

# GLOBAL ENTREPRENEURSHIP



The Global Entrepreneurship Network (GEN) is a year-round platform of programs and initiatives created by the communities that celebrate Global Entrepreneurship Week each November.

# ABOUT GEN

The Global Entrepreneurship Network (GEN) is a year-round platform of programs and initiatives aimed at creating one global entrepreneurial ecosystem. GEN helps people in 165 countries unleash their ideas and turn them into promising new ventures – creating jobs, accelerating innovation and strengthening economic stability around the world.

Ranging from efforts to inspire and educate nascent entrepreneurs to advancing research and connecting global leaders in person, GEN operates in all types of economies and cultures.

GEN is a compass to identify effective initiatives that positively impact whole societies and interventions that target the most critical areas for entrepreneurial ecosystems around the world.





# Crowdfunding for Impact

Buke Cuhadar, Global Entrepreneurship Network

# Crowdfunding solves a major problem associated with venture capital

## Gatekeeping

Underrepresentation of women and minorities on both the financing and entrepreneur side of the table. Crowdfunding platforms help creators circumvent these obstacles by appealing directly to a general audience, providing access to new networks.



**Boo! Cavello** @b\_cavello · Oct 16

"The venture capital market is messed up," says @devindthorpe. "If you're a VC and your portfolio looks like this, you're doing it WRONG."



Crowdfunding is suited to social entrepreneurship in that crowdfunders tend to be more attracted by the idea and the values of a social venture than by its financial returns.

Prof. Dr. Othmar M. Lehner

ACRN Oxford Centre, [University of Oxford](#), [Social and Sustainable Finance and Entrepreneurship](#), [Impact Investing](#), [Venture Capital](#), [Crowdfunding](#)

# Crowdfunding Analysis based on Kickstarter users in 2014

## TOP 3 REASONS TO INVEST IN CROWDFUNDING



REWARDS  
PRODUCTS  
OR SERVICES



BEING A COMMUNITY  
AND SUPPORTING  
OTHER PEOPLE



SUPPORT  
THE IDEA OR  
THE CAUSE

Source: <https://www.digitalpulse.pwc.com.au/infographic-crowdfunding-kickstarter/>

# Key Crowdfunding Statistics

- Average successful crowdfunding campaign is around \$7,000
- Average campaign lasts around 9 weeks
- Campaigns that can gain 30% of their goal within the first week are more likely to succeed
- There is a direct correlation between the number of outside links to a crowdfund and the success of the fundraiser.
- Social Media is a critical factor in crowdfunding success: for every order of magnitude increase in Facebook friends (10, 100, 1000), the probability of success increases drastically (from 9%-, 20%, to 40%)

Source: <https://www.fundable.com/crowdfunding101/crowdfunding-statistics>

# Crowdfunding Analysis based on Kickstarter users in 2014



Source: <https://www.digitalpulse.pwc.com.au/infographic-crowdfunding-kickstarter/>

# Crowdfunding 2010-2016 and beyond: Exponential Growth

Years	Global Crowdfunding Volume	Number of Crowdfunding Platforms
2010	\$880 million	283
2011	\$1.7 billion	434
2012	\$2.7 billion	536
2013	\$6.1 billion	
2014	\$16.2 billion	1250
2015*	\$34.4 billion	
2016*	> \$45 billion	>2000
2017**- 2020***	90 billion	

## Sources:

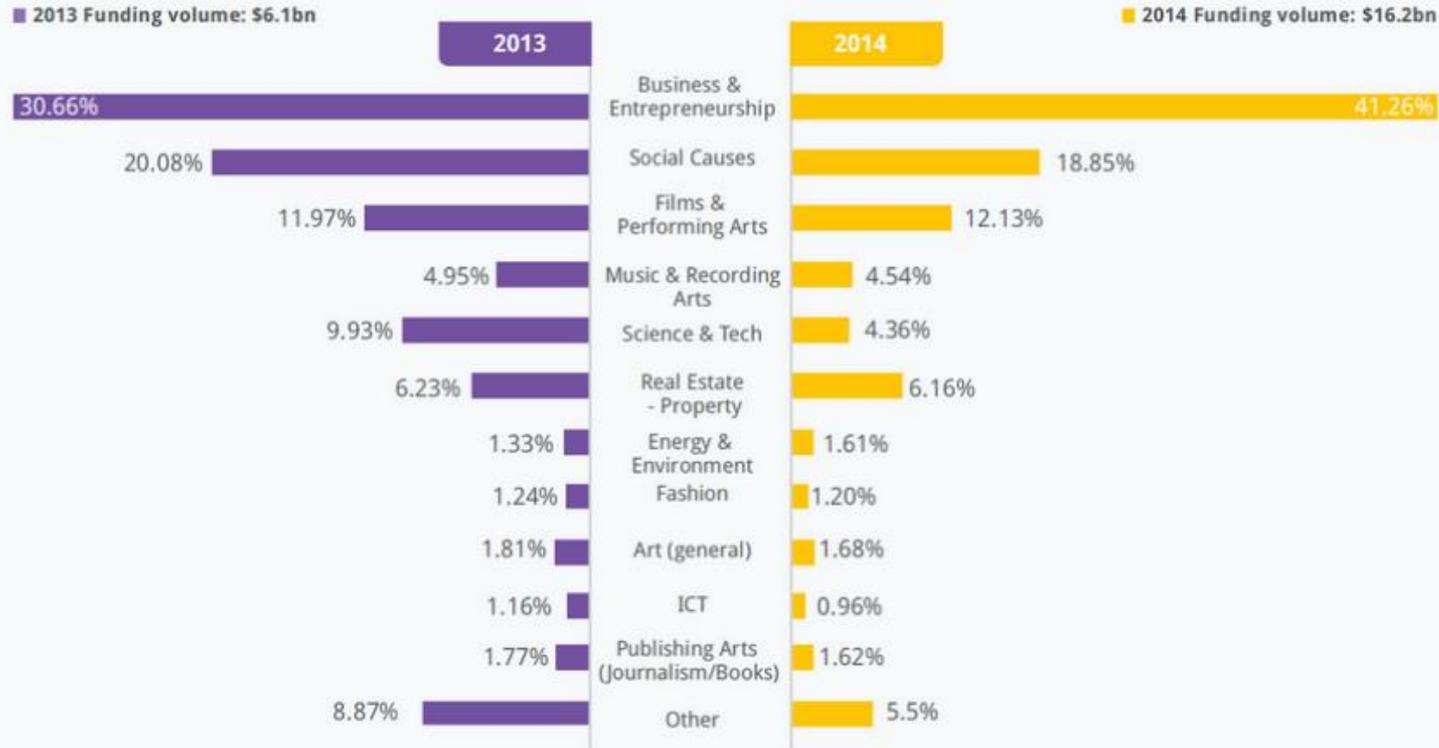
- Massolution Crowdfunding Industry Report 2015
- Statista Percentage Growth of Crowdfunding Platforms

\*estimate

\*\*Forbes estimate

\*\*\* World Bank estimate

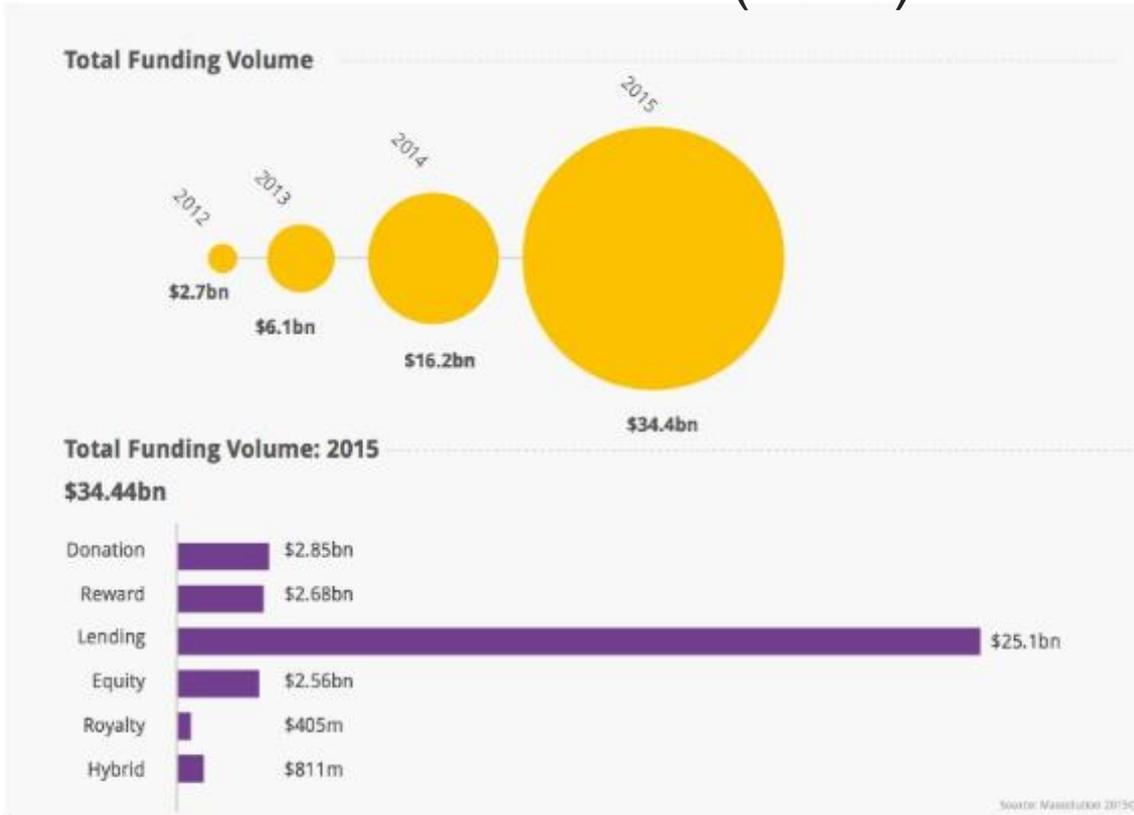
# Social causes represent around 20% of crowdfunding projects (2013-2014 data)



Percentage of funding volume across the eleven most active categories in 2013 and 2014 in USD

Source:  
Massolution  
Crowdfunding  
Industry  
Report  
2015

# Breakdown of volumes of different Crowdfunding models (2015)

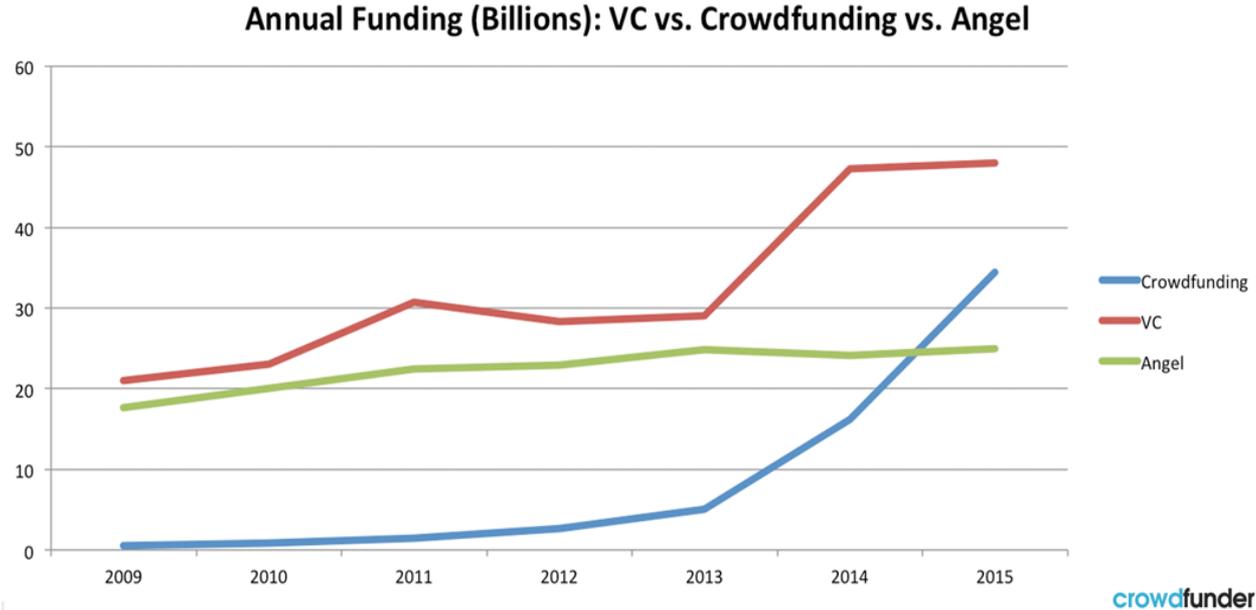


Source: Massolution 2015C1

Growth by crowdfunding model prediction for 2015 in millions of USD (research based estimate).

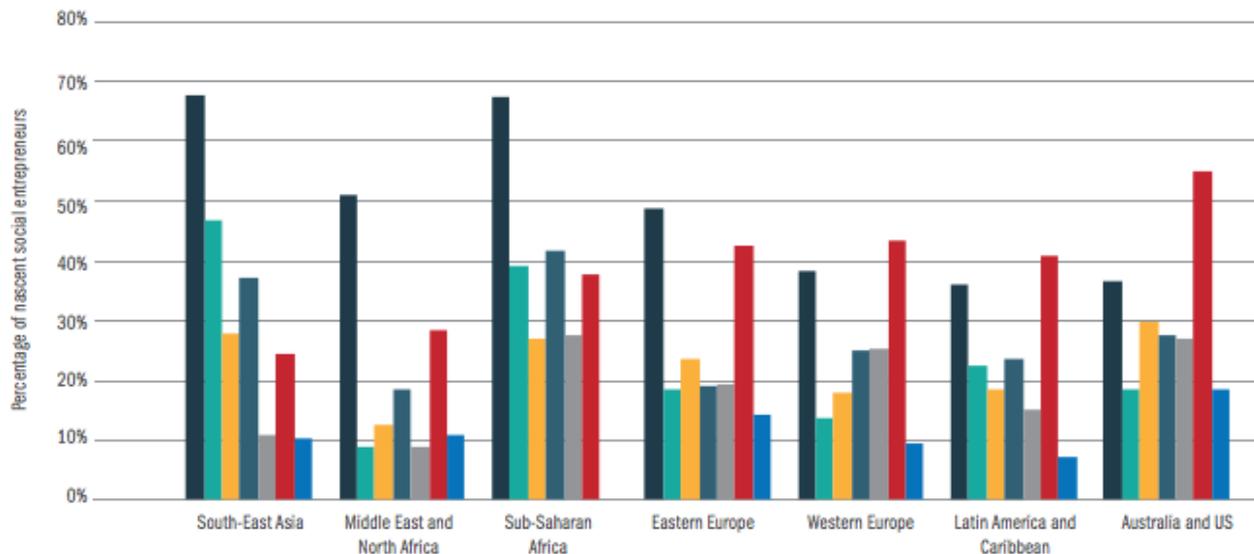
Source:  
Massolution  
Crowdfunding Industry  
Report 2015

# Equity Crowdfunding has tremendous potential to disrupt yet



- The crowdfunding sector with the most potential for disruption is yet to take off. If equity crowdfunding continues to double in size annually, it will overtake venture capital as the largest source of startup funding by 2020 (\$36 billion).
- Equity crowdfunding in Europe has been flourishing for several years, while the US – the birthplace of crowdfunding generally – has been slow in legislating for its introduction.

**Figure 18:** Other sources of funding used by nascent social entrepreneurs (SEA-SU-BRD)



Family	68%	51%	67%	49%	38%	36%	37%
Friends or neighbours	47%	9%	39%	18%	14%	23%	18%
Employer or work colleagues	28%	12%	27%	23%	18%	18%	30%
Banks or other financial institutions	37%	19%	42%	19%	25%	24%	27%
Private investors or venture capital	11%	9%	27%	19%	25%	15%	27%
Government programmes, donations or grants	25%	28%	38%	42%	43%	41%	55%
Online crowdfunding	11%	11%	0%	14%	9%	7%	18%

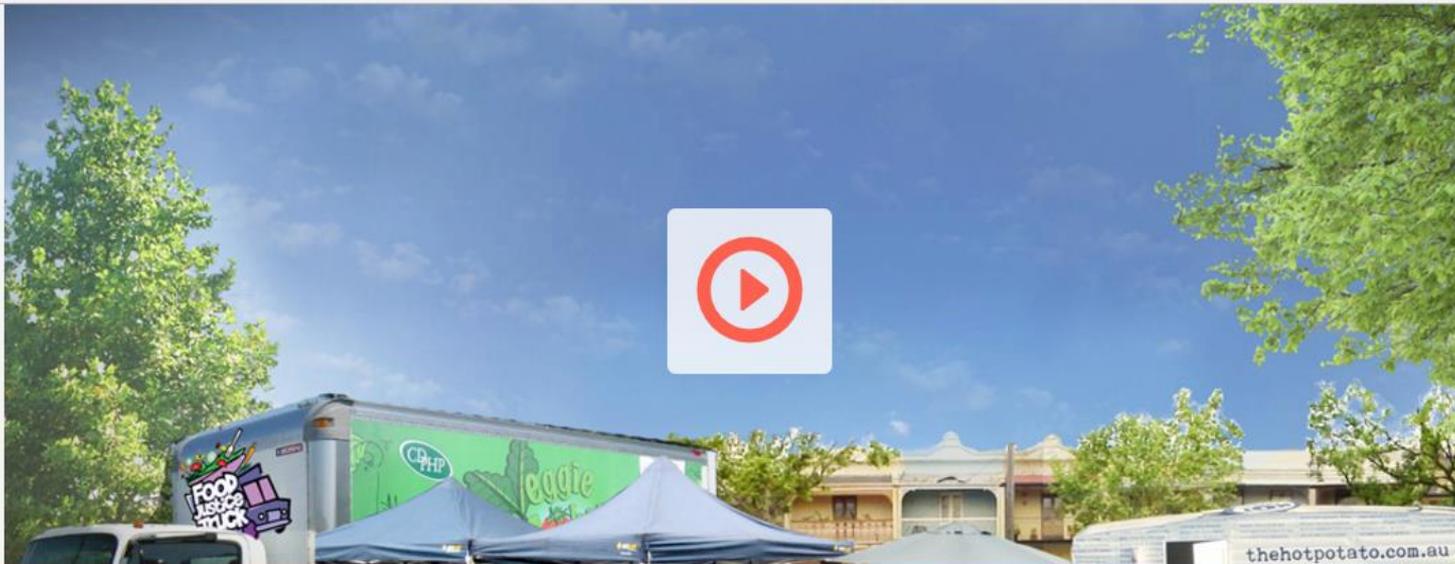
Source: 2016  
Global  
Entrepreneurship  
Monitor  
(GEM) Social  
Entrepreneurship  
Special  
Report

# Crowdfunding platforms for impact



# The Food Justice Truck Project: successfully crowdfunded on startsomegood.com

https://startsomegood.com/foodjusticetruck



**\$153,412**

Raised of **\$100,000 AUD**

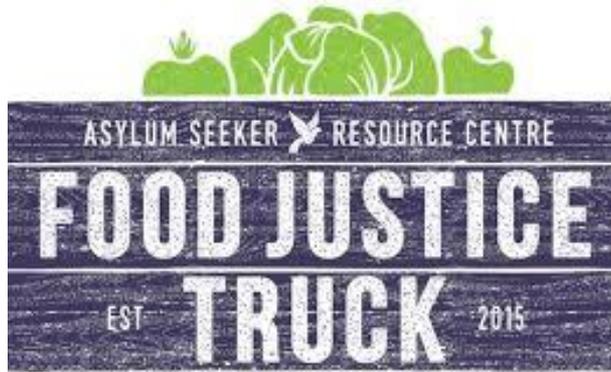
Successfully funded on Apr 13, 2014

933 supporters

COMMUNITY FOOD HUMAN RIGHTS

EMBED WIDGET





The Food Justice Truck is a mobile fresh food market that offers people seeking asylum a 75% discount and sell to the general public at market rate.

The Truck is a social enterprise initiative by the Asylum Seeker Resource Centre (ASRC) and was launched in 2014 to tackle the growing food insecurity felt by more than 10,000 people in Victoria who are on bridging visas.

The Food Justice Truck (FJT) is an award-winning, mobile fresh food market that enhances food security for people seeking asylum in the Victorian community by offering locally sourced produce, grains, legumes, tea and bread at a 75% discount to people seeking asylum. The Food Justice Truck also welcomes general public shoppers who pay local market rates.

It is the world's first retail model that enables the general public to invest in locally sourced produce (with low carbon miles) and also support the ASRC to re-invest profits into the provision of fresh food for people seeking asylum at a price that they can afford.



Equity crowdfunding or  
Regulation crowdfunding or  
Title III retail crowdfunding  
kicked off on

16 May 2016 in the US

which means anyone can invest in start ups  
within the limits defined by the regulations

# Equity based crowdfunding platforms

The logo for Wefunder, featuring a stylized blue 'W' followed by the word 'EFUNDER' in a blue, sans-serif font.The logo for Seed&Spark, with 'seed' in a lowercase, cursive font and 'invest' in a lowercase, sans-serif font.The logo for Crowdcube, consisting of three orange squares of varying heights followed by the word 'crowdcube' in a lowercase, sans-serif font.The logo for FlashFunders, featuring a blue square icon with a white circle inside, followed by the word 'FLASHFUNDERS' in a blue, sans-serif font.

Angellist

The logo for Crowdfunder, featuring a blue stylized human figure with arms raised, followed by the word 'Crowdfunder' in a bold, sans-serif font.The logo for OurCrowd, featuring a blue stylized human figure with arms raised, followed by the word 'OurCrowd' in a bold, sans-serif font.The logo for StartEngine, with 'start' in a green, lowercase, sans-serif font and 'engine' in a darker green, lowercase, sans-serif font, followed by a green power button icon.The logo for FundersClub, featuring a black silhouette of a lion standing on its hind legs, facing right, with the text 'FundersClub™' below it.The logo for Seed&Spark, featuring a green circle with a white dot inside, followed by the word 'SEEDRS' in a bold, green, sans-serif font.

## *Social Enterprises are Early Adopters in Equity Crowdfunding Offerings*

- According to the Global Entrepreneurship Monitor's [Special Topic Report on Social Entrepreneurship](#), **social enterprises account for only 5.7 percent of entrepreneurial activity in the United States.**
- However, early crowdfunding data shows that social enterprises are strongly represented among crowdfunding issuers. Seven issuers, representing 14 percent of the first 50 offerings, are either registered as [benefit corporations](#) or benefit LLCs, or are [certified by B Lab as B Corps](#), and at least an additional nine issuers operate within traditional corporate forms with strong social and/or environmental missions. Combined, these issuers represent 32 percent of the first 50 offerings.

Source: DrinkerBiddle- Leading the Crowd: An Analysis of the First 50 Crowdfunding Offerings, July 14, 2016

# Beta Bionics: a test case for “equity crowdfunding”?



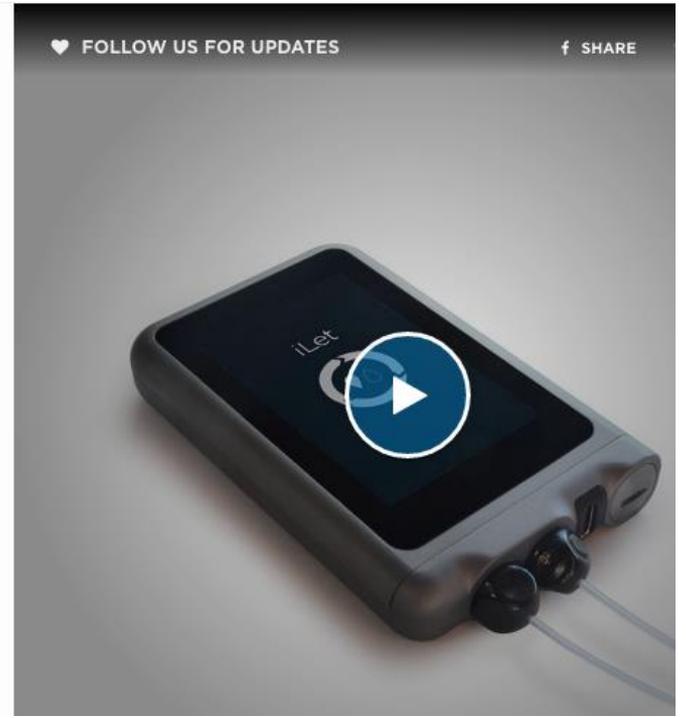
## BETA BIONICS

*Building a bionic pancreas to improve the lives of people with type 1 diabetes*

*“At Beta Bionics, Inc., we have developed a bionic pancreas called the iLet™, a pocket-sized, wearable medical device that autonomously manages blood sugar levels in people with diabetes. Our iLet technology has demonstrated dramatic improvements in clinical outcomes. Through its ability to continuously adapt to the ever-changing insulin needs of people with diabetes, the iLet is the quintessential embodiment of personalized medicine - a sturdy and irrevocable bridge to the ever-elusive cure.*



**Edward Damiano**  
CEO, BETA BIONICS



# Beta Bionics: a public benefit corporation built around the principle to act around the best interest of Type 1 Diabetes (T1D) community

*We are calling all like-minded individuals - people with “skin in the game” as we like to say - to join our cause and invest in the future of Beta Bionics. The amount of your investment is immaterial; the conviction of it is everything. The overriding purpose of this public offering is to give the T1D community an opportunity to take a direct ownership stake in Beta Bionics and a sense of commitment to it - to literally own a piece of what we have been building all of these years. If it were not for the new SEC Regulation Crowdfunding rules under the JOBS Act, Beta Bionics simply could not be offered up as a privately held company to the T1D community in this way. This is our opportunity to bring Beta Bionics to the T1D community, and to bring the T1D community into Beta Bionics.*

*It is with a sense of great hope and cautious optimism that I look to the future of Beta Bionics - that I might see it flourish unabated and without compromise - that I might see our experiment succeed. When all is said and done, our amalgamation of a medical technology company and a public benefit corporation is an experiment in the making; but that is, after all, how we have come this far in the first place: one experiment at a time.*

*~ Ed Damiano*

# Beta Bionics raised \$1 million from individual investors and \$5 million from Eli Lilly, a global pharmaceuticals company through the equity crowdfunding platform- Wefunder

RAISED OVERALL **\$6,000,000** FROM **683+** INVESTORS FUNDING HISTORY



**Eli Lilly**

*A Fortune 500 corporation. Had revenues of \$20 billion in 2008, making it the 148th largest company in the United States and the 10th largest corporation by global pharmaceutical sales.*



**Todd Mulder**



**Sam Jarczynski**



**Riaan Meyer**

*I'm a physiotherapist with my own practice. I see first hand in the hospital the terrible effects of diabetes. For South Africa this machine in the future will make a world of difference.*



**Hunter Williams**

*Partner in a global strategy consulting firm (retail & consumer industry focused). Based in China (Shanghai) for 7+ years. Father of 3.*



**Karen Thielens**

*I am Karen and I am so thankful for BETA and their quest/passion for THE CURE. My son, niece and great-niece have Type 1. We will not stop until a CURE is found for EVERY person living with Type 1.*



< Plus+

# Santander

## £200,000 for social enterprises in the UK

EXTRA FUNDING 🧠

## Supporting social innovation with Crowdfunder

Santander is a leading financial services provider that offers a wide range of personal and commercial financial products and services in the UK.

# Santander's Changemaker Fund on Crowdfunder matches 50% project funding

The Changemaker Fund aims to help people discover the confidence to make the most of their future by building skills, growing knowledge and supporting social innovation.

By working with the Crowd, Santander will provide matched funding for ideas that create social change.

## Become a Changemaker

Changemaker helps community groups, social enterprises, start-ups and small charities to tackle social problems in communities across the UK.

It's about ideas that will make a real difference and help disadvantaged people in local communities. Come up with a good idea and you could get 50% of the project funded, up to £10,000.

Together we can create social change through the power of ideas.

## Fit the bill?

Projects must be run by organisations (not individuals) and must help disadvantaged people in the UK.

Ideas must support social change, develop skills or grow knowledge.

Eligible projects must reach the halfway mark to their total within six weeks of launching.

You must be able to report back on your impact a year after receiving the funding.

**Europe, the US, Australia and New Zealand  
lead the way when it comes to crowdfunding**

# Equity Crowdfunding Regulations: A comparison

					
	New Zealand	Australia*	UK	USA	Canada
<b>Raise limit / 12 mo</b>	NZ\$ 2 million	AU\$5 million	EUR 5 million	US\$1 million	CAN\$1.5 million
<b>Ordinary investors allowed?</b>	Yes	Expected Late-2016	Yes	From May 2016	From Jan 2016
<b>Investor limit (ordinary)</b>	None	\$10,000 per offer	Under 10% of net assets in total	\$2,000 OR 5% income <\$100k	\$2,500 per offer (Ontario: \$10k total)
<b>Investor limit (accredited)</b>	None	None	None	\$100k OR 10% lesser income / net worth >100k	\$25k per offer (Ontario: \$50k total)
<b>Accreditation investor test</b>	Net worth >\$2m OR Income >\$200k in last 2 yrs OR "Experienced investor"	Net worth >\$2.5m OR Income >\$250k in last 2 years OR "Sophisticated investor"	Net worth (ex. primary home) >GBP250k OR Income >GBP100k OR "Sophisticated investor"	Net worth (ex. Primary home) >\$1m OR Income >\$200k OR Joint spouse income >\$300k in last 2 yrs	Net worth \$5m, OR Fin. Assets \$1m, OR Income >\$200k or Joint spouse income >\$300k in last 2 yrs
<b>Regulator</b>	National (FMA)	National (ASIC)	National (FCA)	National (SEC)	Provincial
<b>Other</b>	Not specifically limited to small enterprises	Limited to "Public Companies" (making it much harder)	Very attractive tax relief (SEIS / EIS)	Explicit "no exemption" of platform and intermediary liability	Many different levels of "crowdfunding exemptions"

Source:  
<http://www.crowdfundinsider.com/wp-content/uploads/2016/02/Retail-Equity-Crowdfunding-Grid-Nathan-Rose.png>

# (Equity) Crowdfunding Regulations around the World

Country	Equity Crowdfunding Regulations	Approved Platforms
Brazil	Brazil's Securities and Exchange Commission- is currently looking at creating the appropriate regulatory framework for equity crowdfunding.	Broota, StartMeUp and EqSeed
China	Endorsed equity crowdfunding as part of financial innovation to solve financing difficulties for small and medium enterprises	Fundator, Angelcrunch, CTQuan
Italy	first country in Europe to implement a complete regulation on equity-crowdfunding (July 2013)	

## (Equity) Crowdfunding Regulations around the World, cont.

Country	Equity Crowdfunding Regulations	Approved Platforms
Israel	Currently regulated under the Israeli Securities Law. The Israeli Securities Authority has proposed a new regulatory framework for equity crowdfunding in Israel, which has not been adopted yet.	OurCrowd, iAngels, and PipelBiz
Malaysia	In June 2015, the Malaysian Securities Commission (MSC) approved six equity platforms to begin operation by the end of the year	Alix Global, Ata Plus, Crowdonomic, <a href="#">Eureeca</a> , pitchIN and Propellar Crowd
Sweden	Equity-Based CrowdFunding becoming active in Sweden late in 2012	

# Crowdfunding by region: Latin America

- Colombia has recognized CFI as a key area of study to allow for early-stage capital expansion.
- Brazil has been a leader in South America in the crowdfunding space. It has more than 15 rewards-based platforms, and the country's first merger of crowdfunding platforms took place in 2012.
- Chile now also has a CFI platform with a successful campaign to fund a large regional brewery.

Source: Information for Development Program (infoDev)/The World Bank:  
Crowdfunding's Potential for the Developing World, 2013

# Crowdfunding by region: Asia

- Rewards-based portals are being developed in Singapore and there is interest from other growing economies, including the Republic of Korea, Brunei and Malaysia.

Source: Information for Development Program (infoDev)/The World Bank:  
Crowdfunding's Potential for the Developing World, 2013

## Crowdfunding by region: Middle East/North Africa (MENA)

- Donation-based crowdfunding activity is beginning with the emergence of equity-based platforms in the United Arab Emirates (UAE), Jordan, and Lebanon.
- A crowdfunding platform combined with a technology incubator has recently launched in the Arab Republic of Egypt and its first cohort of companies entered the accelerator in the summer of 2013.

Source: Information for Development Program (infoDev)/The World Bank:  
Crowdfunding's Potential for the Developing World, 2013

## Crowdfunding by region: Subsaharan Africa

- This region is beginning to observe donation-based crowdfunding activity and early development of equity-based platforms, including some in development, or launched in Kenya, Ghana, and South Africa.

Source: Information for Development Program (infoDev)/The World Bank:  
Crowdfunding's Potential for the Developing World, 2013

**In order to become a global game-changer,  
equity crowdfunding requires supportive  
legislation to facilitate the growth of  
platforms, investor audiences and high-  
quality companies**