

# **Crowd-Sourced Funding for Media Properties**

Sure, fans can be your viral marketers and your digital evangelists, but did you know they could also be your investors and your digital angels?

Innovative developers and producers are turning to their future customers to finance the properties these audiences want to see made.

App developers are turning to the wholesale marketplace, where savvy individuals will put up cash to share in revenues of future mobile apps.

With more than \$280M invested in 35 different crowd-funding platforms during 2011 – an average investment of \$8M per funding round – it is clear that the industry has reached a level of maturity that merits attention from the media production sector.

"Don't leave money on the table!"

In the FanTrust spirit of top recommendations to clients, we would also like to add, "Don't leave money in the digital ether." Here are some places you can go online to crowd-source funding for your projects.

#### **Kickstarter**

Kickstarter is powered by an original all-or-nothing funding method where projects must be fully-funded or no money changes hands.

## How Funding Works

Kickstarter takes a 5% cut if your project meets or surpasses the funding goal.

Why use Kickstarter's "All-Or-Nothing" model?

- 1. It's less risk for everyone. If you need \$5,000, it's tough having \$2,000 and a bunch of people expecting you to complete a \$5,000 project.
- 2. It allows people to test concepts (or conditionally sell stuff) without risk. If you don't receive the support you want, you're not compelled to follow through.
- 3. It motivates. If people want to see a project come to life, they're going to spread the word.

### Successful Project

Rise and Shine: The Jay DeMerit Story (Documentary on Vancouver Whitecaps Star)

- 1,937 backers, \$223,422 (\$215,000 goal)

### IndiGoGo

IndieGoGo is an online platform for anybody in the world to raise more money, from more people, fast.

# How Funding Works

Indigogo holds back 9% on every dollar raised, but releases 5% back when the funding goal is reached. This brings the net fee to 4%. The 5% is released at the end of the campaign. Indigogo will keep 9% if the project doesn't reach its goal.



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Why Use IndiGoGo?

IndiGoGo provides all the tools needed to build a campaign and share it with the world.

### Successful Project

Life Doesn't Frighten Me (Short Student Film)

- 163 Funders; \$14,015 (\$9,000 goal)

### Appbackr

Appbackr is one example of a crowd-funding marketplace for mobile apps. It works with both a funding and a revenue share model. Developers finance an app through wholesale buyers ("backrs") on the Appbackr marketplace, giving developers immediate funds.

### How Funding Works

- Developers connect with backers to help fund, market, and distribute their apps.
- Backers make a profit as the app sells in retail app stores. Appbackr allows anyone to take part in the new app economy...and make some money.
- Financing: Developers receive 78 percent of the money invested by a Backr; Appbackr takes a 22
  percent cut.
- Revenue: Once the app sells to consumers, the Backr, Developer and Appbackr revenue share
  according to a ratio of 12-10-3; Backr receives its original investment plus its revenue share on every
  app sold; the Developer receives a revenue share of every app sold: Appbackr receives a revenue
  share of every app sold

## Why use Appbackr?

Creating an app is hard work. Appbackr gives developers a place to find like-minded people to help support them.

### Successful Project

The first app designed for the U.S. Congress POPVOX MarkUp

POPVOX is a neutral, nonpartisan advocacy platform that meshes legislative data with individuals' personal stories and sentiment. POPVOX delivers public input to Congress in a format tailored to actionable policy decisions and empowers users to leverage their expertise and numbers.

Contact FanTrust to help build your winning CrowdFunding strategy, relationships and roll-out for your next digital entertainment project.