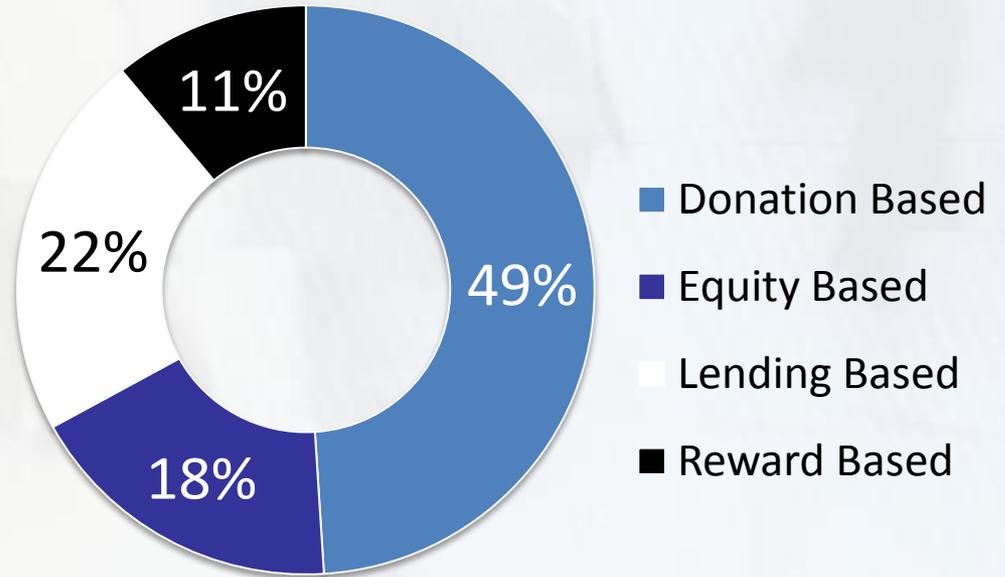
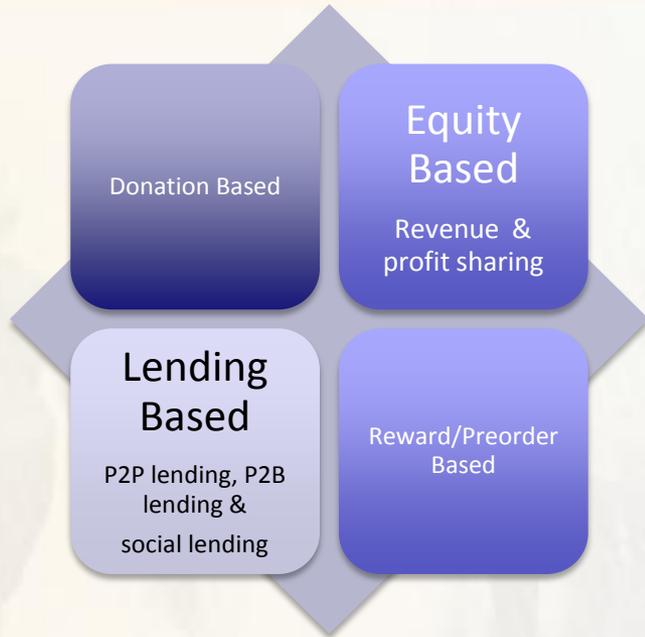


The crowd you don't know



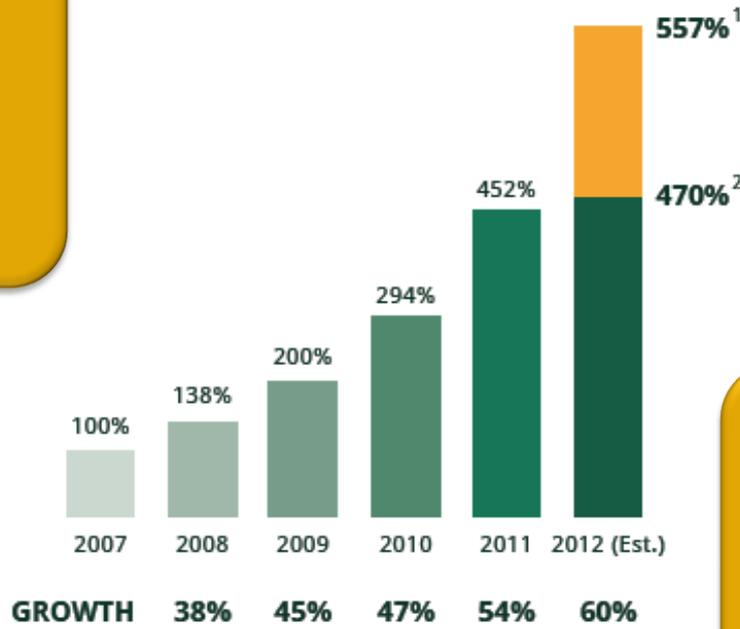
Social Media Makes the Connection

Types of Crowdfunding



Crowdfunding Worldwide

US\$1.5BN
 2011 –raised through crowdfunding globally

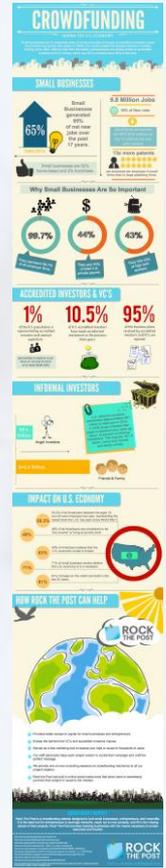


452
 04/2012 – Number of Crowdfunding Platforms

Source: Based on Crowdsourcing.org Directory of Sites as of April 2012

Why?

- There was a gap for funding ‘stuff’ and the market filled the need with a new channel
- The gap was for a new way to fund change
 - Innovation
 - Creative endeavors
 - Startups
 - Charities – new channels
- Reflection of the dissatisfaction with current channels for funding
- Control maintained by the creators/founders
- Funders aren’t looking for control – they just want to participate / belong / connect



Mind the Gap – Small Business Funding

- Over the past 17 years, 65% of net new jobs came from small business
- Small business / start-ups used to find funding by tapping into savings, home equity and friends/family
- Savings rates have declined and home equity has been disappearing
- \$51b invested in US start-ups in 2010 – accredited investors made up only 19% - majority came from friends and family (\$41.6 billion)

Source: Forbes, June 6, 2012, <http://blogs-images.forbes.com/ilyapozin/files/2012/06/infographic.png>

Motivations for Seeking Funding

- Its not just about the money but – but that is primary.
- Other motivations:
 - Establish Relationships
 - Validate ideas – endeavors
 - Replicate successful experience of others
 - Expand awareness of work through social media

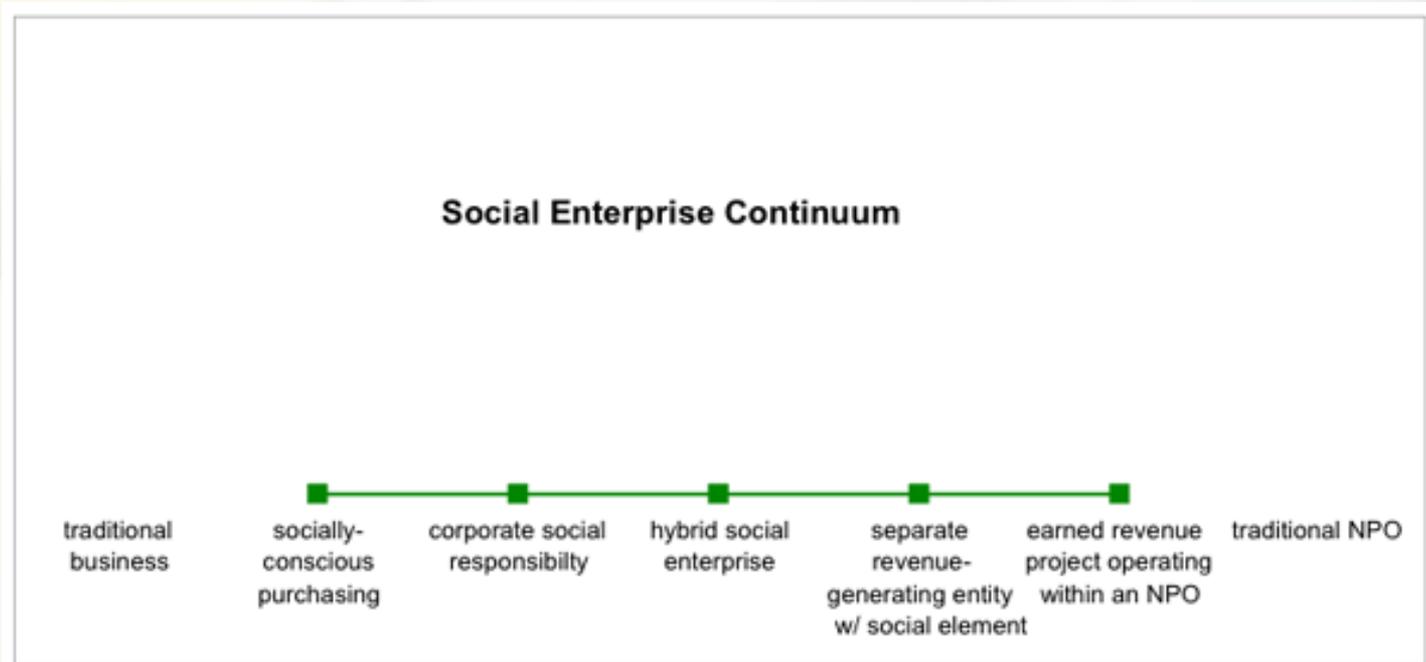
Crowdfunding: Why People Are Motivated to Post and Fund Projects on Crowdfunding Platforms by Elizabeth M. Gerber, Julie S. Hui, Pei-Yi Kuo at Northwestern University - 2012

Motivation to Fund – Not only about the payback

- Rewards:
 - early access to music or film
 - First run of a product
- Supporting people in their social network
- Support creators and causes – personal connection
- Engage and contribute to a trusting & creative community
- Hyper Local Connection – support endeavors close to where you live
- Making change happen in your community
- Impact outside of local community
- Return on investment (small % of motivating factors)

Social Enterprises and Crowdfunding

- Does your organization type influence how funds are raised?
- What does the open market think about funding social enterprise?



Social Enterprises and Crowdfunding

- What we're seeing:
 - Number of Platforms focused on crowdfunding social enterprises – US and UK primarily
 - Equity model – Impact Investment
 - Donation model
 - Growth in vertically focused sites
 - Ie. Environmental, women entrepreneurs, etc.
 - Opportunity for localized sites (City based funding site for S/E)
 - Challenges with the pitch – different than asking for donations
 - Sites (US) to check out for social enterprise funding:

33needs	Impacttrader	Buzzbnk	Causevox
Give.fm	Microplace	Startsomegood	Peoplefund.it
Loby	Spomsume	Indiegogo	Crowdrise

Crowdfunding - What do you need?

- A crowd
- An Idea or Project
 - Business challenge / problem / question you want funded
 - OR
 - Creative endeavor
- A process and tool for engagement
- Trust and commitment in your crowd to take action
- Key performance indicators – what does success look like?
- Proof of action – your crowd wants to see what happened

Benefits & Challenges

- It's social – the crowd promotes projects it likes
 - It's social – the crowd won't promote projects that aren't shareable
- Success comes to those that actively build a crowd
 - A challenge for organizations new to social media
- It's the free market at work
 - It's the free market at work
- Build stickiness to the project
 - Need to pay attention to write-up to inspire funders
 - Video almost a requirement
 - Tell a story

ie: Fundchange – Donation Based

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fundchange
sponsored by TELUS*

Social innovation through community project funding.
A crowdfunding and social networking initiative for Canadian charities focused on making change happen one project at a time. Welcome to the next generation of donors.

Fundchange is...

The place where great community projects and the crowd collide to fund change one project at a time. The focus is on doable asks - projects with direct impact on the community that individuals or groups of individuals can support.

It's about reshaping the face of fundraising for charities, keeping costs to a minimum and using the latest social media tools to engage the next generation of donors. It's also about making things happen in real time where projects can be posted, promoted and funded in weeks, even days. Like micro-financing, crowd funding gives the power of change to individuals who feel traditional fundraising and big campaigns are not for them.

For charities, Fundchange is easy to use, affordable, immediate and your door to a global crowd of potential funders. Intrigued about the possibilities? Click [here](#) to learn about joining Fundchange.

For donors, it's the gateway to a world of community projects and a simple tool for funding the ones that speak to your passions.

ALREADY INVESTED
\$56,516

62 PROJECTS SUPPORTED **75,257** TOTAL VOTES

Sort By: Votes | Funding Category: All

Search:

108 VOTE \$ FUND

Help Us Find a Cure for Bladder Cancer - Funding Needed for Scholarships
Bladder Cancer Canada
With the support of your donations, we will be able to provide funding awards to help initiate excellent research, but these donations will also serve as the first step to increasing the number of researchers that will dedicate time and effort needed to improve the lives of those affected by bladder cancer in Canada and abroad. With the support of your donations, we will be able to provide funding awards to help initiate excellent research to help find a cure for bladder cancer.

108 VOTE \$ FUND

Current Funding: \$200 of \$5000

62 VOTE FUNDED PROJECTS

Send a youth to Leadership Camp
Leave Out Violence (LOVE) BC
"LOVE Camp has been a fence to my

Focused on Charity and Non-Profit Projects

Not 'all or nothing' – after 21 days a project can be removed

Costs:
\$99 + hst to join
includes 2 postings
3.9% processing fee

le: Crowdrise – Donation Based

START YOUR FUNDRAISER | SEE HOW CROWDRISE WORKS | SEE BABY PIC

ONLINE FUNDRAISING PAGES | FUND RAISING FOR CHARITY | RAISE MONEY ONLINE

crowdrise™
If you don't give back no one will like you

SIGN IN or SIGN UP

Email:

Password: [Forgot?](#)

Remember Me **SIGN IN**

HOME ABOUT US START A FUNDRAISER GIVE COMMUNITY **SEARCH**

START YOUR OWN FUNDRAISER
CROWDRISE MAKES FUNDRAISING INSANELY FUN AND EASY.
WHETHER YOU'RE RUNNING A MARATHON, BREAKDANCING FOR 11 HOURS OR JUST GETTING BEHIND A CAUSE YOU CARE ABOUT

GET TO IT

Gets no better than this. When you have one extra minute please check out this Mashable article about Doctor Carlo. This is why we Crowdrise.

HOW IT WORKS: [See How It Works](#)

Please only read all this if you're super bored or you're writing a paper on ways to give back and you're looking for something to plagiarize...

Crowdrise is about volunteering, raising money for charity and having the most fun in the world while doing it. Go here to see a beautiful picture showing [How Crowdrise Works](#). Go here if you want to see an even more beautiful [Picture of a Napkin](#).

We recommend spending at least six hours a day exploring Crowdrise. Check out all the [Inspiring Projects](#) that volunteers, fundraisers and charities have going on, and show your support by voting for them, donating some cash money, and helping them fundraise or volunteer. Check out our [Best Promos Ever](#) so you can win amazing prizes that make perfect re-gifts. And the second you're ready, [Start your own Project](#) on Crowdrise and share it with all your friends, family, enemies, co-workers

THE CROWD: [All](#) | [Featured Charities](#)

	ELISSA Just donated to Danny's Run for Hope benefiting THE DREAM CENTER .	1 Minute Ago
	ONLINE DONOR DRIVE 2011 So excited to be fundraising for iMentor! Please donate to help me meet my goal of \$2000. Via Crowdrise	6 Minutes Ago
	LAUREN LIBERA Just donated to Marta's Cookbook Coloring Book benefiting THE BOYS AND GIRLS CLUBS OF SAN DIEGUITO .	8 Minutes Ago
	CAMERON CRUMP Just donated to Morika's Online Donor Drive 2011 benefiting iMentor Incorporated .	10 Minutes Ago

le: Impact Trader – Impact Investing

IMPACT TRADER learn more community propose a project   

The crowdmarket for world-changers. Go beyond profit.

Subscribe
Subscribe to our email list to learn more about crowdmarkets and Impact Trader

Join
Join our community and help us develop our Impact Points system

Fund a Project
Explore projects and invest in those that make the difference you want to see

An alternative stock market where you invest in the change you want to see in the world. [Learn More](#)

Impact Points System

Help us develop an Impact Points System that accurately and fairly measures the effect your investments are having on the world. Join the discussion in our community!
[Learn More](#)

Latest Tweets


Our Blog
Social Enterprise 101
[Impact Trader to be among the first to utilize new Crowdfunding laws in the JOBS Act](#)
[Sneak Peek of Upcoming Projects on Impact Trader!!!](#)
[Launch Date TBD - Exciting New Partnership Makes It Worth The Wait](#)
[Impact Trader on Forbes.com](#)

Impact Bonds and Stocks

Goals generate Impact Points

Approach is similar to traditional 'trading account'

Complex but interesting for more sophisticated funders

Case: Greenunite – Reward Based

Welcome to GreenUnite, your only option for green crowdfunding. [LEARN MORE](#) [LOG IN](#) [SIGN UP](#)

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We are proud to be partnered with professor Robert Swan, OBE. He has a focus on preservation of the Antarctic wilderness, recycling, renewable energy and the effects of global warming.

FEATURED PROJECTS

Our projects help fund innovative and creative work. Support artists and entrepreneurs who are committed to making a difference. [Learn more](#) or [start your own project](#) today!

 <p>INNOVATION</p>	<p>Help Water in the Walls fund prototype development! By Water is life in Tucson, AZ We can't build yours until we build the prototypes!</p>	<p>6% FUNDED</p> <p>38 DAYS LEFT</p> <p>8 SEEDERS</p>
 <p>ALTERNATIVE ENERGY</p>	<p>The sun - all the power we need! By Rickyj in Cape Town, Western Cape, South Africa Solar technology that provides heat, food, and electricity. An ideal way to empower rich or poor.</p>	<p>0% FUNDED</p> <p>40 DAYS LEFT</p> <p>0 SEEDERS</p>

Is your company or organization environmentally conscious?

[JOIN NOW](#)

TOP GREEN ARTICLES

States Lead in Freeing the Grid for Small-Scale Renewable Energy
07/18/2012 04:51AM ET

Wind Energy More Energy Efficient than Fossil Fuels
07/18/2012 03:00AM ET

Aerographite, Lightest Material in the World Made, New Record
07/18/2012 02:57AM ET

ie: Rock the Post (US) – Equity/Royalty Based

ROCK THE POST Browse projects Create a project All Blog Help Center Sign Up Log In

FULFILL YOUR DREAM ON
THE LEADING PLATFORM FOR FUNDING

FEATURED POSTS

Delivering happiness to animals
By Tanya Prive-Shereck

Are you an animal lover? If so, you will relate to this project. We are fundraising for Animal Haven, which is a nonprofit adoption center for animals. Some of the stories are heartbreaking and it is time to give back. Animals bring so much joy and now they need our help.

Raised: \$ 2,178 Backed: 88% Days Left: 51 days

[VIEW POST](#)

HOW IT WORKS

Start a post → Share it with your friends and reach new people → Fund your dream and rock the post!

[Create an Account](#)

[Take the Tour](#)

Most Popular

Saving The U.S. Economy: Help Produce a Viral Video

Raised: \$ 2,836 Backed: 64% Days Left: 48

Cressie Mae Hoops at The Global Summit - London 2012

Raised: \$ 207 Backed: 5% Days Left: 3

ie: Kickstarter (US) – Preorder/Reward Based

KICKSTARTER Discover great projects Start your project

BLOG HELP SIGN UP LOG IN

Discover Projects
Passion, ideas, and ambition abound. Start exploring!

Staff Picks

- I AM BIG BIRD**
by Cooper Pot Pictures
I AM BIG BIRD is a documentary about Carol Springue, who has been Segame.
New York, NY
24% FUNDED \$24,252 PLEDGED 29
- Two-Headed Cop - The Animated Film**
by 2HC
He's the toughest cop in Fat City. He's also got two heads. One Asian, one Caucasian.
Los Angeles, CA
4% FUNDED \$6,345 PLEDGED 23
- THE NATIVES - Salt Print Project**
by Joshua Marowitz
Salt photos of native plants found across the states. GOALS: Exhibition and Book
Philadelphia, PA
33% FUNDED \$1,816 PLEDGED 23

See more staff picks

Popular This Week

- STAR COMMAND!**
Kickstart Part 2 - The by Star Command
Star Command is a spaceship management game for iOS, Android and now
Boulder, CO
58% FUNDED \$58,269 PLEDGED 21
- TAKTIK: Premium Protection System for**
by Scott Wilson
Uncompromising Rugged Cases and Bike Mount from LUNATIK for the
Chicago, IL
388% FUNDED \$582,561 PLEDGED 3
- Nomiku: bring sous vide into your kitchen.**
by Lisa O. Fetterman
Don't salivate in vain at the delicious food your favorite chefs make. Nomiku cooks
San Francisco, CA
275% FUNDED \$551,925 PLEDGED 8

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Fashion
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Food
Games
Music
Photography
Publishing
Technology
Theater

◆ CITIES
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Los Angeles
Brooklyn
Chicago
San Francisco
Portland
Seattle
Austin
Boston
Nashville

- Preorder – Reward Based
- 63,000+ projects launched
- \$288 million pledged - \$238 million paid out
- 3,800 current projects
- 44% have been fully funded
- 7 projects have raised over \$1 mil
- Top project \$10+ mil – Pebble watch
- Dance and music projects are most successful
- fashion related most likely to flop
- Examples: Open source submarine, commercial spacesuit, doc about working in Antarctica

Crowdfunding Opportunities for Your Organizations

Helping Make Change Happen One Project at a Time



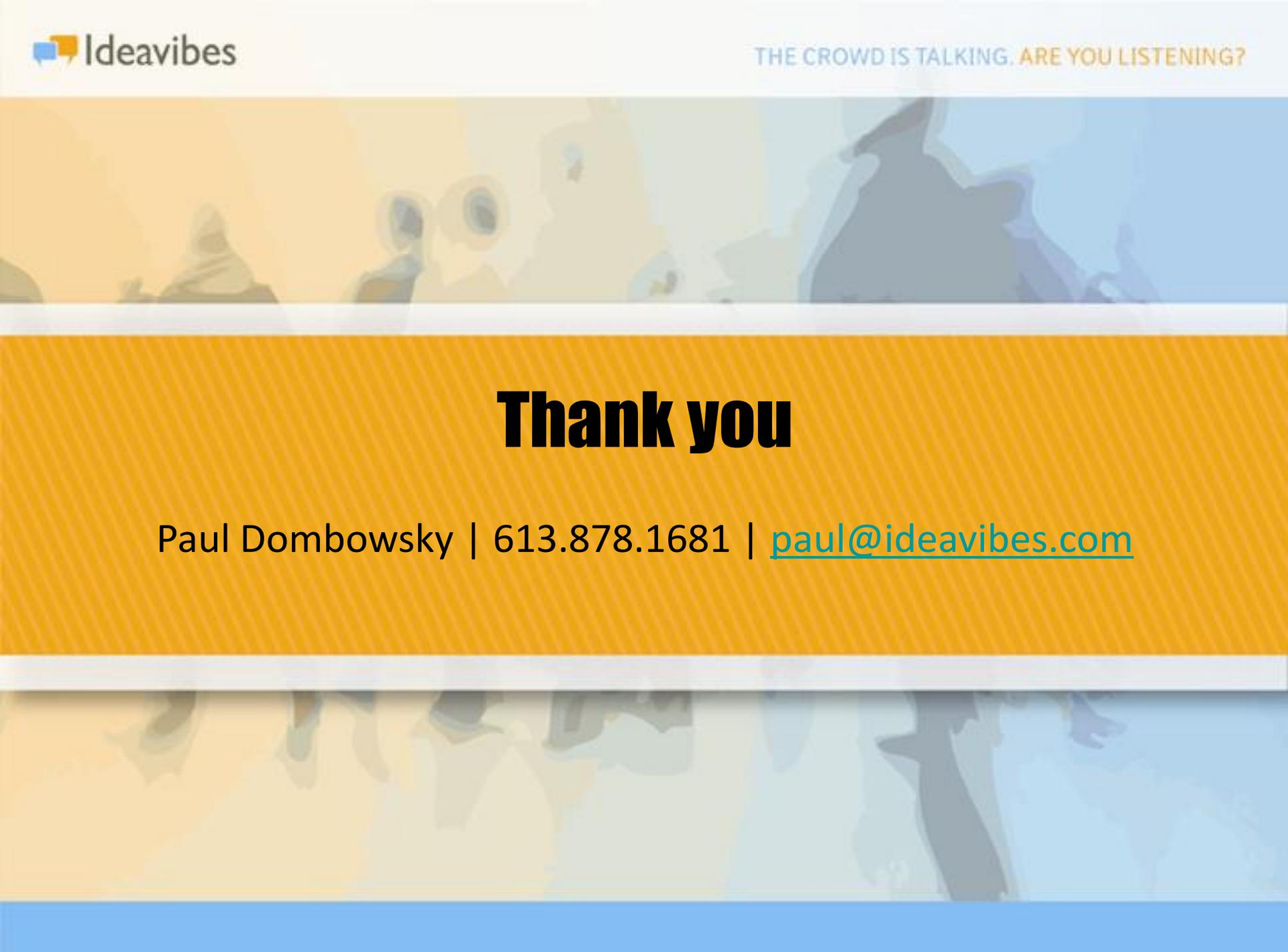
Crowdsourcing Opportunities for Your Organizations

Innovation from your Crowd



Resoruces

- “The Wisdom of Crowds” – book by James Surowiecki
- “Crowdsourcing” – book by Jeff Howe
- Crowdsourcing.org – Industry website
- blog.ideavibes.com
- White Papers on Crowdfunding in general and Crowdfunding and Risk – www.ideavibes.com
- Massoluton’s Crowdfunding Industry Report – April 2012
- “Crowdfunding: Why People Are Motivated to Post and Fund Projects on Crowdfunding Platforms” Elizabeth M. Gerber, Julie S. Hui, Pei-Yi Kuo, Northwestern University



Thank you

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