

PROGRAMME: CrowdAboutNow
Originator: Lennard Drogendijk, Business Development Friesland
Weblinks: www.crowdaboutnow.com
E mail: f.hiddink@bdfriesland.nl **Tel:** +31 58 845 80 45

1. SUMMARY OF GOOD PRACTICE

▪ Overview & Aims

Set up in 2011, **CrowdAboutNow** is a Dutch national network/online finance company for SMEs that helps entrepreneurs gather investment funds from a large group of smaller investors, who together may invest enough funds to raise the finance they need.

Acting as an online platform, **CrowdAboutNow connects start-up enterprises looking for private and/or public sector investment in their project with potential investors.** Looking for good/interesting investments, these individual investors are looking to invest relatively small amounts money for an appropriate return.

Providing a 'win-win' matching service for many of the business and investors involved, there are a range of benefits arising from the scheme:

- Investors can browse through projects on the platform and invest from as little as €10.
- Only high quality ideas approved by partners are uploaded onto the platform.
- Businesses using the platform also gain access to the partner network supporting the scheme to get advice and coaching from business sector experts in their own region.
- Having a lot of smaller investors in a company provides the business with the added value of a large client base, some of whom may be experienced business people/coaches etc, right from the start.
- Businesses gain the added value impact of having a lot of investors in their company who already like their business idea, product or service, i.e. company advocates.

▪ Key Resources

- **Programme Partners:** CrowdAboutNow BV owners/managers of the national platform.
- **Funding:** No set up costs for Business Development Friesland. **Funding Body & SME Contribution.** The platform can be used to raise up to 100% finance needed and has raised > €1.6M for almost 50 businesses since its launch in 2011.
 No minimum equity from the entrepreneur required, but an investment of their own does make it more appealing to attract external investors.
No lower or upper limit on how much a start-up can obtain. In practice though investments have ranged from a minimum of €3.5K to €55K the maximum amount invested (and asked for).

▪ Eligibility Criteria

The platform is open to start-ups in any sector needing a relatively low amount of investment capital. (All businesses are classified into 5 main sectors: Tech, Green, Creative, Service, Retail).

- **Terms and Conditions**

Determined by the start-up entrepreneur repayment terms vary normally range from 1-5 years.

2. IMPLEMENTATION

- **Key Steps - How it Works**

Inqubator Leeuwarden is the exclusive partner to the CrowdAboutNow platform for the Province of Friesland with 2 people; 1 BDF/Inqubator Leeuwarden staff member and 1 CrowdAboutNow staff member involved in providing technical support for their regional branch of the scheme.

Start-ups interested in raising online finance come through two routes:

- Most companies are normally nominated and then supported by the partner, i.e. experts already actively working with entrepreneurs in their particular region.
- Enquiries made to the central hub then referred to their regional partner e.g. Inqubator Leeuwarden who provide support and guide them through the process.

The Fee Structure – How it works

Fees incurred by starts-ups to pitch their idea and source funding on the platform include:

- 1% of the capital requested at the start
- 1% of capital on success/completion plus 0.1% pm for every month of the repayment terms
- €150 paid to Inqubator Leeuwarden to start the promotional campaign, €350 on completion of a successful launch.

For an entrepreneur looking to raise €30K over 20 months this equates to €1200 plus €500 for the support provided by Inqubator Leeuwarden, **equal to around 5.6% of the capital.**

With interest paid to investors **this increases to around 9.6 %, considered comparable to that charged by other risk capital options, without the need to provide personal security.**

- The start-up company determines the Return of Investment % and payment period up front, normally between 4 -6.5 % pa. **With current bank rates for start-ups of 11-13 % and all the cost costs incurred, CrowdAboutNow is considered a cheaper option.**

The calibre of ideas and reputation of the crowdfunding platform in publicising good propositions is vital. Initial applications from start-ups are subject to a first screening to prevent the platform being uploaded with unattractive, unrealistic business plans. Around only 1 in 5 applications makes the grade and gets a place on the platform. Of those about half of the start-ups reach their funding target and as result get the full funds they need.

- **Key Stats**

CrowdAboutNow has raised > €1.6M for almost 50 businesses since its launch in 2011. **Two businesses have returned investments already, providing investors with 15% profit.**

KEY MEASURE	TOTAL
Applications Submitted	60
Applications Accepted; Funding Raised/New Enterprises Started	50
Funding Raised	€1.6M
Average ratio of applications accepted onto the platform	1 in 5
Percentage of start-ups securing their funding target/funds	50%
New Jobs Created	150

The CrowdAboutNow application process is considered relatively simple, with average application costs incurred by SMEs for support; help writing their business plans, recording of a promotional video etc. averaging between €500-€700.

Decision making, i.e. the time taken to raise the full amount needed to realise the investment depends on interest in the business idea and the momentum needed to get enough people interested. Viewed as a relatively quick process, businesses have up to 60 days on the platform to secure funding for their projects.

3. KEY LEARNING POINTS & OPPORTUNITIES

Legacy Benefits The first successful investments have been made, with 50 new start-ups receiving the funding they needed to start their business.

– **What worked well/Strengths**

The scheme has brought together a large pool of ordinary private investors i.e. members of the public who can invest from as little as €10 providing start-ups with a good opportunity to raise the investment they need.

Also provides partners providing the support with an opportunity to attract start-ups to their incubators.

– **Challenges/What didn't work so well?**

– Since the total amount of investment needed is relatively low and the start-up businesses have little funds of their own, it is difficult for the platforms official partners e.g. Incubator Leeuwarden to charge/cover their costs (normally €500 for the help & support businesses need).

▪ **Transferability**

– **Opportunities:** The CrowdAboutNow system and methodology are transparent and considered suitable for transfer. Business Development Friesland are happy to share their experience of the national system as well as the new development underway with the municipality of Leeuwarden, who are setting up their own regional crowdfunding platform for their own residents. Offering favourable terms to attract and support local businesses, the municipality will offer a final loan equal to 20% of the funding required to those businesses who raise 80% of the funding required through the new online platform.

– **Threats:** No major threats identified. On a macro scale, Business Development Friesland anticipates the crowd funding market will go through a shake-up at some point in the future, with stronger players surviving the market.

FURTHER INFORMATION:

DIFASS You Tube Channel: <http://www.youtube.com/watch?v=OE-6CmC48f0>

CrowdAboutNow, How it Works:

https://www.youtube.com/watch?feature=player_embedded&v=kzrJcydC1X8

Business Development Friesland – <http://www.bdfriesland.nl>

DIFASS Workshops Good Practice Factsheet 33 Creative Industries and Crowd Funding