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Guidelines for Finnish start-ups on how to utilize crowdfunding

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<p>This thesis aims to show how a Finnish start-up could benefit from crowdfunding. Other funding methods are explained shortly in the beginning and the rest of the thesis focusing on crowdfunding. The current Finnish legislation does not yet include anything aimed directly at crowdfunding, but a proposal is to be presented in spring 2016 to the ministry of Finance.</p> <p>There are some crowdfunding websites operating in Finland, including Mesenaatti.me and Invesdor.com. Other more popular websites operate in the US – Kickstarter and Indiegogo. The latter has some great Finnish crowdfunding companies, which are used to give example about how to make your campaign a success.</p> <p>The successful examples used are Iron Sky: The Coming Race movie, BubbleCap carbonating product, CoFounder magazine all funded on Indiegogo and Yoogaia live online yoga service crowdfunded through FundedByMe.</p> <p>The not so successful cases (raised 2-3% of goal funds during the campaign) include Caddieye golf range calculating app and device from Invesdor, XMASQuest24 interactive Christmas calendar website from Indiegogo and Jurase Park dinosaur theme park to be built in Vantaa, which was to be raising funds through GoFundMe.</p> <p>The most important do's and don'ts were gathered to make guidelines for start-ups to use. Some of the advice gathered includes making a plan for both the business and the marketing of the campaign. The examples clearly showed that visibility is helpful if the project to be funded has put effort into their marketing. The don'ts are partially opposites of the do's, but also include giving a reliable impression to the viewer about your project and campaign.</p>	
<p>Keywords crowdfunding, start-ups, Finland, funding, marketing, legislation</p>	

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1 Introduction

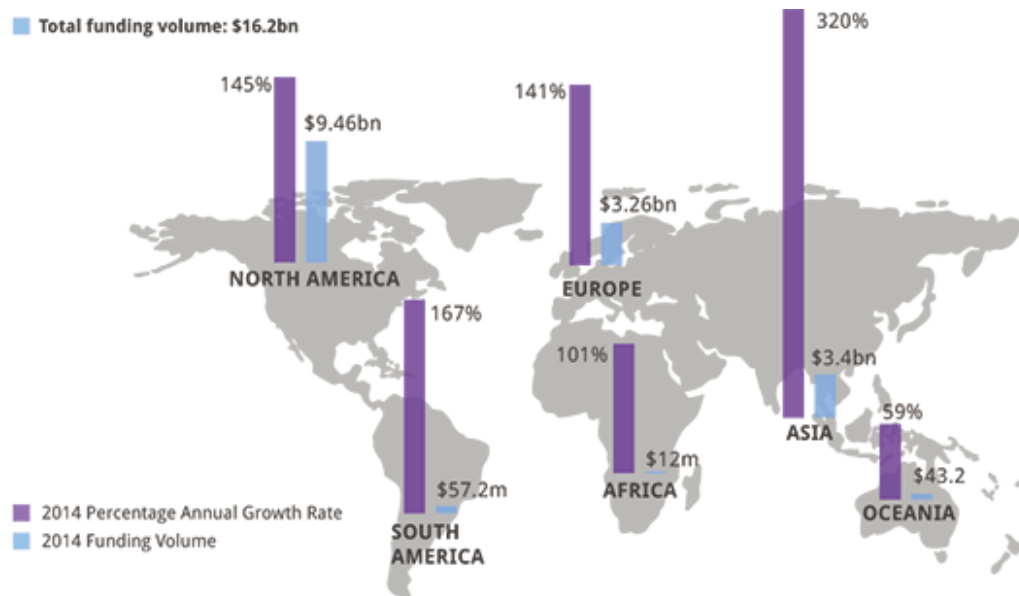
Crowdfunding in itself means "the practice of soliciting financial contributions from a large number of people especially from the online community" as the Merriam-Webster online dictionary defines it. In most cases, funders can choose the amount they want to fund. Tanya Prive, an angel investor and founder of several businesses, defines crowdfunding the same way, but adds that the funding is done by small contributions, which is quite usual in crowdfunding cases (Prive, T. 2012).

The first known case of a crowd of people funding a project seems to have been the Statue of Liberty's base pedestal, which was funded by donations from hundreds of US citizens in 1885. An article was published in a newspaper called The New York World that asked for the remaining 100,000 USD that was needed to build the pedestal the statue currently stands on. Over 160,000 donors funded a total of 101,091 USD to have the project finished. After the success of their first crowdfunding project, The New York World raised funds for some other projects as well with the same method (BBC News 2013).

The first website similar to crowdfunding ones these days was Kiva.org, opened in 2005, which allowed users to lend money to entrepreneurs in developing countries (Anderson, G. 2015). The project operates to this day, boasting a total of 820,344,125 USD lent and a 98.37% loan repayment rate (Kiva 2016).

One of the most successful crowdfunding campaigns took place on Kickstarter, where a smartwatch producing company named Pebble Technology raised over 20 million USD in 2015 for the development of the second generation of their smartwatch product (Kickstarter 2016). In more detail, they raised 20,338,986 USD from 78,471 funders between February 24 2015 and March 28 2015, which is only 33 days. So on average they raised more than 600,000 USD each day of their campaign from interested Kickstarter users. One reason for their success was probably that they had a large fan base after the success of their first crowdfunding campaign in 2012, where they managed to raise 10,266,845 USD between April 11 and May 19 (Kickstarter 2016, Pebble campaign).

Image 1. Massolution Inc. Prediction for 2015 crowdfunding industry size and growth worldwide by continents (Massolution 2015, Kakaku.com).



2014 Crowdfunding Volume Worldwide By Region in USD

During the recent years crowdfunding has been growing at high rates around the world, especially in Asia, where crowdfunding volumes grew from 2013 to 2014 by 320 per cent up to 3.4 billion USD funds raised in total, as the map above shows. In 2015, crowdfunding is expected to raise more than double of the funds by a total of 34.4 billion USD. The leading area for crowdfunding still remained to be North America, where 9.46 billion USD was crowdfunded. Europe raised funds of 3.26 billion USD, which is second highest in volume in the world (Crowdsourcing LLC 2016).

The worldwide funding grew 167 per cent from 6.1 to 16.2 billion USD in the same time period. Most of this funding was from lending-based projects, which amount to 11.08 billion USD. Businesses and entrepreneurship were the most funded projects by 6.7 billion USD, social causes raised 3.04 billion USD, film and performing arts a total of 1.97 billion USD, real estate 1.01 billion USD and music and recording arts 736 million USD through a total of 1250 crowdfunding platforms worldwide (Crowdsourcing LLC 2016).

1.1 Funding start-ups

The usual methods to fund a start-up are funding it by yourself (savings or loans) or with loans from friends and family, which might work for some time, but outside sources must be considered to take the business idea to new heights.

Other methods and sources include small business grants, bank loans, sponsorship from organizations (such as an academic institutions), angel investors, bartering products/services for funding and partnerships (Zwilling, M. 2015). Each of those funding sources have their own pros and cons that must be considered before sticking to any one of them.

1.1.1 Funding from friends or relatives

It is advisable to choose someone with a business sense when looking for funding your start-up with a friend's or relative's help. The other person investing in your business needs to fully understand the risks of their investment. Proper research into the industry and managing a business in it shows your commitment to them, especially when that information is gathered into a business plan.

Make sure the amount of funding you are looking for is sufficient, yet not the absolute maximum. With the help of the research you did for your business plan you should be able to, for example estimate how much money you would need to have three months' worth of inventory (if you're selling products).

Also make sure to consider whether you are asking for a loan or giving the investor a share in your business. If your investor has a great business sense they might ask for a share since they have some ideas how to help your business grow.

Part of a business plan is the funding and also repayment of any loans. Investors will feel much more confident in your start-up if they see a clear plan where the funds will be used and how they will be repay the investors (Beesley, C. 2015)

1.1.2 Business angels/angel investors

Funding a business with the help of individuals without much business sense will only help in terms of funds, not experience. Due to getting funding from your own savings or a generous friend will not be as good options as angel investors that can provide assistance and contacts to new businesses.

Business angels can be contacted through their local organizations called Business Angels Finland (BAF) or Finnish Business Angels Network (FiBAN 2016).

BAF hosts events and allows new businesses to pitch their ideas to be viewed by their investors (BAF 2016). They have headquarters in Helsinki, Finland.

FiBAN offers a network of investors looking to invest in unlisted businesses that have growth potential. According to their data, about 3-5% of companies in Finland have potential growth and several thousand of these companies apply for growth financing each year (FiBAN 2016). Overall, there were 364 000 registered businesses in Finland in 2014 (Tilastokeskus 2015).

Investors can also be reached through pitching events, where start-ups present their businesses to a crowd of investors for a certain amount of time to gather the funding they are looking for. The biggest one of these events is Slush, which is held every autumn in Helsinki. In their 2015 event 1700 start-ups were present and 250 of them pitched their products with the winner of the pitching competition raising 650,000 € in funding from investors. In total there were 800 investors present and the event was covered in international media that reached up to 250 million people worldwide through the 700 journalists that attended (Slush 2016).

Others include Arctic15 held in Helsinki during summer (Arctic15 2016), Polar Bear Pitching in Oulu in February (Polar Bear Pitching 2016) and smaller events like Start-up Riihimäki, a pitching event held in Riihimäki in March 2016 (BAF 2016).

1.1.3 Grants

TE-palvelut, which provides public employment and business services in Finland has a grant for starting a business. Anyone can apply as long as their business is no older than 18 months (TE-palvelut 2015) and they are either an unemployed jobseeker or starting full-time employment in the new business after a period of paid employment, education or domestic work. The business must be such that the person applying for the grant is able to employ themselves in it. The grant they provide includes a basic daily grant and a supplementary grant that depends on the case being supported.

Other conditions for the grant seeker are, as TE-palvelut lists them on their website:

- being a full-time entrepreneur
- having adequate capabilities for the intended business
- having potential for continued profitable operation
- the grant is necessary for the entrepreneur's survival
- the business is only started after the grant has been awarded

If the requirements above match you and your business then don't hesitate to apply for a grant from TE-palvelut.

1.1.4 Assisting projects for start-ups

Organisations, such as Finpro, can help businesses (whether start-ups or not) to make international contacts to grow the business. Start-ups can also benefit from this by finding customers and partners through their Export Finland-projects. For example their Connectivity from Finland – Growth Project aims at certain markets - China, Mexico, Nigeria, Kenya and South Africa to promote Finnish telecommunications companies. The project provides exporting assistance and market knowledge, industry events and marketing and communication services (Export Finland 2016).

Federation of Finnish Enterprises (Suomen Yrittäjät) is a Finnish organisation that works for the interests of small and medium sized enterprises by providing information and services. They have created an info package about the grants and services they

provide in 2015. These include projects funded by European Union to help small businesses succeed and some of those projects last a few years so they can be applied to in 2016 and onwards as well (Palmgren, T. 2015).

1.2 Objectives

This thesis aims to find the perfect formula in which Finnish start-ups can use the crowdfunding method to raise funds for their business. The reason for choosing Finnish start-ups as the subject for the thesis is that in recent years there has been much talk in the media about crowdfunding, but no appropriate legislation or regulations exist yet to control crowdfunding. With these unclear rules many Finnish businesses have managed to use crowdfunding for their benefit, for which start-ups could learn from their examples. Some unsuccessful Finnish cases will be used as examples also to show how other companies have been lacking something in their crowdfunding campaigns, all for the goal to learn from their examples what to avoid doing.

1.3 Methods

Crowdfunding is still quite a new idea, which means there aren't many books available on the topic. Due to this, most of the sources the research is based on are online. The first part of the thesis introduces the reader to the overall situation and history of crowdfunding and shows other methods in which a Finnish start-up can also find funding.

The second part looks more thoroughly at the current crowdfunding situation in Finland, introducing local crowdfunding platforms and methods used.

The third part goes through successful and unsuccessful Finnish crowdfunding cases so that start-ups can learn from their examples. For these cases, businesses of different industries were chosen, such as film, magazine, carbonating products and an online yoga service. The unsuccessful cases include an interactive Christmas calendar website, golf range measuring mobile application with a compatible device for smartphones and a dinosaur theme park. For each case some tips will be gathered from which the final guidelines will be created.

After the cases there will be other methods introduced too that can help in creating a successful crowdfunding campaign, such as advice from an interview with Timo Vuorensola (main man behind the Iron Sky film that was successfully crowdfunded) and a website, where you can enter information about your company and future crowdfunding project to see if it would be successful.

The guidelines will be gathered based on the do's and don'ts from benchmarking cases, advice from Vuorensola and possible legal restrictions in Finland in the final, fifth part of the thesis where the guidelines are created.

2 What is the situation with crowdfunding in Finland?

The following chapter will show the reader different crowdfunding methods available and the challenges crowdfunding is facing in Finland now, in the beginning of 2016. This will be explored through articles from financial experts, Finnish legislation and crowdfunding websites currently operating in Finland.

2.1 Crowdfunding methods

The most used crowdfunding methods in Finland include reward-, equity- and loan-based crowdfunding (Team Finland Future Watch 2015), which will be introduced more thoroughly below.

Choosing the most beneficial method for raising funds through crowdfunding for your campaign is the first decision to make when planning a campaign (Barnett, C. 2014)

2.1.1 Reward-based crowdfunding

For example Indiegogo, a popular US-based crowdfunding website, offers free funding, with most projects having some amount minimums for funders to receive certain rewards. On the Indiegogo crowdfunding page for a Finnish product, a small portable carbonator named Bubblecap, funders are offered rewards based on their funding amount. These include a product of any color they choose for funding from 15 USD up to 24 USD. For funding from 25 USD to 44 USD, funders can choose to purchase two products from the previously mentioned ones or two in black and white checkered color. In addition to the funded amount, contributors can choose to give the company extra money as a gift or not.

Image 2. Bubblecap funding options as screen captured on Indiegogo profile page.

<p>Indemand \$9,705 USD total funds raised</p> <p>Original campaign was 163% funded on November 12, 2015</p>	<p>\$1 USD</p> <p>Thank you!</p> <p>Thank you for bringing our project to life!</p> <p>We are very grateful for you support and will give you exclusive updates as our project moves forward!</p>
<p>\$15 USD + Shipping</p> <p>Purple haze</p> <p>Out of respect for the legendary "Bubble cap" I Haze the water with this fine device!</p> <p>Free shipping to Finland! Worldwide shipping \$12 fee</p>	<p>15 out of 500 claimed Estimated delivery: March 2016 Ships Worldwide</p> <p>GET THIS PERK</p>
<p>\$15 USD + Shipping</p> <p>Blue one</p> <p>Go make soda anytime, anywhere. Save money and planet. Get yourself a blue Bubblecap! So refreshing color!</p> <p>Free shipping to Finland! Rest of the world: \$12 shipping fee</p>	<p>8 out of 500 claimed Estimated delivery: March 2016 Ships Worldwide</p> <p>GET THIS PERK</p>
<p>\$15 USD + Shipping</p> <p>Forest fizzer</p> <p>Go make soda anytime, anywhere. Save money and planet. Get yourself a green Bubblecap! Easy to get lost on trekking, be careful!</p> <p>Free shipping to Finland! Rest of the world: \$12 shipping fee</p>	<p>6 out of 500 claimed Estimated delivery: March 2016 Ships Worldwide</p> <p>GET THIS PERK</p>
<p>\$25 USD + Shipping</p> <p>Double pack</p> <p>Get yourself two BubbleCaps of the most liked colors with special discount. Blue to home, red to yacht. Why not?</p> <p>Free shipping to Finland! Rest of the world: \$12 shipping fee</p>	<p>18 out of 500 claimed Estimated delivery: March 2016 Ships Worldwide</p> <p>GET THIS PERK</p>
<p>\$45 USD + Shipping</p> <p>One for free</p> <p>Pay three, get four. Colors: Green, blue, red and purple.</p> <p>Free shipping to Finland! Rest of the world: \$12 shipping fee</p>	<p>2 out of 500 claimed Estimated delivery: March 2016 Ships Worldwide</p> <p>GET THIS PERK</p>
<p>\$180 USD</p> <p>20-pack</p> <p>Buy 20 BubbleCaps, get \$120 discount! Contact seller for the shipping details and prices!</p>	<p>2 out of 100 claimed Estimated delivery: March 2016</p> <p>GET THIS PERK</p>
<p>\$400 USD</p> <p>Wholesale pack</p> <p>Buy 50 Bubblecaps! Get \$350 discount!</p>	<p>1 out of 100 claimed Estimated delivery: March 2016</p> <p>GET THIS PERK</p>
<p>\$15 USD + Shipping</p> <p>Red one</p> <p>Go make soda anytime, anywhere. Save money and planet. Get yourself a red Bubblecap! It won't get lost easy!</p> <p>Free shipping to Finland! Rest of the world: \$12 shipping fee</p>	<p>20 out of 500 claimed Estimated delivery: March 2016 Ships Worldwide</p> <p>GET THIS PERK</p>

The image above shows all the funding options offered by Bubblecap on their Indiegogo campaign page.

Reward-based crowdfunding is the method for those start-ups that don't want to give their funders a share of the company, but rather their products or other items in return for the funds. The biggest crowdfunding platforms offering this kind of funding are Kickstarter and Indiegogo. Notice that Kickstarter has a restriction for funding that lets you keep your funds only if you raise at least 100% of your goal amount, whereas Indiegogo allows in addition to the previously mentioned method also the option to keep any of the funds you manage to raise during your campaign, even under the 100% goal (Barnett, C. 2014).

2.1.2 Equity-based crowdfunding

Other pages may offer crowdfunding by issuing shares or bonds of the company being funded, as is the case with a Finnish crowdfunding page Invesdor. For example, on the Invesdor crowdfunding site for the funding options of a Finnish application by Newolo Ltd, the funding amounts offered are from 3 shares up to no limit.

Image 3. Newolo Ltd investing page on Invesdor funding platform.

The screenshot shows the Invesdor website interface for investing in Newolo Ltd. The top navigation bar includes 'Home', 'Discover', 'Get funding', 'News', 'Case studies', 'How it works', and 'About us'. The user's profile and language settings are visible in the top right. The main content area features a progress bar with five steps: 'Investment' (active), 'Recipient', 'Qualification', 'Payment', and 'Confirmation'. Below the progress bar, the company name 'Newolo Ltd' is displayed. The investment details are as follows:

Field	Value
Price per share	80.0
Minimum shares per investment	2
Number of shares	2
Amount to invest	160 €

Additional controls include a 'Cancel' button on the left and a 'Next' button on the right. A breadcrumb trail at the bottom reads: Home > Discover > Newolo Mental VirtualCoach > Investment.

Equity based crowdfunding is for those start-ups that want to offer funders shares in return for the funding, which will also mean the investors would be eligible for their shares of future returns from your company (Barnett, C. 2014).

2.1.3 Loan-based crowdfunding

The third crowdfunding method is loan-based (also called debt-based crowdfunding), which Iron Sky movie creators used successfully in 2015. They launched a project on Invesdor to raise extra cash to be used in the filming of their new movie. They issued so called Iron Sky War Bonds starting from 1000 EUR until the release of the movie in 2017 with an interest rate of 4 to 8 per cent, depending on people's interest in the campaign. Due to reaching the highest possible amount of bonds issued they have raised the interest to 8 per cent, which will be paid bond purchasers on four occasions during the funding period, up until the release of the movie in fall 2017.

Image 4. Iron Sky War Bonds promotional material.



The campaign started September 16 2015 and was fully finished. Their initial goal was to issue bonds for a total of 50,000 EUR, but managed to raise up to the Invesdor limit of 250,000 EUR. The aim of the bonds is to aid with their cash flow during the filming period. They already have a budget of 17 million EUR, which is the largest in Finnish movie history (Invesdor 2016, Iron Sky War Bonds).

Invesdor users can see more detailed information about the campaign when logged in. For example, they have a table showing their projected annual financial situation from 2014 to 2018. The data includes sales, sales growth percentage, operational costs and EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) in euros and percentages.

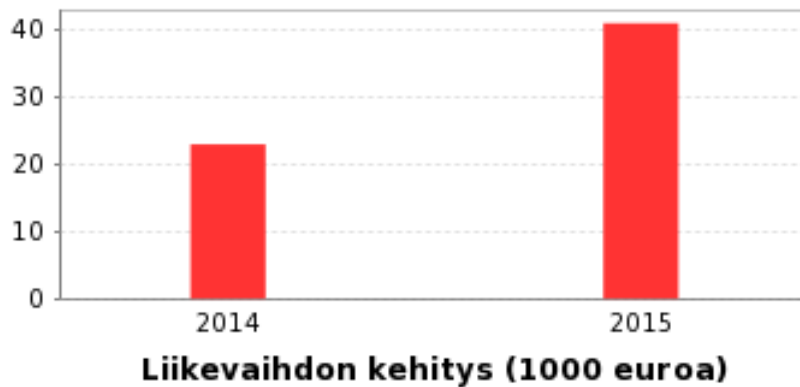
Loan-based crowdfunding is beneficial in cases such as the one shown above, where there has been a previously successful crowdfunding campaign, but some extra cash is needed to fully finish the project and there is no time or other resources to offer the funders rewards, only interest on their loans.

2.2 Crowdfunding in Finland

Currently there are two crowdfunding websites operating in Finland, which are Mesenaatti.me and Invesdor.com.

Mesenaatti.me claims to be the first and largest crowdfunding site in Finland. It was founded August 24 2012. It is currently headquartered in Helsinki, Finland (Mesenaatti.me Facebook page 2016).

Image 5. Mesenaatti.me turnovers from 2014 to 2015.

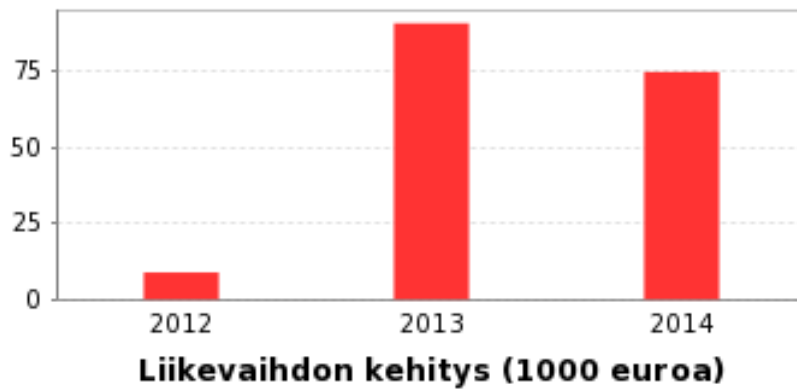


Mesenaatti.me's turnover has grown 122.80% between 2014 and 2015, from 23,000 to 41,000 EUR, but the company is still rather small in size. (Fonecta Finder 2015. Yhteisörahoituspalvelu Mesenaatti.me Oy).

Invesdor is a leading Finnish funding page for start-ups. They offer crowdfunding by issuing shares or bonds to the funders of businesses. Anyone can fund companies according to the restrictions of their local legislation, but only companies registered in certain countries are currently allowed to request crowdfunding through their site. These countries are: Finland, United Kingdom, Sweden, Denmark, Norway and Iceland.

Invesdor allows companies to gather a minimum of 20.000 € up to 1.500.000 € in their open funding round. The maximum amount is up to 5.000.000 € in a closed funding round.

Image 6. Investor's turnovers from 2012 to 2014.



Investor's financial data shows that they are much larger than their competitor Mesenaatti.me, but still a small company. Their turnover and profits have decreased between 2013 and 2014. Their turnover in 2013 was 91,000 EUR, which decreased by 17.60% in 2014 to 75,000 EUR. Investor has made losses in 2012, 2013 and 2014. The profits for these three years were -2,000 EUR, -47,000 EUR and -309,000 EUR accordingly (Fonecta Finder 2015. Investor Oy.) This could be due to not enough campaign succeeding in getting funding, from to which Investor then doesn't receive their percentage of the funds.

Other popular crowdfunding websites offering service in Finnish include Fundedbyme.com, which operates from Stockholm, Sweden and was founded in March 2011. They operate to connect European businesses with investors for mutually beneficial investments.

Also GoFundMe accepts registering from Finland, among other countries worldwide. The website claims to be the most popular crowdfunding site for personal causes and life events, with over 2 billion USD raised in the previous 365 days. Using GoFundMe is free, but if you manage to run a successful campaign, the site will charge 5% of your total funds raised (GoFundMe 2016).

2.3 Legislation and financial supervision in Finland

There is currently no legislation in Finland or the European Union that directly dictates how crowdfunding is to be done (Terho, E. & Reinikainen, M. 2016). Crowdfunding,

being a form of funding, falls under some categories of regulations in Finnish legislation, for example fundraising (Rahankeräyslaki 31.3.2006/255) and in cases of giving funders products in return also consumer protection laws (Kuluttajansuojalaki 20.1.1978/38).

Funding is monitored in Finland by the Financial Supervisory Authority (FSA) and the tax office.

2.3.1 Finnish legislation regarding crowdfunding

The Finnish fundraising law is aimed at raising funds for non-profit projects or organizations, with some exceptions (Finlex 2006). Because the law is aimed at non-profits, crowdfunding is not covered by this law. The law states that the types of fundraising covered by this legislation need to apply for a permit and must not have the fundraising involved in the possible business process of the organization.

To this day there haven't been any lawsuits concerning crowdfunding, so no example case can be found in the Finnish court system that could give an idea of what is allowed and what not (Finlex oikeuskäytäntö 2016). The good part is, that since there aren't any cases yet, the crowdfunding so far seems to have been fine with the officials.

Currently the Finnish Ministry of Finance is preparing a new set of legislation aimed at crowdfunding. According to the proposal the new laws would concern loan and equity based crowdfunding and middlemen operating in the field. Reward and donation based crowdfunding would remain outside the new legislation. The proposal also demands that organizations working as middlemen register with the FSA. The new law proposal also includes that the provider of crowdfunding services cannot manage their customers' funds or be in debt to them. The goal of the proposal is according to the Ministry of Funds to create legislation that all organizations in the crowdfunding business can follow, create more opportunities for funding and diversify the financing market and to also provide safety for investors. The law also aims to clarify the obligations of officials that supervise crowdfunding. The law proposal will be

presented to the Finnish parliament in spring 2016 (Terho, E. and Reinikainen, M. PWC news 2016).

2.3.2 Financial Supervisory Authority of Finland

One organization that monitors funding in Finland is the national Financial Supervisory Authority (FSA), or Finanssivalvonta in Finnish. They supervise such entities as banks, insurance and pension companies, fund management and investment companies and also the Helsinki Stock Exchange. Most of their funding comes from the supervised companies (95%) and the rest from the Bank of Finland. The FSA cooperates with the national bank, but makes decisions independently. They are headquartered in Helsinki and employ about 200 people (Finanssivalvonta, December 2015).

3 Crowdfunding example cases from Finland

The simplicity of using a crowdfunding platform has already been explained in this paper quite thoroughly. The next thing to pay attention to is how to succeed in something that basically anyone can do. Crowdfunding is a tool that is not difficult to use, but how to create something valuable with it is the question the following chapter aims to answer. To find the answer some successful and some unsuccessful Finnish crowdfunding cases will be analyzed. The goal is to find the similarities or patterns in successful and unsuccessful cases.

3.1 Successful cases

Following are some successful crowdfunding cases of Finnish origin, which will teach us by their examples. The cases have been chosen from different industries to show the variety of businesses that can be funded through crowdfunding.

3.1.1 Iron Sky films

The most famous Finnish crowdfunding case so far has been the Iron Sky movie released in 2012. After the success of the first movie the creators are working on a sequel to be released in 2016. The funding for the second film, titled Iron Sky the Coming Race, has been open for public on the Indiegogo-crowdfunding page and has currently reached the goal.

Below is a screenshot of the movie's funding profile on Indiegogo. The eye catcher of this profile is the video with a thumbnail showing a person dressed as Adolf Hitler sitting on the back of a roaring dinosaur. Below the video are two catchy phrases that will definitely get any visitor interested. It says: "Join the war against Adolf Hitler and his dinosaur army! Be part of making the best sci-fi film ever!" Who wouldn't want to be part of something that epic?


Image 7. Iron Sky the Coming Race movie Indiegogo funding profile.

Iron Sky The Coming Race

Helsinki, Finland Film

19.3k **Story** Updates 54 Comments 252 Backers 8882

Share 3,438 Tweet 1.2k G+ Embed Link Follow



Join the war against Adolf Hitler and his dinosaur army! Be part of making the best scifi film ever!

Timo Vuorensola
Identity Verified
2,913 Facebook Friends

Film
Helsinki
Finland
9 Team Members

InDemand
\$619,137 USD
total funds raised

Original campaign was 112% funded on January 4, 2015

Featured

\$56 USD

InDemand Deal Steelbook Blu-ray

Special offer for early adopters!

Get the special edition STEELBOOK BLU-RAY and DVD and DIGITAL DOWNLOAD for a SPECIAL PRICE. Delivered when the film is released on Blu-ray and DVD.

This edition contains special features exclusive to supporters.

In addition you will get the SNEAK PEEK MEMBERSHIP perk including Dictator's Cut of our previous film Iron Sky (2012) on video on demand.

Only 1000 copies available at this price!

The other thing to note about this case is the promotional video, which is a minute and 55 seconds long, but delivers the point of the project clearly and very interestingly. The video begins by showing the viewer how successful their first movie was by showing clips from it in between prizes won in film festivals and the amount of people that saw the movie worldwide. After 45 seconds of that they show the director explaining his inspiration and ideas for the sequel with some promotional clips from the new movie. Some sketches for the scenes are also included to give the audience an idea what the sequel would look like. The last 15 seconds of the clip are used to promote the crowdfunding campaign with the director stating "If you share my love for these crazy visions, please, help us out."

Image 8. Iron Sky the Coming Race promotional video screen shots.



The obvious benefit for the Iron Sky campaign is that they have large experience in cinematography, which has helped them in creating a promotional video that has a lasting impact on the viewer. The screenshots above show the main parts of the video.

The important things to note from this successful case are:

1. Be original

There is a video on the profile that really stands out among most of the videos on other profiles.

2. Get funders involved

The two catchphrases on the profile are inviting the visitor to be a part of their project.

3. Give the funders high expectations

What they have done here is promised to produce "the greatest sci-fi film ever", which is a big claim to make, but it fits their style of film-making. The next point will explain more.

4. Create a brand

Their first movie about Nazis preparing an attack on the moon was not too serious and somewhat over-the-top and the next movie about Hitler preparing an attack with an army of dinosaurs is what their audience is expecting.

3.1.2 Bubblecap portable carbonator

The second successful Finnish crowdfunding case is a product called Bubblecap which was mentioned in the introduction part of this paper. BubbleCap is a product that is used to transfer carbon dioxide from a canister to a bottle of water to make it carbonated. This product will be a competitor to successful consumer home carbonation product maker SodaStream.

Image 9. Bubblecap crowdfunding profile on Indiegogo.

BubbleCap - The smallest carbonator ever!

Merikarvia, Finland [Design](#)

Story Updates 6 Comments 13 Backers 391 Gallery 9

830
Tweet
Embed
Link
Follow

More bubbles, less waste! Save money and nature! Have a sparkling drink when you need it!
#kitchen #drinking #invention #carbonator #green

Janne Alasaarela
Email Verified
166 Facebook Friends
LinkedIn Verified

Design
Merikarvia
Finland
2 team members
[Contact](#) [See More Details](#)

InDemand
\$11,387 USD
total funds raised

Original campaign was 162% funded on November 13, 2015

CLOSED

\$1 USD

Thank you!
Thank you for bringing our project to life! We are very grateful for you support and will give you exclusive updates as our project moves forward!

7 claimed

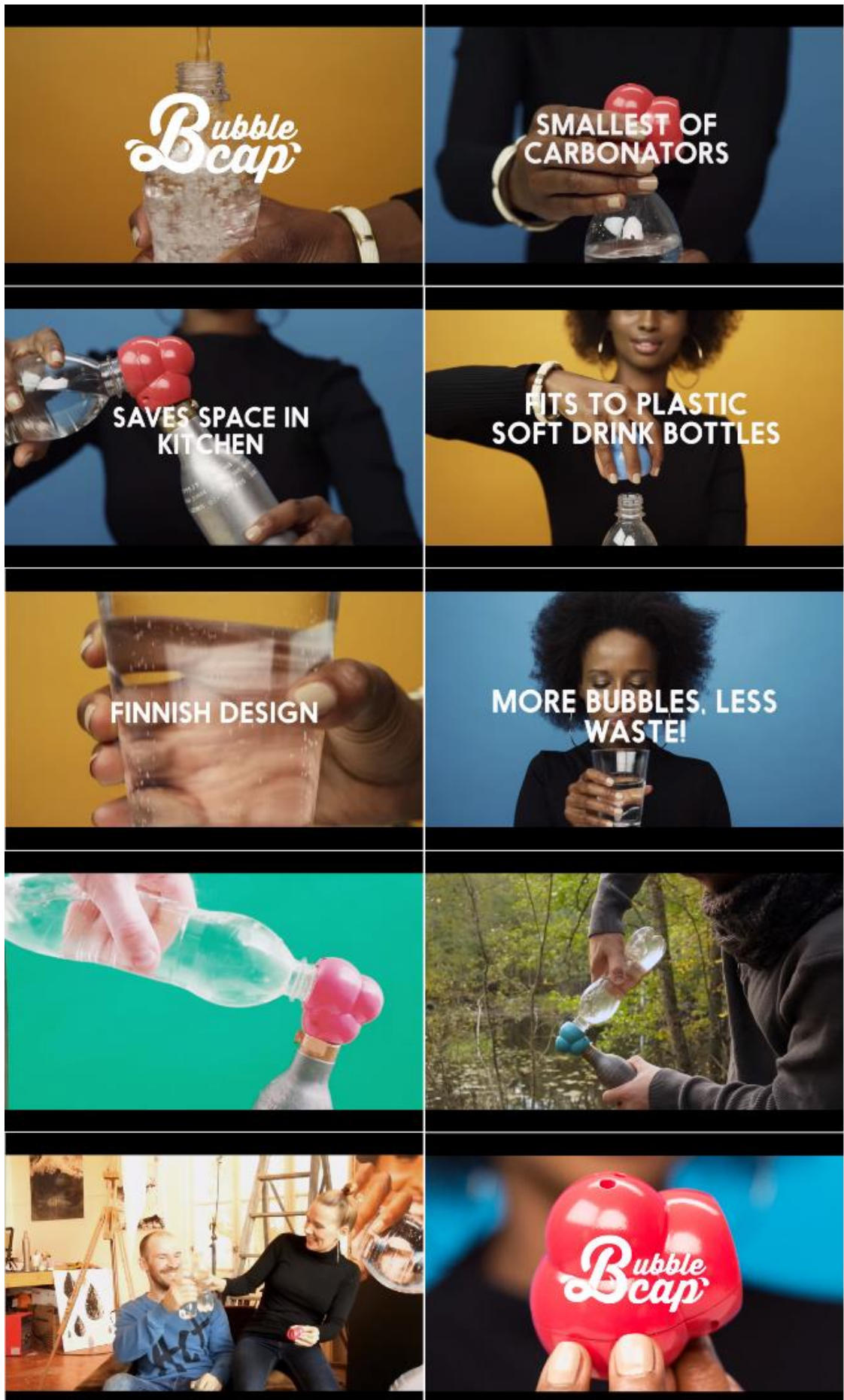
\$15 USD + Shipping

Red one
Go make soda anytime, anywhere. Save money and planet. Get yourself a red Bubblecap! It won't get lost easy! Free shipping to Finland! Rest of the world: \$12 shipping fee

28 out of 500 claimed
Estimated delivery: March 2016
Ships Worldwide

In total, their campaign raised 11,387 USD, which was 162% of their goal amount, as shown on their Indiegogo campaign page screenshot above.

Image 10. BubbleCap promotional video screenshots.



The promotional video is 3 minutes long, but manages to show the best qualities of the product and how it is supposed to be used. The video itself is clear as it gives all relevant information about the product and creates a positive image of it in the viewer's mind – easy to use, saves plastic and therefore is also good for the environment, created as Finnish design by a sympathetic couple.

Some similarities can be found between this crowdfunding profile and the previous one, for example the catchy phrases below the video and giving the viewer some incentive to get involved with this project.

The things that can be learned from this case are:

1. Show the benefits of the product to the consumer

Why should someone fund this project? The creators have explained it plain and simple in their statement "Save money and nature!" Saving nature and money are good reasons for someone to familiarize themselves with this new product.

2. Finnish design

In the 3 minute introduction video on their funding page they show the words Finnish Design, which is considered a sign of quality around the world.

Scandinavian design has also become a trend in recent years and this can definitely be used for marketing the product.

3.1.3 CoFounder magazine – a printed magazine about European start-ups

One more successful Finnish (and this time partly Estonian) crowdfunding case is the CoFounder printed magazine. In their summer issue 2015 they demonstrate how their magazine raised money through crowdfunding from March 11 to April 15 2016. They also used Indiegogo as the other two examples above. Dimitri Sarle, CEO of ArcticStart-up and Advisory board member of Start-up Europe at the European Commission, wrote the article called "How We Made It".

They had previously created and printed a batch of sample magazines and acquired key partners and positive feedback on their project. They were presented at the ArcticStart-up, which is a blog about start-ups in the Nordic and Baltic region.

They quickly created a campaign on Kickstarter after which they realised that to be successful more effort would be needed. The writer claims that since crowdfunding has grown into a big industry there are plenty of competitors out there that invest time, money and effort into their campaign to ensure success and that would also be what they need to do.

Image 11. CoFounder magazine Indiegogo campaign page.

CoFounder: startup magazine

Tallinn, Estonia Technology

Story | Updates 3 | Comments 13 | Backers 166 | Gallery 4

259 | 259 | 259 | 259 | 259 | 259 | 259 | 259

CoFounder
Print Magazine. Really.

Handpicked Stories in a Startup Print Magazine.
Pick your perk to subscribe. #PrintReally

Tarmo Virki
Email Verified
692 Facebook Friends
LinkedIn Verified

Technology
Tallinn
Estonia
3 team members

Contact · See More Details

€17,363 EUR
total funds raised

InDemand
Original campaign was 110% funded on April 12, 2015

€15 EUR
CROWDFUNDING ISSUE
Be one of the first ones to get our crowdfunding campaign issue in your hands. Delivered to your front-door. Anywhere.
20 out of 100 claimed
Estimated delivery: June 2015
Ships Worldwide
GET THIS PERK

€45 EUR
4-ISSUE SUBSCRIPTION
Order the quarterly magazine of the European startup scene. The order starts from the Autumn Issue, due early September.

Choosing a correct platform for their campaign included choosing between Kickstarter and Indiegogo. Since they already had a supporter base in Finland and Estonia, Indiegogo had to be chosen since Kickstarter is not available in these two countries. The more local option would have been FundedByMe, but Indiegogo is a larger

website. According to website transport statistics, Indiegogo has 64.4 thousand unique visitors at their website each day, when FundedByMe has a fraction of that – 8.2 thousand unique visitors per day (StatsTool 2016). It turned out that 48.9% of their funding came from Finland, 15.6% from Estonia and the rest from ten other countries from around the world, including the US and India.

The CoFounder magazine's crowdfunding timeline is clearly demonstrated in an image by Lewis McGuffie in the same article mentioned previously. The graph shows that the most funds were gathered in the beginning of the campaign during the second and third day – 2,460 € and 9,345€ respectively of their total 17,363€. (goal was 15,000€). The extra information on the graph for the two most successful funding days says that they made Facebook posts about their campaign. They also made several other Facebook posts during their campaign period to keep their fans reminded of their campaign. The posts included status updates (campaign started, campaign trending on Indiegogo, founders attending a start-up event, etc.).

Image 12. CoFounder magazine promotional video screenshots.



CoFounder magazine's promotional video is simple and not too long - 2 minutes 56 seconds in total. In the video the three founders explain what their product is and why it is needed. They say that most online blogs focus on clickbait articles (writing a usual article with an over-the-top headline for a person to notice and click on, so that the blog gets more website traffic and advertising revenue) and printed magazines about start-ups mainly focus on the US. One of the founders has nearly two decades of journalism experience from writing for Forbes and Reuters – two highly respected publications. This and their plans to write about both successful and unsuccessful start-ups, industries investors might be interested in and other relevant topics shows the

viewer that the project has good grounds from which to grow from. The points in their video are also presented on their Indiegogo profile page.

Crowdfunding tips from this case:

1. Work hard on creating your crowdfunding campaign

"Crowdfunding is not magic. Crowdfunding is not rocket science but it is not easy either. It is a simple business process that involves a lot of work, planning, marketing and proper execution" Sarle, D. CoFounder magazine

2. Choose a platform that benefits you the most in the campaign

If you wish to choose a website with a lot of visitors, such as Kickstarter, make sure you have supporters, fans or potential investors in the geographical area where they operate. If you have a lot of local fans you should opt for a more locally available website that allows you to raise funds through your fans.

3. Spread the word

Make sure everyone you know knows about your campaign and have them also tell their contacts about this. The crowdfunding websites usually have a lot of other projects available and will only promote the most successful ones on their site. Notify relevant blogs (industry, start-ups, etc.) about your campaign, prepare an article or a press release about your project/campaign.

4. Set a reasonable target amount to be raised

If you have a large following on social media or plenty of contacts, a reasonable goal with a good plan will show potential visitors that you have realistic expectations. The accurate sum will always be different according to the project and time schedule when the project will be finished – creating distribution channels, buying production facilities, etc.

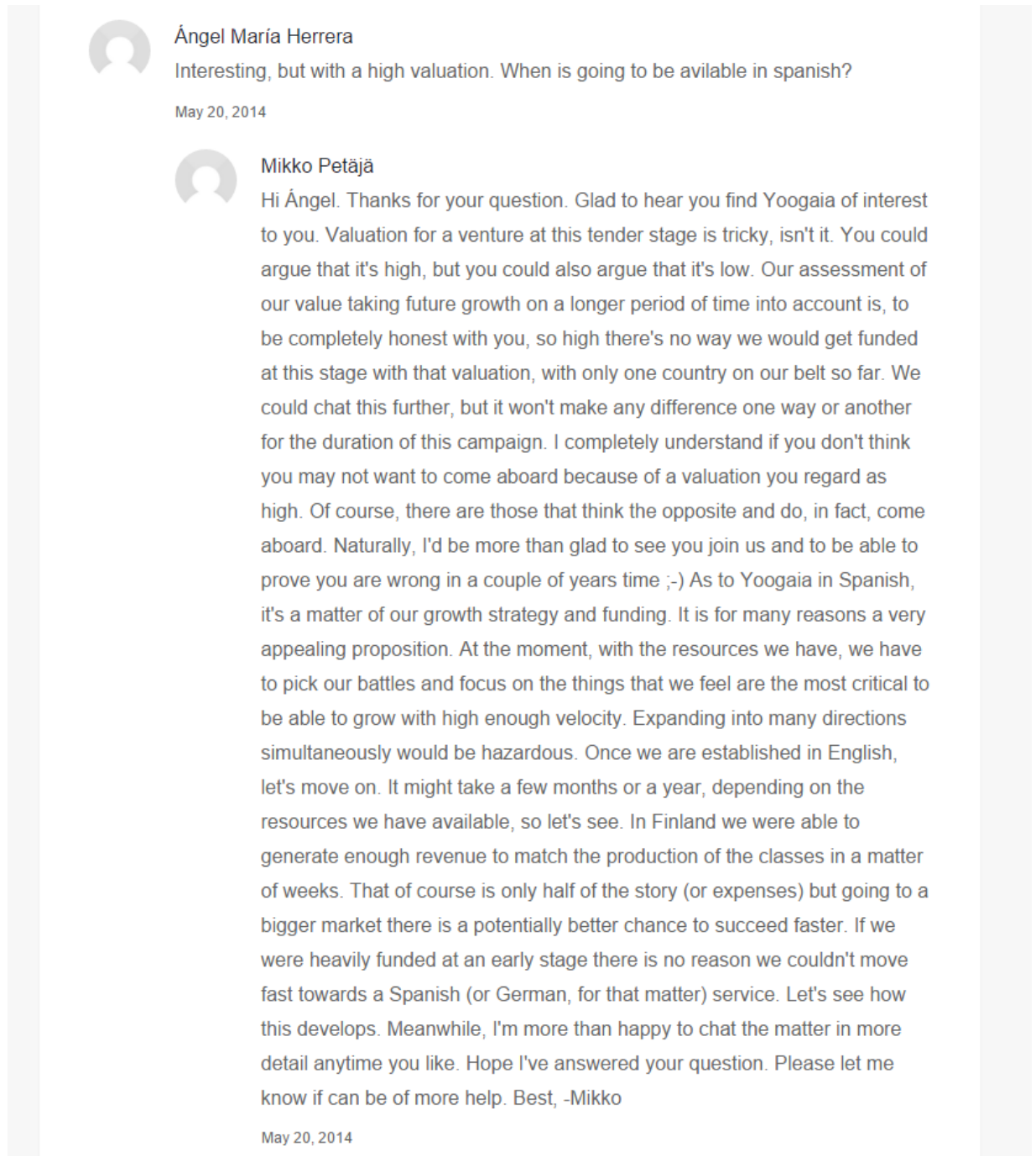
3.1.4 Yoogaia – World's first live online yoga studio

Yoogaia is an online service that provides yoga classes live from professional instructors to their customers via live video stream. Their crowdfunding campaign took place on FundedByMe and they managed to raise 92,172 € from 81 investors. That previously mentioned sum was raised through their equity-based campaign. They also created another campaign on the same website with reward-based funding. That one only managed to raise 2,992 € of their 10,000 € goal.

The equity-based campaign went live on May 19 2014 and ended successfully July 4 2014. From the activity information for the campaign you can see that the campaign was created May 12 and went live a week later once all the submitted documents had been confirmed by FundedByMe.

One thing that sets their funding platform, FundedByMe, apart from other platforms is the possibility for registered users to submit questions for the campaign members to answer. These questions and answers will be available for everyone to view. On the top of the questions page you can see FundedByMe frequently asked questions about how the funding works. Below you can see the user submitted questions about the project.

Image 13. Example of a question on Yoogaia FundedByMe campaign page.




The image above shows a question submitted on the next day after Yoogaia's campaign went live. The person wants to know why the evaluation for the share price is so high and when the company might provide their service in Spanish. Yoogaia's profile does say that the 92,172 € raised made up 4.60% of their company's shares, meaning that the price for one share is about 20,037.39 € and the total shares worth a little over 2 million €.

FundedByMe also allows to add several people to the campaign page to show the people involved in the project and their credentials.

Image 14. Team members of Yoogaia FundedByMe campaign.

home. Yoogaia is already available in Finnish and English (beta). Now it's time to launch Yoogaia in English in full-scale.



The opportunity

Yoogaia is the only interactive online yoga studio in the world. The innovative and tremendously user-friendly concept has been developed, tested and validated in Finland. Now it's time to go international. We have a wonderful momentum going for us at the moment. True to the nature of Yoogaia (being a truly everyone's service), we are now presenting you with the opportunity to be part of the future success of Yoogaia. **You can join us on this magnificent venture to create something that never existed before but will, without any doubt, be mainstream in a few years time.**

Two ways to contribute

To provide everyone with an opportunity to contribute, we are running two campaigns in parallel. The page you are at the moment is for the equity-based campaign. You are welcome to contribute to both campaigns if you wish. If you are interested in the reward-based campaign, please have a look here:

<http://www.fundedbyme.com/en/campaign/3874/yoogaia-live-yoga-classes-at-your-home/>

Team

Tomi Mickelsson
Developer

Tomi is an unbelievably versatile and experienced all-round developer. He can solve pretty much any tech problem you throw at him. By tomorrow.

Katja Wickström
Yoga content & Customer relations

Katja is an absolute gem. In addition to teaching yoga, she's in charge of our weekly schedule, customer relations and a million of other things that keep this bird flying. Beautifully.

Teemu Kara
CFO, Business development

Teemu's background is in management consulting, but he's into yoga big time. He's a teacher trainer and a teacher himself, and actually runs a yoga studio in Finland while also providing us with invaluable insight and expertise into the business side of things and the yoga scene.

Mikko Petaja
CEO

Mikko is the driving force behind Yoogaia. His extensive background in branding, marketing and innovation comes through in Yoogaia's way to value customer experience above all.

- [LinkedIn](#)

Piia Maaranen
VP Sales & Marketing

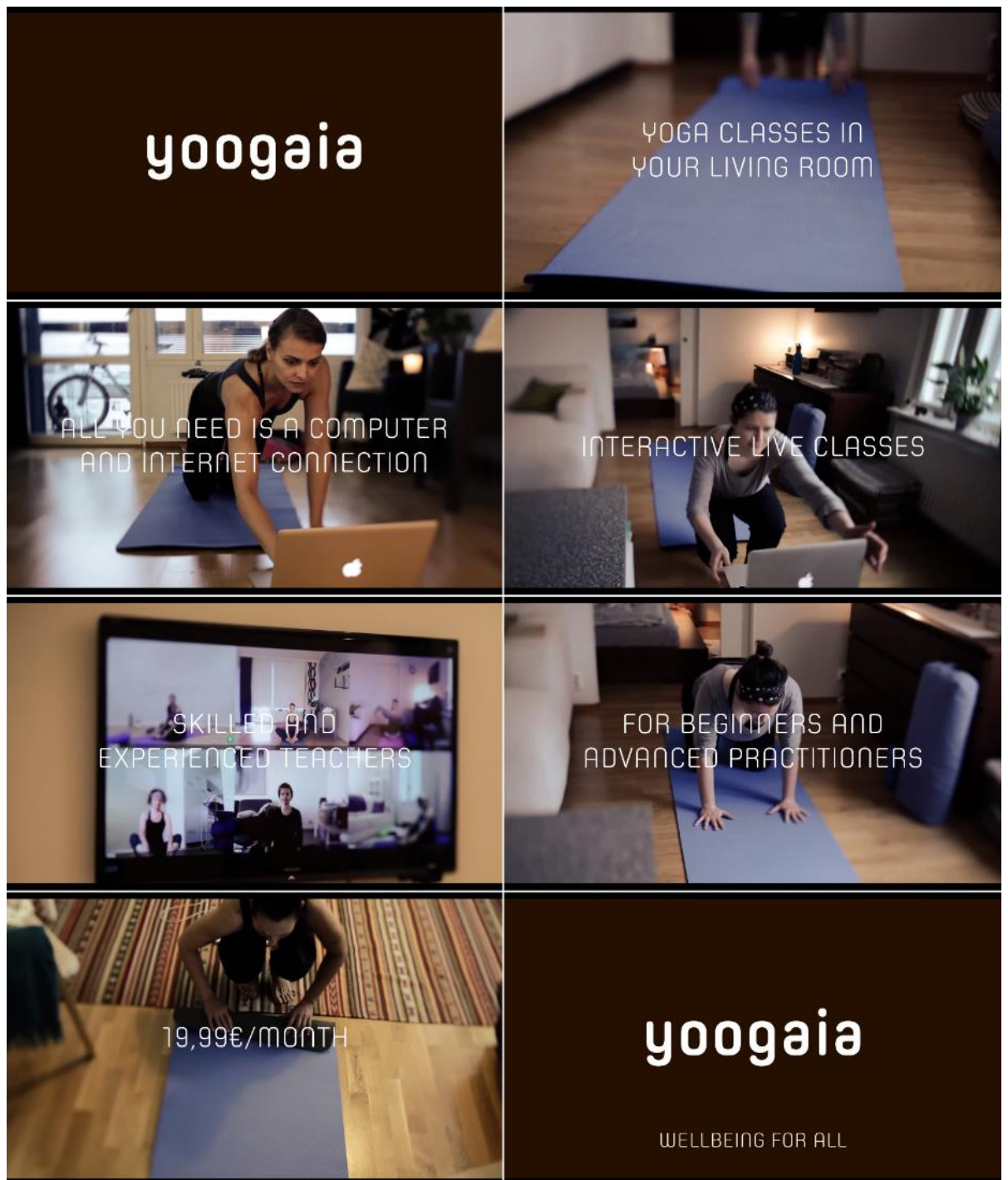
Piia is an amazing all-round sales and marketing powerhouse. Her international experience is complimented with her enthusiasm and energy that has no limits.

- [LinkedIn](#)

Yoogaia team members include the company's CEO, CFO, general developer, yoga content and customer relations manager and VP of sales and marketing. For some of these people their personal LinkedIn profiles have been linked. This could help people contact them for business partnership or other issues.

As the previous successful cases showed, the promotional video is an essential part of any crowdfunding campaign. Yoogaia's video shows different people using their service in their homes and gives general information, such as the required internet connection to view the live classes and the difficulty of available yoga classes ranging from beginner to advanced. No one is speaking in the video, only a song playing with the lyrics in the chorus saying "we can change the world", giving the viewer the impression that Yoogaia's service will make a difference in the way people practice yoga. They have also put up the monthly subscription price for their services.

Image 15. Yoogaia promotional video screenshots.



The video is 2 minutes and one second in length and was put on YouTube on May 7 2014, only five days before the FundedByMe campaign was created. The video is set as unlisted on YouTube, which means only people with a link to the video can see it. The video is embedded to Yoogaia's FundedByMe campaign page so that is the only way to access it currently. This is most likely because the video was made to give potential investors a quick grasp of what Yoogaia's service looks like.

What this crowdfunding case shows us is that:

1. You should focus on one platform, but you can also try to use more than one campaign to raise funding by different methods – equity-based and reward-based crowdfunding
2. Keep your plan clear for the potential investors
Show how you plan to deal with competition, show why the people in your team are qualified to tackle problems, show where the revenue is coming from, etc.
Yoogaia has explained their plan to succeed clearly on their campaign page in text and visual form as the image below shows.

Image 16. Yoogaia's predicted revenue model for 2019.



The above image is one of the many on their campaign page. This one shows the market size of both yoga and fitness industries around the world.

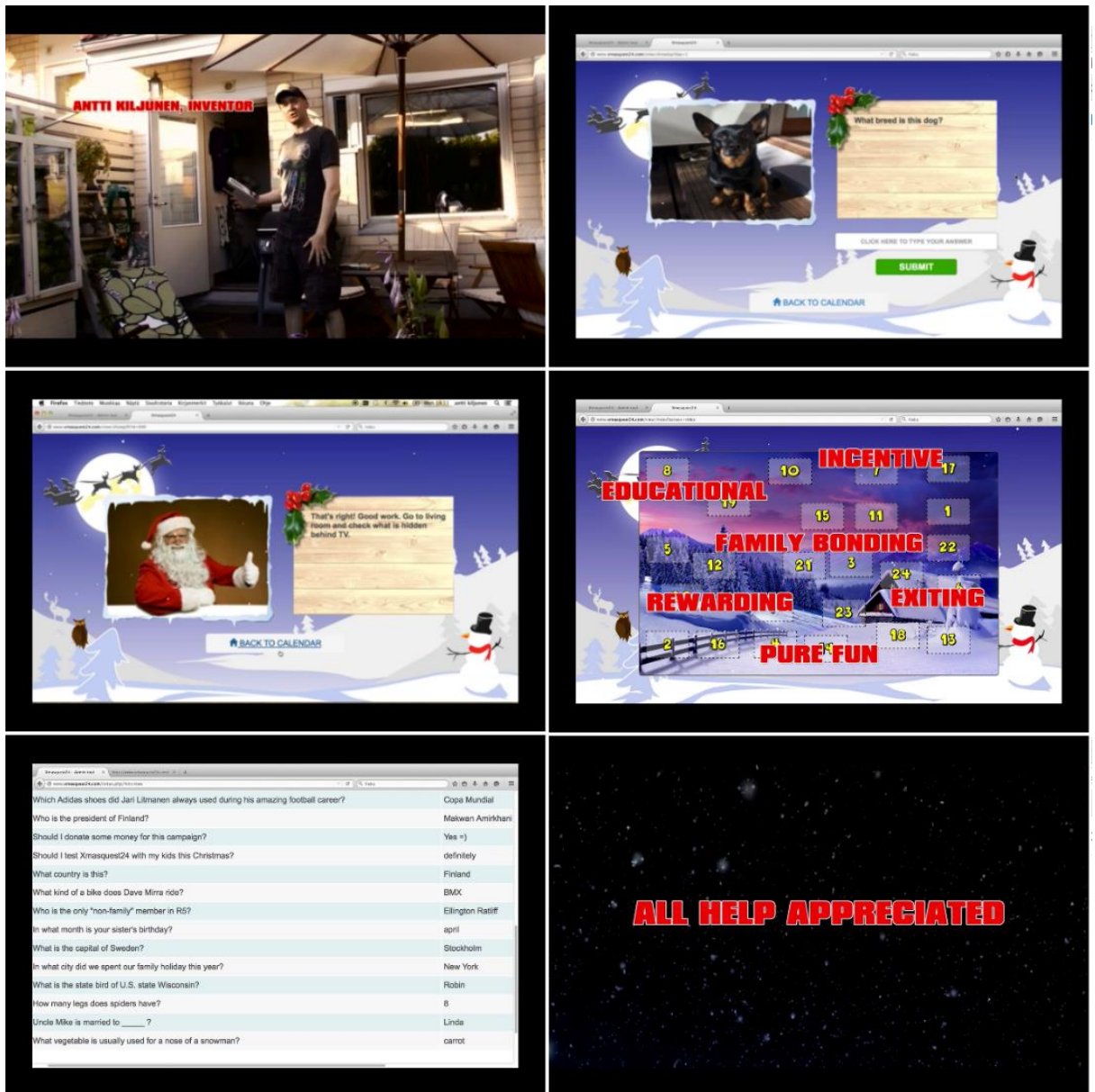
3.2 Unsuccessful cases

Now that some useful tips from the successful cases have been gathered it is time to find out what to avoid when setting up a crowdfunding campaign. The best way to find this information is to learn by example – go through some failed funding projects and analyse them.

3.1.1 XMASQuest24 - advent calendar 2.0

This crowdfunding profile has gathered 2% of its goal funds at 8 days left of their campaign. Those numbers show that the funding will most likely not happen through Indiegogo. The product is basically a website, where you can create an interactive Christmas calendar for your family to play with. The parents use the website as admins by logging in to find a list of 24 calendar slots where they can enter questions that their children can answer to receive awards. If the question in the calendar slot is answered correctly the site shows the location of the reward the parents have placed somewhere in the house. The way the calendar looks like can be modified and videos or images added to questions in each slot.

Image 17. XMASQuest24 promotional video screenshots.



One of the reasons for the lack of success for this project is the marketing. The promotional video is homemade and not bad for a home video, but as something that should gain investors interest it does not work. The video shows the product in action with the creator demonstrating it.

Why exactly was this this project less appealing than the ones we have gone through earlier in this paper?

Image 18. XMASQuest24 profile page on Indiegogo.

XMASQuest24 - advent calendar 2.0

Espoo, Finland Small Business

54 Story Updates 4 Comments 5 Backers 13 Gallery 1

Share

17

Tweet

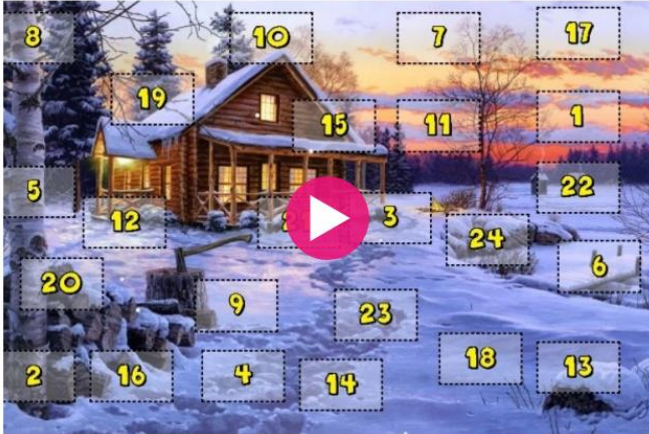
1

G+

Embed


Link

Follow




Superb upgrade for traditional advent calendar concept. 100% custom made Christmas brain-teaser.

#education #fun #christmas #family #children



Antti Kiljunen
Email Verified
191 Facebook Friends



Small Business
Espoo
Finland
1 Team Member

[Contact](#) - [See More Details](#)

\$113 USD
raised in 25 days

2% funded 8 days left

\$5,500 USD goal
Fixed Funding

Your contribution

\$5, \$10, \$100

CONTRIBUTE NOW

INDIEGOGO

SELECT A PERK

\$1 USD

Take one..That's a wrap! (not)

The pitch video of this campaign was not shot in one take. Far from it. On the Gallery page You find a clip about it. Receive a password for it and take a peek behind the scenes. (contains strong language in English and Finnish)

XMASQuest24 aimed to raise 5,500 USD, of which they managed to raise only 2% by the end of the campaign. As they had chosen fixed funding for the campaign as the screenshot above shows, they couldn't keep any of the 113 USD they raised during the campaign.

The issues with this campaign seem to be:

1. Not catching viewer's interest

The video thumbnail does not give any information about the product, besides making it seem as a usual advent calendar. For a product that claims to be advent calendar 2.0, as in an improved version of the old one, this is a miss in terms of marketing.

2. Description lacking information

The video thumbnail lacks information, so the viewer will see if the description text under it gives more details about the product or project. The description claims that the product is "superb" and a "brain-teaser" in addition to being custom-made. That description still gives the viewer no idea what the product actually is, whether it is a real product or something virtual.

3. No marketing plan

The person behind this product has clearly worked on it for some time and put effort into developing it. The field in which the campaign is lacking is marketing. The product has not been made appealing enough for the potential consumer and/or funder. The aspect of being a Finnish product was shown in the video on the profile page, but that alone does not guarantee success.

3.1.2 Caddieye - Rangefinder on your phone

Another example to look at would be for a product which is currently in development called Caddieye. This product aims to help golfers estimate the distance from themselves to the hole in which they are trying to land the golf ball in. The product consists of an extra device you attach to your smartphone and a mobile application that you use to read the data measured by the device.

Image 19. Caddieye campaign's Indiegogo profile page.

Caddieye - Rangefinder on your phone

Hämeenlinna, Finland Technology

546

Share

48

Tweet

8


G+

Embed

Link


Follow

Story Updates 1 Comments 0 Backers 17




Caddieye is the first golf & disc golf rangefinder which integrates seamlessly with your smartphone.

#discgolf #golf #rangefinder #app #earlybird



Timo Haapaniemi
480 Facebook Friends
LinkedIn Verified



Technology
Hämeenlinna
Finland
7 Team Members

[Contact](#) · [See More Details](#)

\$3,081 USD

3% of \$90,000 flexible goal

17 backers

8 days left

Featured

\$99 USD + Shipping

Caddieye SUPER EARLY BIRD

For a purchase of \$99 you will get one Caddieye Rangefinder. When you buy a Caddieye Rangefinder you will automatically receive an application with all the course information.

0 out of 25 claimed
Estimated delivery: July 2016
Ships Worldwide

GET THIS PERK

\$15 USD

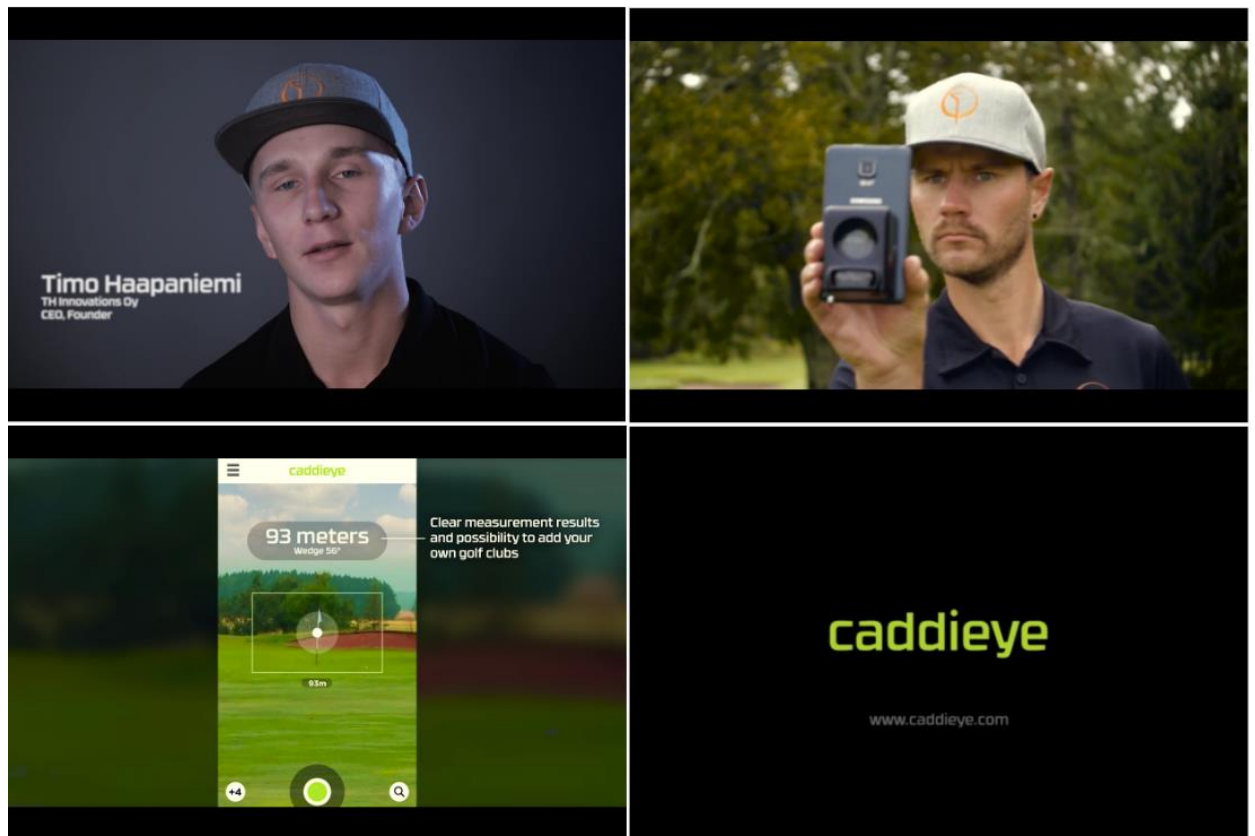
Free app + all courses

For a purchase of \$15 you will get Caddieye application for free with all courses in golf/disc golf apps.

CaddiEye's goal funding was 90,000 USD, but they raised only 3% of that by the end of their campaign. They had chosen flexible goal for the campaign, as shown in the screenshot above, which means they could keep the 3,081 USD they raised during the campaign.

The CEO and founder of the company, Timo Haapaniemi, demonstrates how the product works on a golf course in the promotional video in their funding profile. The introduction talk lasts only 20 seconds and the rest 85 seconds of the video show the product in use.

Image 20. Screenshots from Caddieye promotional video.



The second issue with the video, in addition to it being short (one minute and 45 seconds total length) is that the person introducing the product has not much charisma in terms of speaking in front of a camera. His message is delivered with the enthusiasm of Finnish Formula1 driver Kimi Räikkönen. The CEO must have had someone he could have used to deliver the message, perhaps another golf player with better public speaking skills.

Another issue with getting funding for this product might be that the target group is golf players, which is a small part of the total population of Finland. According to the Finnish golf association's (Suomen Golfliitto Ry) annual report for 2014 their members reduced by 1 476 to 142 778 by December 31 2014. In comparison to the total population of Finland, 5,491,615 people, golf players make up about 2.6% (Suomen väestökisterikeskus 2016).

The main things to note from this case are:

1. Put effort into marketing the idea

Products do not sell themselves, which is why you need to endorse them by highlighting the benefits to the user. When the potential investors see that the product can be useful and fill a gap in the market they will be interested to fund it.

2. If your product is aimed at a very certain and small part of the consumer base make sure you have all relevant channels of notifications available.

In this case, golf blogs and clubs could have been used to promote the campaign to raise more funds.

3.1.3 Jurase Park – a dinosaur theme park

The project called Jurase Park first got publicity in Finnish media in October 2015, when it was reported that Vantaa city planning was going to decide whether Jurase Park would get a reservation for a planning license (Jokinen, J. Helsingin Sanomat 2015).

In the beginning of 2016 a crowdfunding campaign was started to fund the dinosaur theme park in Vantaa, more precisely an area called Kivistö. The campaign took place on their website www.jurasepark.fi, which is no longer available by mid-February. The project was widely covered in Finnish media due to the similarities with Sunny Car Center, a well-known failed Finnish business project (Rissanen, V. Helsingin Sanomat 2016).

Image 21. Jurase Park website screenshot (Kinnunen, K. Suomen Kuvalehti, 2016)



As the screenshot of the project's website above shows, the goal to be funded by crowdfunding was 1.450.000 €, which is a significantly large sum compared to the other example cases in this thesis. The screenshot also shows that the funding opened January 25 and no funds had been raised yet.

The project had a promotional video on YouTube, which can be seen in the screenshot above. The video has been removed by mid-February with only some parodies remaining. The video included Jurase Park Oy CEO Sumalee SaeLeaw introducing the area in Kivistö where the theme park was supposed to be built. Several other people recommended building the theme park in the video by claiming it to be similar to a living room for people living nearby where they could spend their free time with their families. A building specialist claimed that the theme park building itself would be built in a shape that accentuates the mystery of the now extinct creatures that we know as dinosaurs. Some sample images were introduced where the park seemed like a tropical garden with large plastic dinosaurs amusing the visitors.

The project offered two kinds of funding methods: family shares (perheosake) and single shares (sinkkuosake). All investors were promised a guaranteed profit of seven percent (Kinnunen, K. Suomen Kuvalehti 2016). The investors were also promised discounts on food and drinks in the park and admission tickets.

Image 22. Discounts for shareholders in Jurase Park.



The image above is a screenshot from Jurase Park's website, posted to a Finnish discussion forum Murobbs. The image may seem to be too ridiculous to be true, but when I visited Jurase Park's website when it was still working in January 2016 they actually did have this published. For a project that has not gathered any funding it seems suspicious to publish such detailed information this early in the project. Also, a discount for a coffee and a bun sometime in the future is not much of an incentive for a potential investor to put thousand(s) of euros of their own money into the business.

Another thing that raised an issue for the success of Jurase Park was the use of trademarked imagery without approval of the owners. The name and logo are very similar to the ones used for a theme park in the movie Jurassic Park, of which the trademark belongs to Universal Studios (Universal Studios 2016).

One other reason for the public to be dubious about this project was that the required documents had not been sent to the crowdfunding site through which the funding was supposed to happen. For this reason FundedByMe removed Jurase Park from their fundable projects (Rissanen, V. Helsingin Sanomat 2016).

The latest news about this project were published February 15 2016, when Metro newspaper reported that Vantaa city planning council had declined the building license for the theme park on their land. The company behind Jurase Park project was required to give City of Vantaa a more detailed report on their plans to set up the park. Due to the report submitted not being detailed enough the theme park will not get a license to build on the 4 acres of land in Kivistö, Vantaa.

The news article also mentions that the husband of SaeLeaw, Jarmo Leppäniemi, has been involved in several criminal fraud cases and convicted for one. Also, Leppäniemi's last business has been under criminal investigation (Malmberg, L. Metro 2016).

There are several things to learn from this case when planning a crowdfunding campaign:

1. Make sure the people involved are reliable and have not been in charged for fraud

Investors need to know their investment is going towards the project, not just for the personal use of the people in charge of the project

2. Give accurate financial data to your potential investors

Claims of a certain percent of annual guaranteed profit for investors have to be based on realistic calculations of the profitability of the business

3. Make sure any names of products or services used in your business or the project itself have not been previously trademarked by someone else.
For Finnish registered trademarks, check Trademarks at Finnish patent and registration office's website (Patentti- ja rekisterihallitus - Tavaramerkit)

4 Discussion

Now that the successful and not successful cases have been studied, what can we gather from these? The main issues were listed, but how do these points benefit Finnish start-ups?

Starting a business might not be difficult, but making it a success requires work and planning. The pros and cons shown in the examples will help guide start-ups in the right direction when making decisions about how to exactly raise funds through a crowdfunding campaign on any of the websites mentioned earlier in the thesis.

If a start-up with a small amount of starting funds is considering whether creating a marketing plan with the help of professionals is going to benefit them, the success cases show that it definitely does help. Some of the projects listed earlier that help Finnish businesses can also help start-ups with creating proper marketing material aimed at the right market, e.g. events hosted by Finpro. This spring Finpro is hosting an event series in several Finnish cities including Oulu, Jyväskylä and Tampere. These events are titled "Maailma on markkinasi" which translates to The World Is Your Market. The events cover several issues through which businesses can market themselves – technology and customer service as examples (Finpro 2016).

4.1 Timo Vuorensola's recommendations

After Iron Sky: The Coming Race crowdfunding campaign successfully finished on Indiegogo in 2015, CoFounder magazine interviewed the director, Timo Vuorensola about crowdfunding and the film industry. He gave the interviewer, Tarmo Virki, some good advice which all start-ups considering crowdfunding should know about.

When asked about how to build something new on crowdfunding, Vuorensola replied that there must be either an obvious need for the result or a really good fan base, which in case of movies is usually the latter one. To create a fan base or gain a crowd of supporters you need at least a proof of concept to show that you are not selling just promises.

The interviewer also asked Vuorensola what he learned from launching the original Iron Sky campaign on ten different platforms. Vuorensola replied that none of the campaigns were particularly successful, which is why he recommends focusing all the traffic into one place. It will be much easier to create the traffic needed for a campaign to succeed and be personally present at keeping it updated when there is only one campaign to take care of. "You can participate in the discussions and host the campaign better," says Vuorensola.

Virki wanted to know also what Vuorensola thought to be the key challenge for crowdfunding, to which the first, short response was "communications". "You need to create the buzz to excite people. You need to get your message through. (---) The first weekend is often crucial, to get the starting bang. The first 72 hours after the official opening are the most crucial, these matter the most," elaborates Vuorensola. He also adds in another part of the interview that in a crowdfunding campaign you need to communicate and show details of your project as soon as you have them.

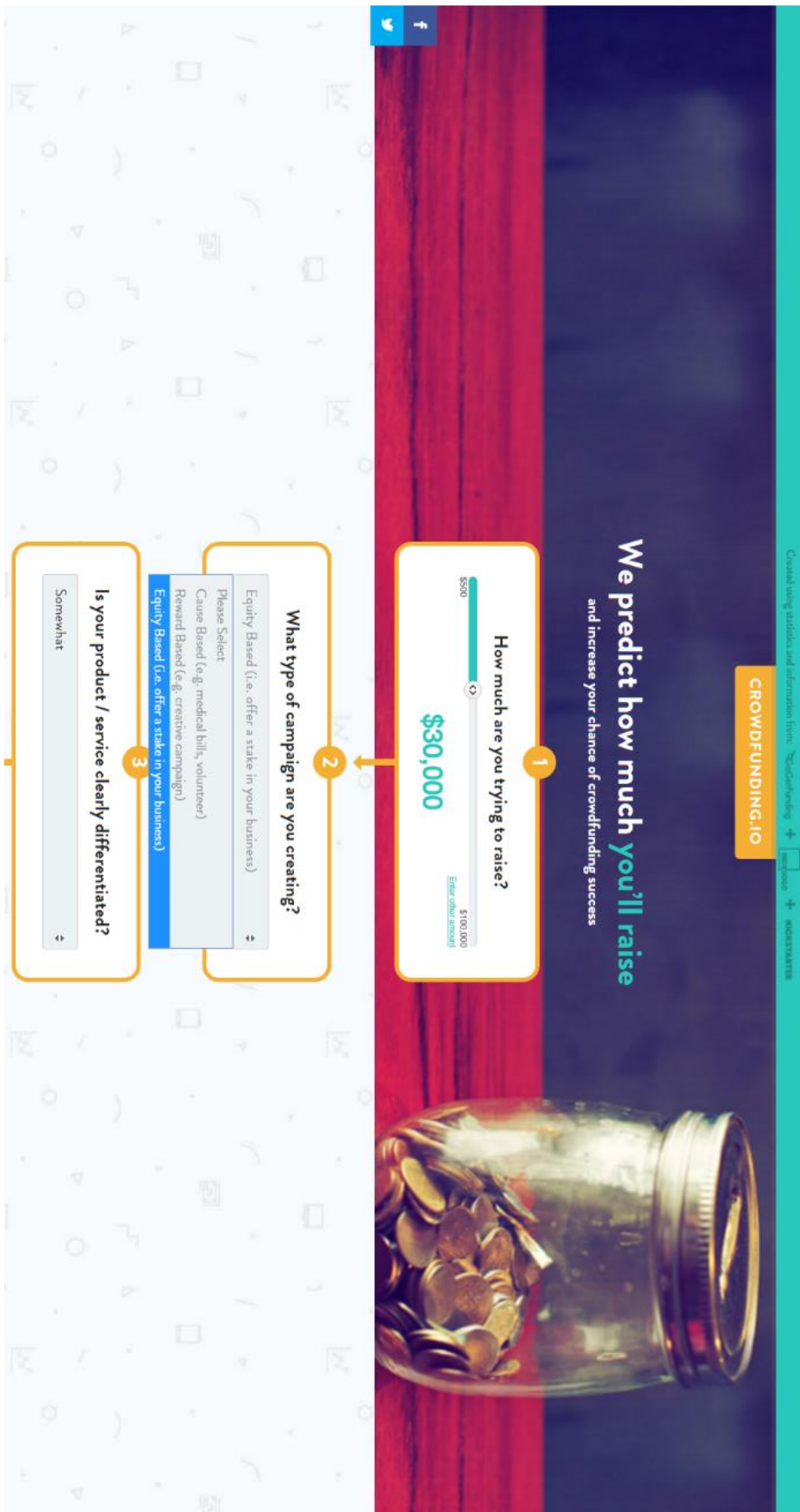
Vuorensola gives another great piece of advice when asked whether crowdfunding creates a risk of the crowd having too much influence on the outcome of movies and projects in general. He responds by saying that mostly rather strong directors manage to raise money through crowdfunding that are not easily persuaded by a crowd of people.

4.2 Tool for estimating success of crowdfunding campaign

In addition to the do's and don'ts gathered from the examples earlier in this thesis, a start-up can use a questionnaire tool to predict how their crowdfunding campaign will succeed. On the website crowdfunding.io you can enter the goal amount you are aiming to raise through your campaign and answer 10-15 questions about the details of the campaign, such as "Will you have a campaign video?", "In 3-5 years, approximately what return should investors expect?" and "How many people are in your fundraising team?". The tool uses statistics gathered from three crowdfunding websites GoGetFunding, Indiegogo and Kickstarter. Based on previous campaigns it will calculate approximately how much funding your project will get through

crowdfunding. It will reflect on some of the answers you gave to the questions and offer you feedback.

Image 23. Crowdfunding.io funding campaign success estimation tool top of page screenshot



In the screenshot above the beginning of the questionnaire is shown. You start by entering the amount of money you are trying to raise in USD and the next question

then asks “What type of campaign are you creating?” The previous question determines what the next questions will be and how many of them you will need to answer before getting the analysis of your crowdfunding campaign.

Image 24. Crowdfunding tool result example

The image shows a screenshot of a crowdfunding tool's results page. At the top, a yellow-bordered box contains the question "In 3-5 years, approximately what return should investors expect?" with a dropdown menu set to "Can't say" and a score of 15. Below this, a dark blue banner with yellow text reads: "It's unlikely that you'll meet your fundraising target. Based on what you've entered, we estimate that you will raise between \$-3,698.4 and \$-7,718.4. You mentioned that you will also be reaching out to press – this increases your upwards potential exponentially but that has not been factored into your figures as you would then see a huge range – and because getting the right coverage is tricky." To the right of this banner are social media icons for Facebook, Twitter, and a plus sign. Below the banner, a white box with a yellow border contains the text: "Of course, each campaign is different and our estimate based on the average campaign. Here are key statistics on the most successful campaigns that you can take away to improve your own chance of success:" followed by a section titled "Campaign Statistics" with a list of five bullet points: "Campaigns that are shared fewer than 2 times have a 97% chance of failure", "Campaigns that can gain 30% of their goal within the first week are more likely to succeed", "The most successful campaigns took an average 11 days preparing for their launch", "Campaigns that run for less than 40 days are 6% more likely to reach their goals than campaigns that go longer than 40 days", and "Campaigns with videos under 5 minutes were 25% more likely to reach their goals".

I entered some answers to the questionnaire and ended up with the result shown above – my project would end up in me losing funds due to money wasted on an insufficient

campaign. It gave me feedback on the question "Will you actively be reaching out to the press once your campaign gathers momentum??" where I replied yes.

5 Creating guidelines for Finnish start-ups

First thing to do before creating the guidelines is to gather the collected do's and don'ts together to see the most common ones.

The do's:

1. Be original
2. Get funders involved
3. Give the funders high expectations
4. Create a brand
5. Show the benefits of the product to the consumer
6. Finnish design
7. Work hard on creating your crowdfunding campaign
8. Choose a platform that benefits you the most in the campaign
9. Spread the word

Make sure everyone you know also knows about your campaign and have them also tell their contacts about this. The crowdfunding websites usually have a lot of other projects available and will only promote the most successful ones on their site. Notify relevant blogs (industry, start-ups, etc.) about your campaign, prepare an article or a press release about your project/campaign.

10. Set a reasonable target amount to be raised

If you have a large following on social media or plenty of contacts, a reasonable goal with a good plan will show potential visitors that you have realistic expectations. The accurate sum will always be different according to the project and time schedule when the project will be finished – creating distribution channels, buying production facilities, etc.

11. You should focus on one platform, but you can also try to use more than one campaign to raise funding by different methods – equity-based and reward-based crowdfunding
12. Keep your plan clear for the potential investors

Show how you plan to deal with competition, show why the people in your team are qualified to tackle problems, show where the revenue is coming from, etc.

And the don'ts:

1. Not catching viewer's interest
2. Description lacking information
3. No marketing plan

The person behind this product has clearly worked on it for some time and put effort into developing it. The field in which the campaign is lacking is marketing. The product has not been made appealing enough for the potential consumer and/or funder. The aspect of being a Finnish product was shown in the video on the profile page, but that alone does not guarantee success.

4. Not enough effort into marketing the idea

Products do not sell themselves, which is why you need to endorse them by highlighting the benefits to the user. When the potential investors see that the product can be useful and fill a gap in the market they will be interested to fund it.

5. Run the campaign without using available promotion channels

If your product is aimed at a very certain and small part of the consumer base make sure you have all relevant channels of notifications available.

6. People involved in the campaign and project have no expertise in the subject or have been charged with fraud

Investors need to know their investment is going towards the project, not just for the personal use of the people in charge of the project

7. Give accurate financial data to your potential investors

Claims of a certain percent of annual guaranteed profit for investors have to be based on realistic calculations of the profitability of the business

8. Make sure any names of products or services used in your business or the project itself have not been previously trademarked by someone else.

For Finnish registered trademarks, check Trademarks at Finnish patent and registration office's website (Patentti- ja rekisterihallitus - Tavaramerkit)

The list cannot be used as guidelines for the length and repetition in it, so a shorter version was created, for the reader to be grasped more easily:

How to successfully crowdfund a start-up:

DO

- **Be original**, create a brand that people will remember
- **Communicate** your plan, progress and ideas to your followers
- **Promote** your project, show the benefits and need for it
- **Plan** your crowdfunding campaign way ahead
- **Choose the right platform** in terms of users, region, visibility, potential
- **Use all channels of communication** and media that you can to **spread the word** about your campaign
- **Set a reasonable target** amount of funds

DON'T

- Keep the campaign to yourself
- Leave the campaign lacking in essential information about your business plan
- Rely on the product and campaign marketing themselves
- Use any people or trademarks in your plan that could cause legal problems
- Give the investors ridiculously high or low incentives and expectations

The main points in the list of do's have been bolded so that it would help the reader to immediately see the idea in the bullet point, which otherwise includes an entire sentence.

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