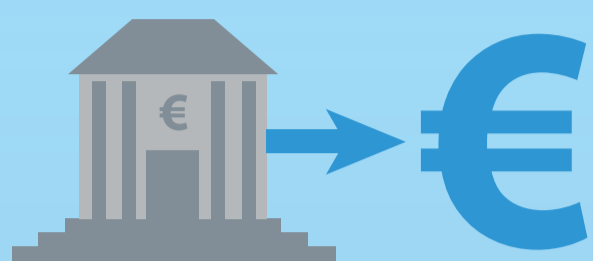


# Crowdfunding Explained to small and medium sized enterprises

## What is crowdfunding ?

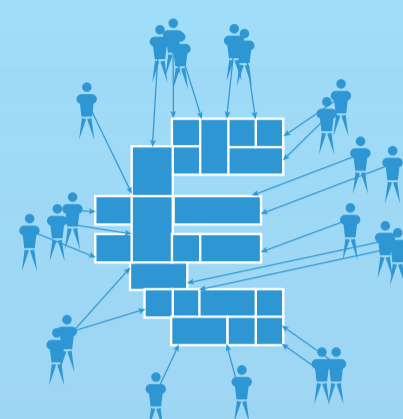
### Traditional funding



Large amounts from one, or a few sources

vs

### Crowdfunding



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



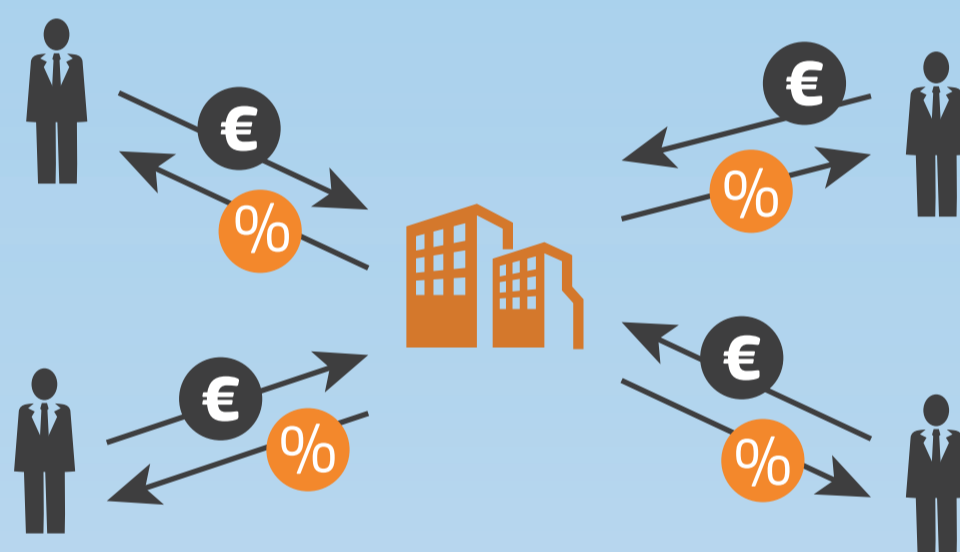
Crowdfunding can be an effective way to present a new product or a new company to customers.

## 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.



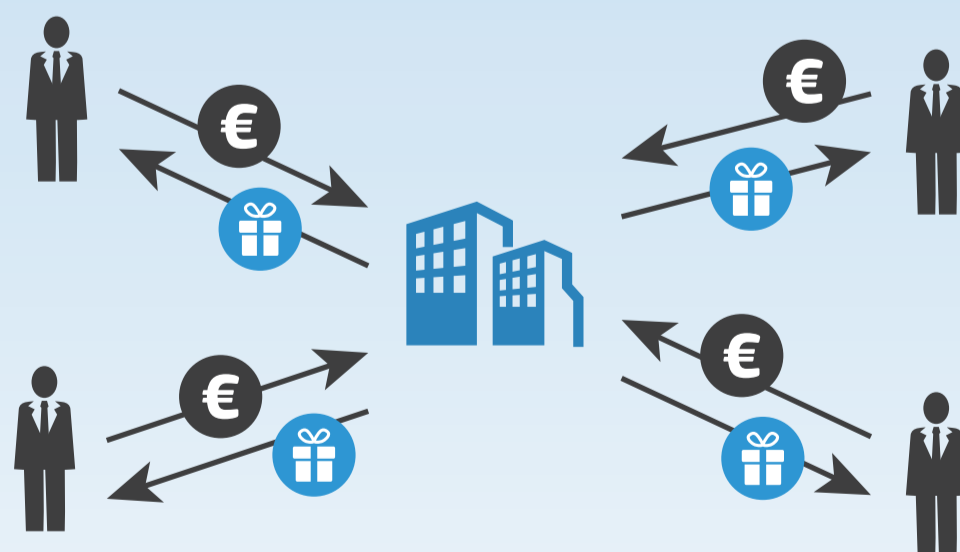
### Equity crowdfunding

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

Make your research on how to do crowdfunding

Prepare your business plan and financial offer

The fundraising period: motivate the crowd



Contact the platform(s) and submit your application

Create the pitch, by telling your story in a compelling way

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](http://ec.europa.eu/growth/access-to-finance/funding-policies/crowdfunding/index_en.htm)