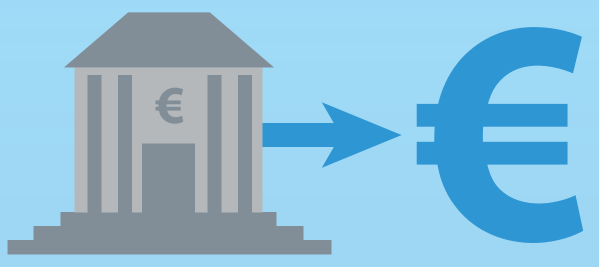
European Commission

Crowdfunding Explained

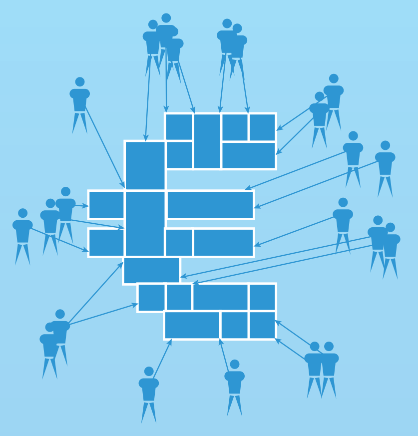
to small and medium sized enterprises

What is crowdfunding ?

Traditional funding vs Crowdfunding



Large amounts from one, or a few sources



Many small sums from a large group of individuals

It is more than just money!

Proof of concept and validation

You can see if others share the belief and value in your project or concept.

Help with other forms of financing

A successful campaign highlights that there is a market for your business. This is very useful when seeking additional finance from other types of financiers.

Access to a crowd

You are addressing a huge audience of individuals, some of whom may have valuable expertise and insights.

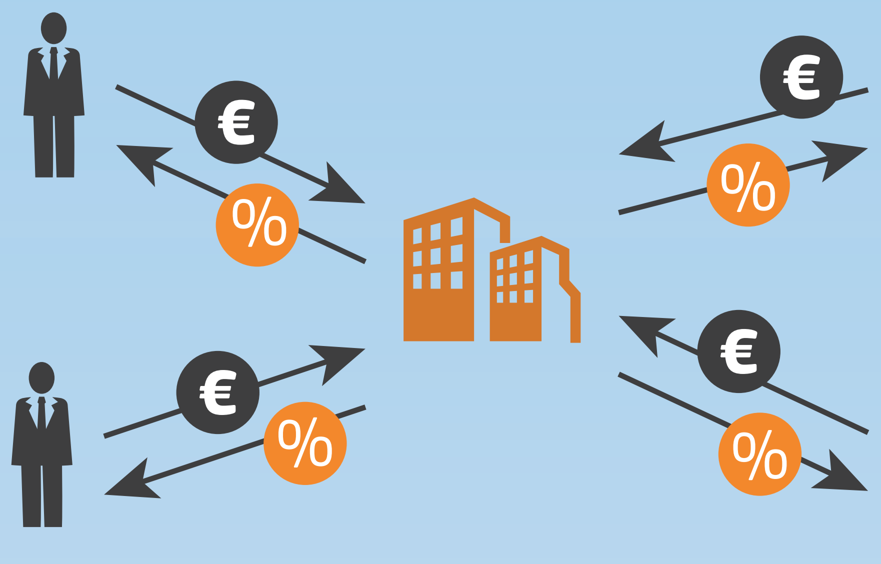
Powerful marketing tool

Crowdfunding can be an effective way to present a new product or a new company to customers.

The different types of crowdfunding

Peer-to-peer lending

The crowd lends money to a company with the understanding that the money will be repaid with interest. It is very similar to traditional borrowing from a bank, except that you borrow from lots of investors.

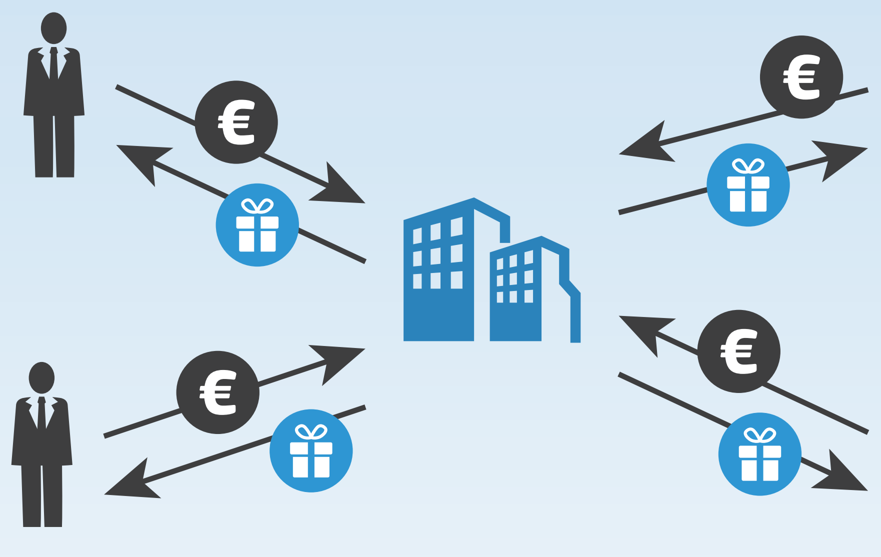


Equity crowdfunding

Sale of a stake in a business to a number of investors in return for investment. The idea is similar to how common stock is bought or sold on a stock exchange, or to a venture capital.

Rewards-based crowdfunding

Individuals donate to a project or business with expectations of receiving in return a non-financial reward, such as goods or services, at a later stage in exchange of their contribution.



How to do it

1. Make your research on how to do crowdfunding
2. Contact the platform(s) and submit your application
3. Prepare your business plan and financial offer
4. Create the pitch, by telling your story in a compelling way
5. The fundraising period: motivate the crowd
6. Post-campaign activities

For more information on crowdfunding and how to use it, please consult the EU guide at:
http://ec.europa.eu/growth/access-to-finance/funding-policies/crowdfunding/index_en.htm