

How to Select the Right Crowdfunding Model and Portal

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What is crowdfunding?

Sourcing funds through the web

Crowdfunding portals and models continue to grow

Can help you build your business while raising funding

Crowdfunding campaigns help you demonstrate support for your business

Today we're focused on raising funding for your business

Agenda

Crowdfunding Models

Selecting the Campaign and Portal

Best Practices

What the Portal Does (and Does Not do)

How to Invest in a Crowdfunding Deal

TEN Funding Program

Crowdfunding Models

Donations—Family and friends

Rewards/Pre-payment—Kickstarter-style

Texas Intrastate/JOBS Act—Texas/US residents (non-accredited)

Equity—Angels (accredited investors)

Revenue-based funding – Pay out of revenue

Crowdlending – Debt

Donation Campaigns

Raise from family and friends

What portal? – Your own website

“Why go to all this trouble? They’ll just give it to me.”

- Build your core network
- Demonstrate support for your idea
- Start learning the campaign process

Reward/Presell Campaigns

Pre-sell your proposed product or service

What portal? – Kickstarter, IndieGoGo, GoFundMe

“Why pre-sell it?”

- Build your customer network
- Understand customer requirements
- Demonstrate more support for your idea
- Continue to learn the campaign process

Texas Intrastate/JOBS Act

Sell equity to your network and customers

What portal?—Approved Texas Crowdfunding Portal /
JOBS Act portal

“Why have customers as investors?”

- Turn your customers into brand ambassadors
- Start learning the equity investment process
- Demonstrate even more support for your idea

Texas Intrastate vs. JOBS Act



Texas Intrastate

JOBS Act

Investors: Anyone in Texas

Investors: Anyone in the US

Limit: \$5K/person/deal/year

Limit: 10% of income/year

What portal: approved Texas
Crowdfunding portal

What portal: approved SEC
Crowdfunding portal

How much funding? \$1M/year

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Fees: ~5% of funds raised

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Other: CEO certifies financials

Other: Public accountant
(\$100K-\$500K) or Audited
financials (>\$500K) certifies
financials

Equity Campaigns

Raise equity funding from accredited investors

What portal?—Crowdfunder, Microventures, TEN

“Why raise equity funding?”

- Expand sales and marketing for proven business model
- Build your network for growing your business
- Start recruiting more team members

Equity Campaign



Broker Site

Broker leads the raise

Investors: Accredited investors

Broker closes the deal

Microventures, OneVest

Broker closes the investor

Cost: ~5-10% of funds raised

Listing Site

You lead the raise

Investors: Accredited investors

You close the deal

Crowdfunder, TEN

You close the investor

Cost: Monthly fee

Revenue-based Funding

Raise debt funding — payback investors from revenue

What portal?—Lighter Capital, NextSeed, TEN

“Why raise revenue-based funding?”

- Reduce dilution
- Pay investors only when you sell something

Crowdlending

Raise more funding for your business

What portal?—Lendoor, Opportunity Fund,
Funding Circle

“Why raise debt funding?”

- Fund unforeseen needs
- Fund inventory

Select Campaign based on Stage

<u>Campaign</u>	<u>Funding Raise</u>
Donations	0 to \$10K
Rewards/Pre-payment	\$10K to \$50K
Texas Intrastate/JOBS Act	\$50K to \$250K+
Equity from accredited	\$250K to \$2M
Revenue-based funding	\$1M to \$3M
Crowdlending	All levels

Select Portal based on Sector

Healthfundr – Equity for Medical Technology

<https://healthfundr.com/>

Medstartr – Equity for healthcare innovation

<http://www.medstartr.com/>

CircleUp-- Consumer Products

<https://circleup.com/>

Select Portal based on Sector

AngelList – Equity for tech deals

<https://angel.co/>

Microventures – Equity for venture capital deals

<http://microventures.com/>

TEN—Equity for any deal

<http://texasenetworks.com/>

What the Portal Does & Does NOT do

Portal will provide

- standard documentation, tools, and displays
- compliance documents if raising equity or debt
- investor communications

Portal will **NOT** (non-broker sites)

- own your fund raise
- close with investors

Best Practices

Document preparation

Build your Exec Summary, Pitch Deck & Financials

Network engagement

Create an investor prospect list

Create list of primary/secondary contacts

Time commitment

Plan on 1 hour/day for the coming year

How to Invest in a Crowdfunding deal

The rules of investment have not changed – only the formats and technology are different

Research the portal –how do they get paid and how much are the fees?

Find the deal—use search to match your criteria for sector and stage you are interested in

Use the web to source, research, and monitor the deals – but not to invest (just yet). First . . .

Perform Due Diligence

Digital due diligence

- Look up the leadership team LinkedIn & Facebook
- Check out their website and run WHOIS search
- General Google search on company and team
- Run tax liens/background checks

Follow up in person to meet the CEO

Monitor their progress through follow up reports

TEN Funding Program

1. Donations—ask family and friends
(Raise up to \$10K)
2. Rewards—generate funding from pre-sales
(Raise up to \$50K)
3. Intrastate/JOB Act – expand the fund raise
into your customer/prospect list
(Raise \$50k to \$250K)

TEN Funding Program

4. Accredited investor raise – launch an Angel raise
(Raise \$250K to \$2M)
5. Revenue-based funding – sign up more investors
using your revenue stream
(Raise \$250K to \$2M)
6. Crowdfunding—pursue merchant pay advances,
peer to peer lending options.
(Raise at all levels)

Crowdfunding

Choose your model of crowdfunding

Select the platform to use

Build your investor and campaign documents

Prepare your network to support and fund it

Close the raise

Questions



To learn more about fund raising checkout
txenetworks.com
and sign up for your
Fundability Score