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Capstone Project: Project Report  
State-of-the-Art Solutions in Crowdfunding  
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## Introduction

Equity crowdfunding is a hot area. It is a web 2.0 enabled operating model, that promises fewer entry barriers. However, since the introduction of the technology, the market has become rather diluted with crowdsourcing platforms leveraging ever-smaller niches. For that reason, the client's need was multifaceted; increase operating profits, decrease operating costs, boost customer experience, and online reach.

The project is partitioned into four phases; idea, analysis, execution, and delivery phases. The last phase pertains to the presentation of the project, therefore, only the first three phases of the project are discussed.

## Idea Phase

Before the first consultation with the project sponsor, a preliminary research was conducted on the area of crowdfunding. This included different sources, such as academic literature, online magazines, like Forbes, and YouTube videos. The aim was to obtain a feel and a context for the consulting project. The initial exploration helped a lot in the further discussions, in terms of showing a general understanding, as well as laying a foundation for the industry insights provided by the project sponsor.

As part of the Idea Phase deliverables several topics were selected for further exploration:

Firstly, the in-depth review and analysis of the client's website. The aim here was to understand the structure and identify potential bottlenecks, or aspects that may hinder turnover. This included the analysis of the registration process, the funding and investing processes, as well as the services provided, and the educative contents found on the website.

Secondly, an analysis matrix, scrutinizing competitor crowdfunding entities. The goal was to gain an overall understanding of the competitors in the equity- and the donation-based crowdfunding industry. Special attention was given to the best practices, the user interface of the website, the registration and investment processes, the content offered by the entity, as well as the unique features.

Thirdly, a literature review based on the academic resources of the industry. This deliverable was given special attention. Crowdfunding has been around for more than a decade now, and as such, there's a good amount of research on several aspects of it. However, due to the pragmatic nature of the project, the academic resources were not considered in isolation.

Contrarily, the review intended to focus on the practical aspects in parallel with the industry best practices and the client's operating model.

Fourthly, an in-depth look into token-based blockchain financing. Distributed ledger technology and blockchain technology are gaining increasing popularity, and they certainly have an acknowledged use case. Since one of the aims of the project is to reduce the friction in the investing process, blockchain technology seems a useful research direction to look into.

Lastly, the branding aspect of crowdfunding. The idea here was to have a basic overview of value creation aspects of branding, as well as gain a deeper knowledge of online content strategy.

### Analyze Phase

As part of the "Analyze" phase deliverables, the following results turned out:

The client's website seems to work fine on an operational basis. That is, the registration and the investment processes are both straightforward, and simplified to the least amount of friction. A state-of-the-art AI solution is used for authorization, which completes the KYC in a matter of seconds. Therefore, unless the regulations change, the operational friction is minimized. Contrarily, the user interface and design seem less taken care of. Some functional elements overlap with pictures, which creates confusion as to where certain buttons are. Moreover, the pictures are low quality in some places, rendering the whole user experience unprofessional.

Concerning the analysis matrix, several competing crowdfunding sites were analyzed. Perhaps, the most important finding of the analysis was the quality of the websites of the competing platforms. They all have very compelling user designs, with a clear easy to use interface. Moreover, they all have strong content, supporting the design and services of the websites. The analysis matrix will be included in the final deliverable, focusing on the following; price, strengths and weaknesses, web design, services, and the application process.

The literature review is mostly based on "Crowdfunding in Europe" by Gruntje and Gajda. The authors compiled a long list of relevant peer-reviewed literature elaborating on hot topics around crowdfunding, such as what are the distinguishing characteristics of successful projects, and how can crowdfunding platforms take their operation to the next level. A detailed literature review will be included in the final deliverables.

Blockchain and crypto-based financial products are very hot right now. The main idea behind using a token-based crowd is to reduce friction associated with the overly regulated

crowdfunding sector. However, due to the pragmatic and practical nature of the projects, after the analysis phase, the idea was limited to a one-pager deliverable.

After the analysis phase, the branding aspect will be more focused on content strategy. That is, an online content strategy framework will be designed to support the online presence of the client.

### Execute Phase

As part of the “Execute” Phase the following final deliverables will be provided:

Crowdsourcing framework for generating more user activity. Crowdsourcing has been one of the main directions identified in the literature review, which received more attention beyond the theoretical aspect. Crowdsourcing is an expanded form of crowdfunding, where the public and the investors are included in the project on a deeper level. As such, investors may contribute their ideas and expertise to the given project. Such involvement is beneficial to generating investor engagement, network effect, and a general buzz around the project. Certainly, it is also a risk mitigating and market validation function due to the involvement of the prospective customers. Lastly, it also helps with converting investors into customers. Therefore, a detailed process with an actual product was designed to showcase the theory. Moreover, an online platform was also presented to the client, which supports crowdsourcing.

Apple Wallet compatible digital certificates for increased user experience. One of the problems with equity-type crowdfunding investments from the younger generation’s perspective is the lack of instant gratification. When buying a stock or other financial assets, there is usually a sort of an immediate “dopamine” rush associated with the purchase and the possession of the financial product. However, in the case of crowdfunding purchases, the gratification aspect lacks behind, since there is no feeling of “possession”. The best case scenario is a online platform showing the purchase. The online wallet certificate is intended to fix just that. It comes with every purchase, and helps achieving a feeling of possession. Moreover, it is also functional thanks to the QR-code located on it. It carries discounts, event tickets, etc.

Investor Dashboard; another problem in the industry is usually the lack of information flow after a successful project. Once the project is funded, the project owner’s lose their incentive for providing updates and important measures about the product, service, etc. With the implementation of a centralized “investor dashboard”, the aim is to curb that. The investor dashboard would show multiple KPIs and major milestones about the project and functions as a newsfeed for important decisions and information. Moreover, the dashboard would also allow for interaction between backers, spurring more engagement and user activity.

An online content strategy with examples: the client's online reach lacks behind. Therefore, the aim was to increase the reach and thus gain new investors, and active users for the platform. For that reason, an online content strategy was designed to maximize the quality and reach of the platform.