



On-line Consultation on Crowdfunding in the Danube region

Deliverable D3.3.1 Report

1. Overview

Motivation of the online consultation

Within the CrowdStream project all project partner regions will develop strategic documents to ensure the transfer of the project results to their regional innovation systems and to improve the access to alternative finance for SMEs, start-ups and social enterprises at a regional as well as transnational level across the countries of the Danube area.

All CrowdStream partner regions have started a continued dialogue with local stakeholders and potential target groups for crowdfunding activities and established stakeholder networks at local level. Based on the analysis of regional crowdfunding potential, each partner region has developed and drafted ideas for local innovation support actions to improve the frameworks for alternative finance.

At this stage, it's outmost important to come back to the local networks and get more advanced input in order to deliver strategic recommendations and action plans from the project that really fit for the environments of the partner regions. Findings and results from that consultation will be further discussed within the project partnership and used as a valuable guidance in the phase of finalizing of Regional Action Plans and developing Transnational Policy Recommendations.

Implementation of the online consultation

Under the task lead of the CZ partner JAIP, the CrowdStream partnership developed a concise questionnaire to organize a transnational online consultation with a mutually agreed survey design:

Questionnaire

- Focus on a limited number of questionnaire items (3 topics) that represent main topics of the CrowdStream policy recommendations
- Ticking boxes for predefined answers or scales + open questions
- Use of an online tool (Google Forms) that supports easy handling for respondents

Survey target group

- Stakeholders from all partner regions that have provided us with a MoU to participate and support the CrowdStream stakeholder network
- Further relevant stakeholders that project partners would like to invite into their stakeholder networks

Timeline

- Survey prepared and ready for circulation by 30.11.2018
- Due date for response: 21.12.2018
- Partner discussion of draft survey results: 27.12.2018
- Finalisation of online consultation report by 31.12.2018

2. Content of the consultation

Topic 1: Needs and potentials of relevant target groups among potential crowdfunding campaigners

Q: From your point of view, which of the following target groups for potential crowdfunding campaigners is the most relevant in your region, has a high demand for access to alternative financing mechanisms and shows high potentials for being successful in crowdfunding?

3 answers to choose (low relevance – average relevance – high relevance)

Categories of target groups:

- Technology-intensive Start-ups
- Innovative SMEs
- Traditional SMEs
- Social business entrepreneurs
- Bottom-up civic initiatives
- Other target groups ...

Assessment per category of target groups

- Important economic factor in our region
- High demand for new financing mechanisms
- High potential to implement crowdf. campaigns

Topic 2: Development of suitable support measures in local business support organisations

Q: From your perspective, which would be the most important services that public business support organisations (BSO), like innovation agencies, technology centers or regional development agencies, should provide in order to improve the access of their local stakeholder networks to crowdfunding mechanisms at local level?

3 answers to choose (low relevance – average relevance – high relevance)

- Awareness raising for potential crowdfunding campaigners (SMEs, start-ups, social entrepr.)
- Awareness raising for potential crowdfunding backers or crowd-investors
- Trainings in crowdfunding for different target groups
- Advisory / coaching services for project teams preparing a crowdfunding campaign
- Financial support instruments issued by the BSO for the preparation of a crowdfunding campaign (like e.g. vouchers or funding schemes to finance expert support)
- Creation of a local pool of experts/advisors on crowdfunding
- Calls for crowdfunding projects managed and financed by the BSO
- Other recommendations regarding BSO support: ...

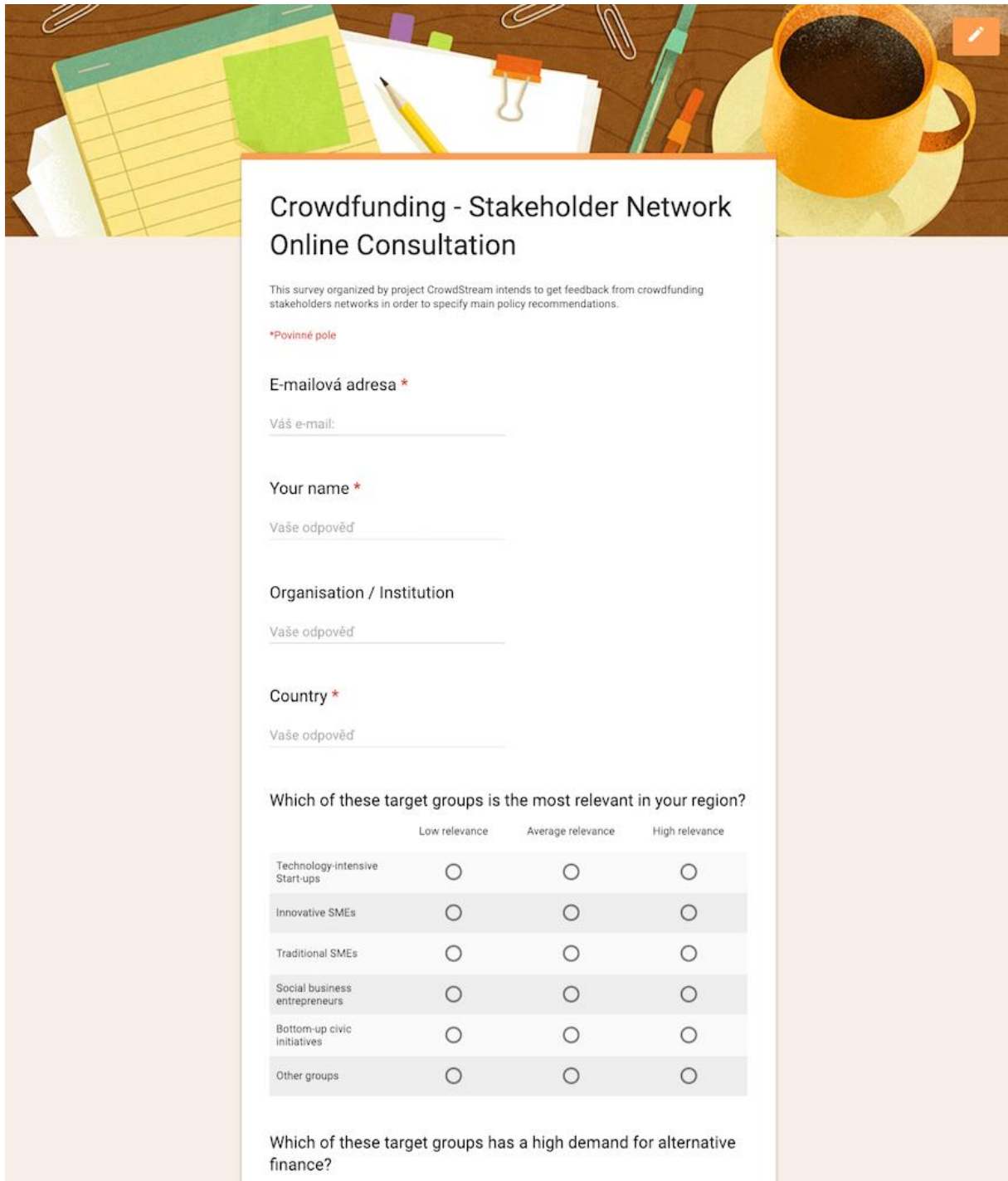
Topic 3: Main recommendations for improving access to alternative financing mechanisms / crowdfunding in the Danube countries

3 answers to choose (low relevance – average relevance – high relevance)

- Improvement of legal framework conditions in single Danube countries
- Creation of a transnational legal framework across the Danube region
- Creation of a transnational legal framework across EU
- Establishment of crowdfunding hubs offering expertise, trainings and support in the single Danube countries
- Establishment of a transnational network of business support organisations that are active in the field of crowdfunding

Other recommendations:

Preview of the survey on Google Forms:



Crowdfunding - Stakeholder Network Online Consultation

This survey organized by project CrowdStream intends to get feedback from crowdfunding stakeholders networks in order to specify main policy recommendations.

***Povinné pole**

E-mailová adresa *

Váš e-mail: _____

Your name *

Vaše odpověď _____

Organisation / Institution

Vaše odpověď _____

Country *

Vaše odpověď _____

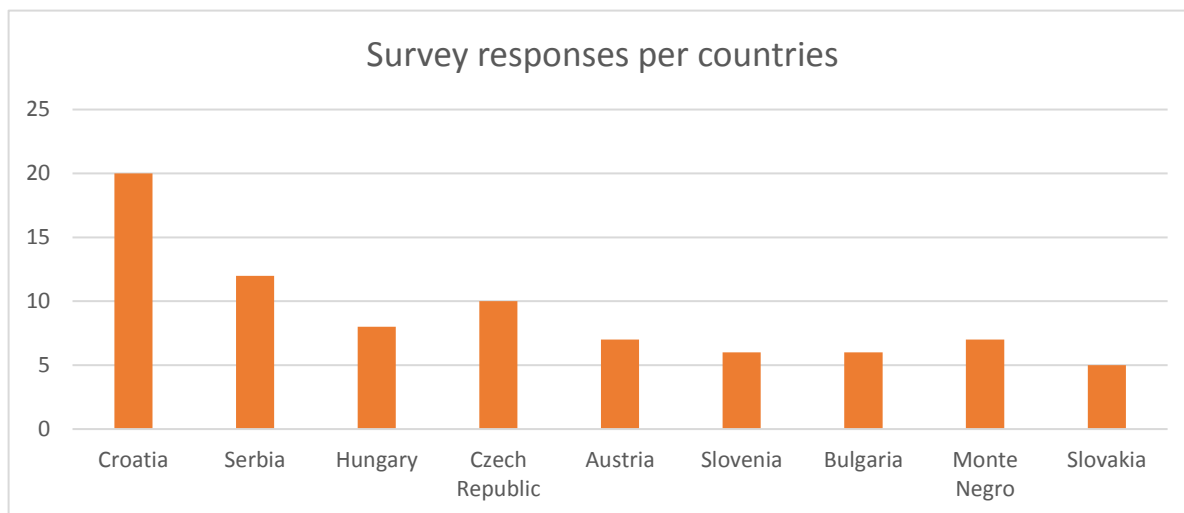
Which of these target groups is the most relevant in your region?

	Low relevance	Average relevance	High relevance
Technology-intensive Start-ups	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Innovative SMEs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Traditional SMEs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social business entrepreneurs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bottom-up civic initiatives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other groups	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

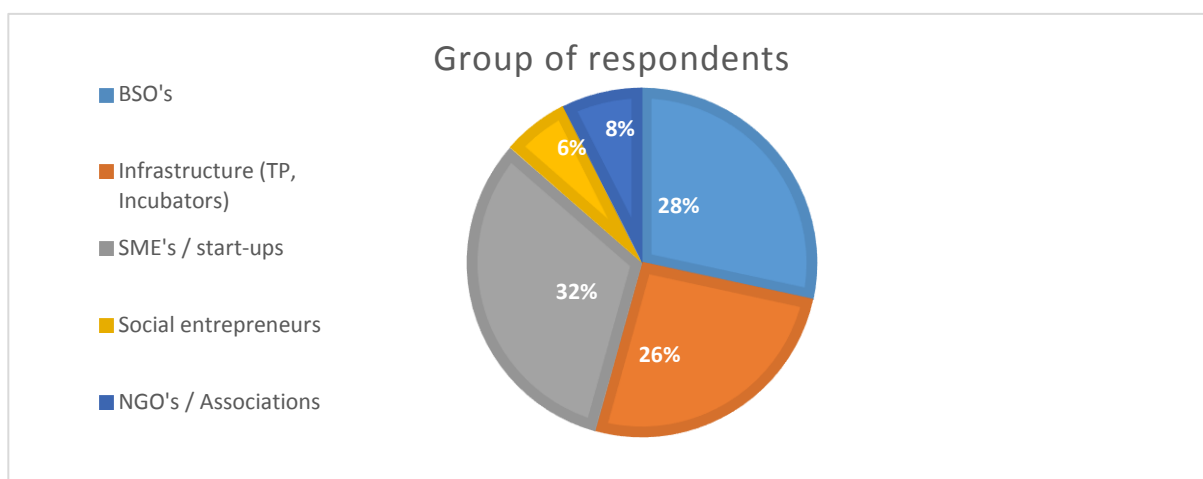
Which of these target groups has a high demand for alternative finance?

3. Results

Overall statistics of the survey



Between 1st and 21st of December 2018 over 80 responses were obtained in the online survey from all Danube regions within the project area. Among partner regions the largest share of filled questionnaires was submitted by Croatian participants, which is probably due to the activating effect of the CrowdStream mid-term conference that took place in the midst of the survey period on December 12 in Zagreb. Geographical coverage of all other project partner regions is well balanced in the sample.



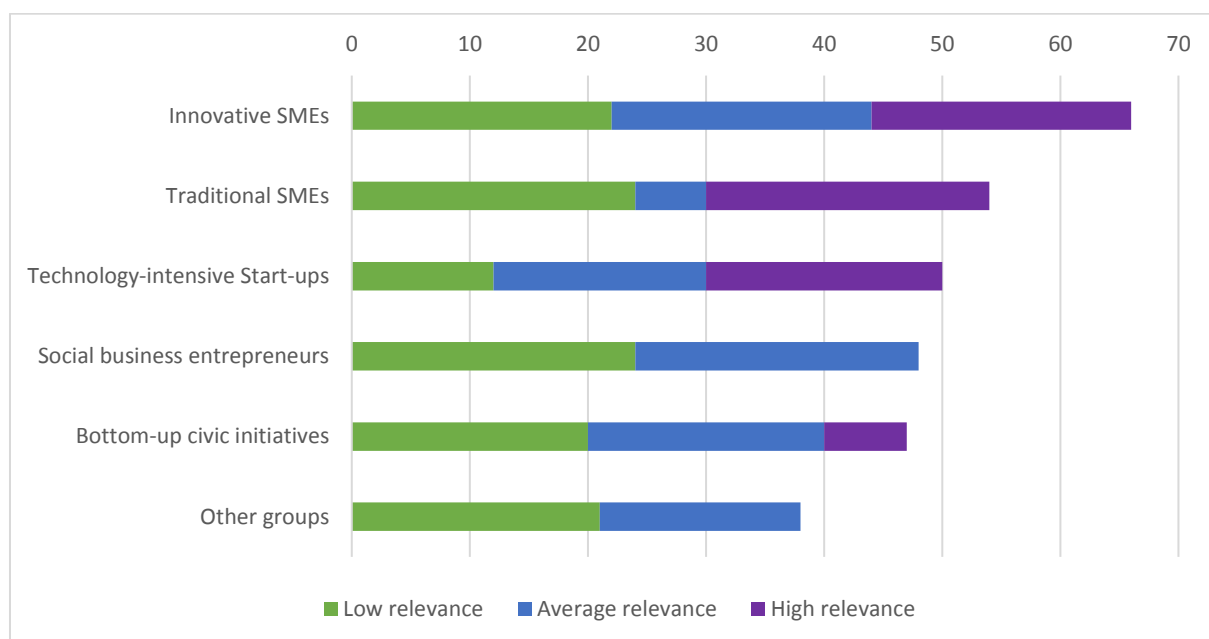
Regarding the representation of the project target groups, the above figure shows that the main project target groups are strongly represented in the survey results. SMEs and start-ups make up for one third of the survey respondents, innovation or business support organisations as well as infrastructural institutions, like technology centers, incubators and similar innovation system actors, count for approximately one quarter each, representing together around half of the responses received.

Main findings of the on-line consultation

In this chapter, the results for each of the survey questions are presented and discussed with regard to their relevance to the ongoing strategic project activities (regional action planning, inputs for the development of joint policy recommendations for the Danube area).

In a teleconference held on December 27, 2018, draft results of the online consultation and their implications for further strategic project work were discussed by the CrowdStream project partners. The following diagrams present the survey results for each questionnaire item followed by a brief interpretation done with regard to the target group focus and overall aims of the CrowdStream project.

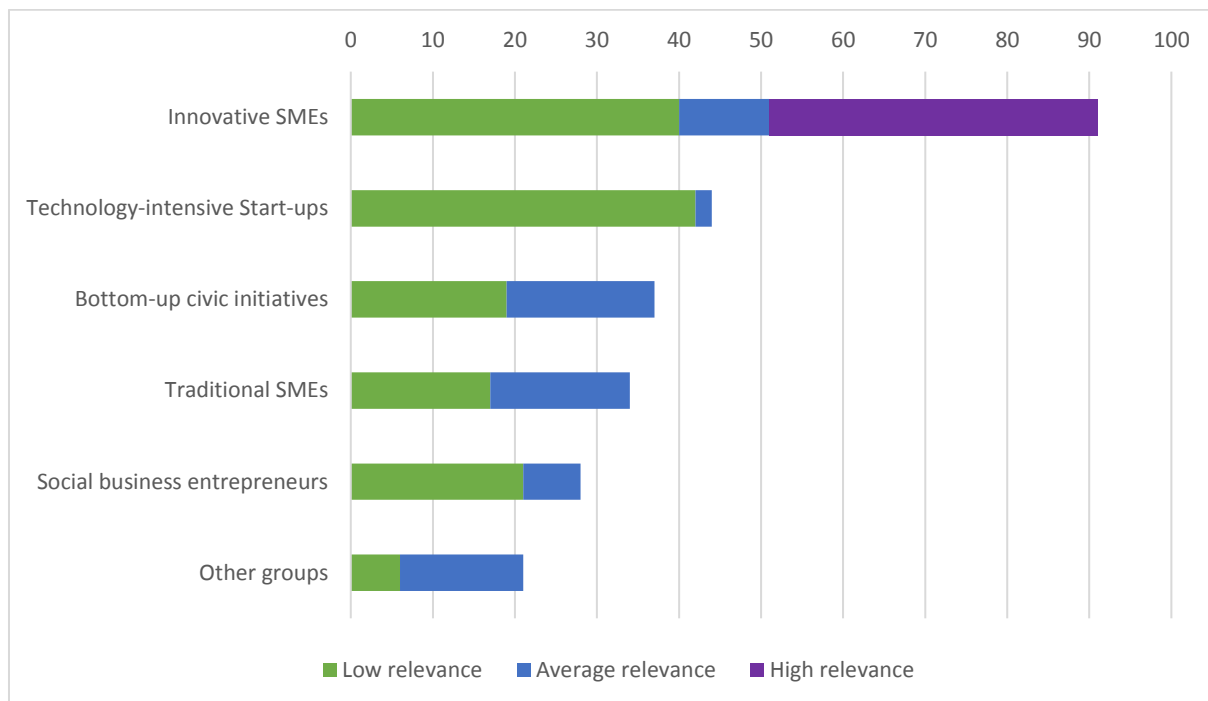
1. Which of these target groups is the most relevant in your region?



In line with the regional analysis done in the CrowdStream project, respondents consider SMEs and start-ups as the most relevant target groups of their regions. It is an interesting finding that among SMEs also the group of “Traditional SMEs” is considered “highly relevant” to a large extent, exceeding even the group of technology-intensive start-ups. This result reflects the actual status of SME based innovation in the project regions and is to be considered as an important input for action planning and the development of policy recommendations indicating that proposed actions to improve access for SMEs to alternative finance should not only address the most innovative enterprises in the target regions but cover the SME sector as a whole.

Another relevant finding lies in the fact that also social entrepreneurs and bottom-up civic initiatives, - although these two groups were overall rated lower than the SME sector - were also assessed as highly relevant actors by a considerable number of survey respondents. This result shows that this type of initiatives also significantly contributes to the landscape of regional actors and needs to be addressed adequately as a significant segment in strategic project work.

2. Which of these target groups has a high demand for alternative finance?



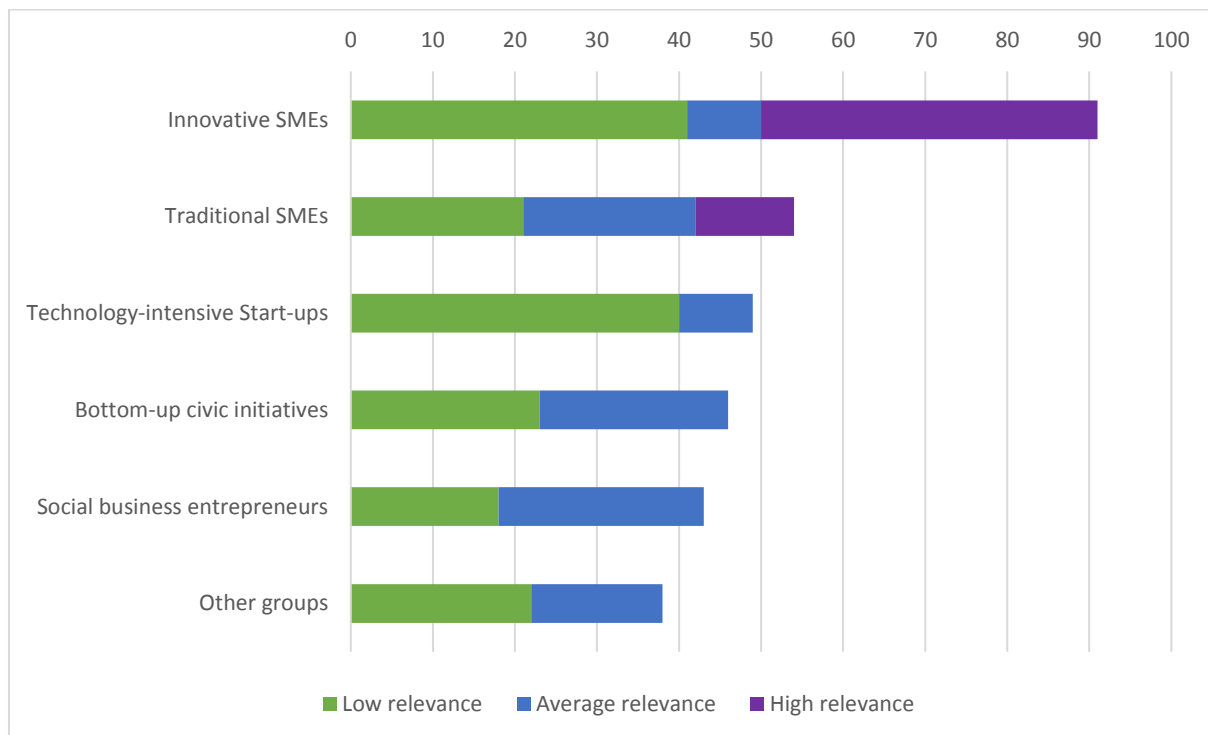
The high relevance of crowdfunding as an alternative source of finance for innovative SME is clearly underlined by the responses to this question. The project partners' discussion leads to the interpretation that these results most of all reflect the barriers SMEs are facing when starting innovation activities that go beyond their day-to-day business. Such innovation projects are mostly considered as a risk and not as an opportunity from the part of the classical finance institutions.

Compared to that, technology-driven start-ups which often operate in an academic environment or are placed in start-up incubators benefit from the high attention to their endeavours and from specific funding instruments that are created to support this target group.

The demand of traditional SMEs as well as bottom-up civic initiatives and social enterprises seems to be less visible and less significant in terms of finance resources needed, at least from the point of view of the survey participants. CrowdStream partners discussed this point as a relevant contradiction to the results of question 1.

If social innovators are considered as a relevant constituent of the regional ecosystems in the Danube region, as indicated by question 1 results, their demand for finance also needs to be addressed. Crowdfunding can be an approach to raise money and motivate local people in support of social and civic projects. However, it seems that specific efforts need to be taken to reach out for these niche players as they seem to be not yet fully recognized within the overall picture of local innovation actors.

3. Which of these target groups has a high potential to implement crowdfunding campaigns?



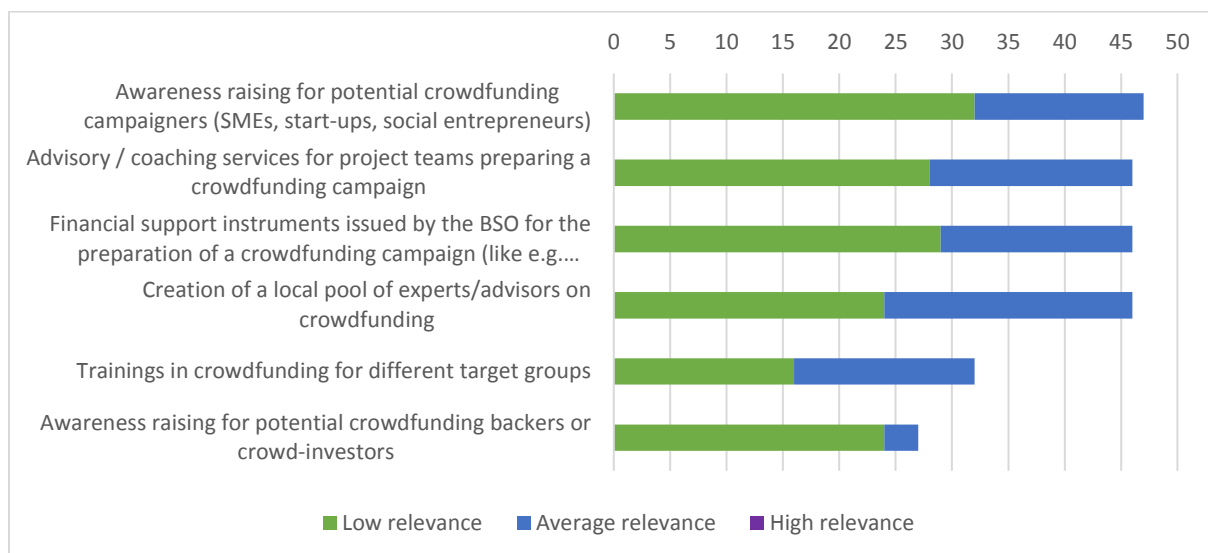
This question addresses the capability of different target groups to develop and run a crowdfunding campaign within their specific business context, including also external support. Generally, respondents considered existing SMEs, most of all innovative SMEs, as the kind of organisations for which crowdfunding campaigns are feasible to be implemented.

Reasons for this assessment might lie within the SMEs themselves, meaning the existing organisational structure and strength of an innovative SME to go for unusual projects like a crowdfunding campaign. On the other hand, innovative SMEs are certainly key target groups that are permanently addressed by crowdfunding platforms and/or service providers which makes it more likely that they will decide to start crowdfunding activities.

With view to the actions planned by the CrowdStream partners for transferring the project results to their regional innovation system, partners discussed that it will be important to further strengthen the innovative SME sector in its attempts to gain access to alternative finance

However, there are also other more specific target groups which are less prominent as niche actors but should be continuously addressed. Therefore, capacities for understanding of target group capabilities and support demand need to be built up in business support organisations, specifically in such organisations that deal with civic and socially motivated initiatives, in order to open the opportunities of crowdfunding for them as an instrument of finance and crowd motivation as well.

4. From your perspective, which would be the most important services that public business support organizations (BSOs), like innovation agencies, technology centers or regional development agencies, should provide in order to improve the access of their local stakeholder networks to crowdfunding mechanisms at local level?



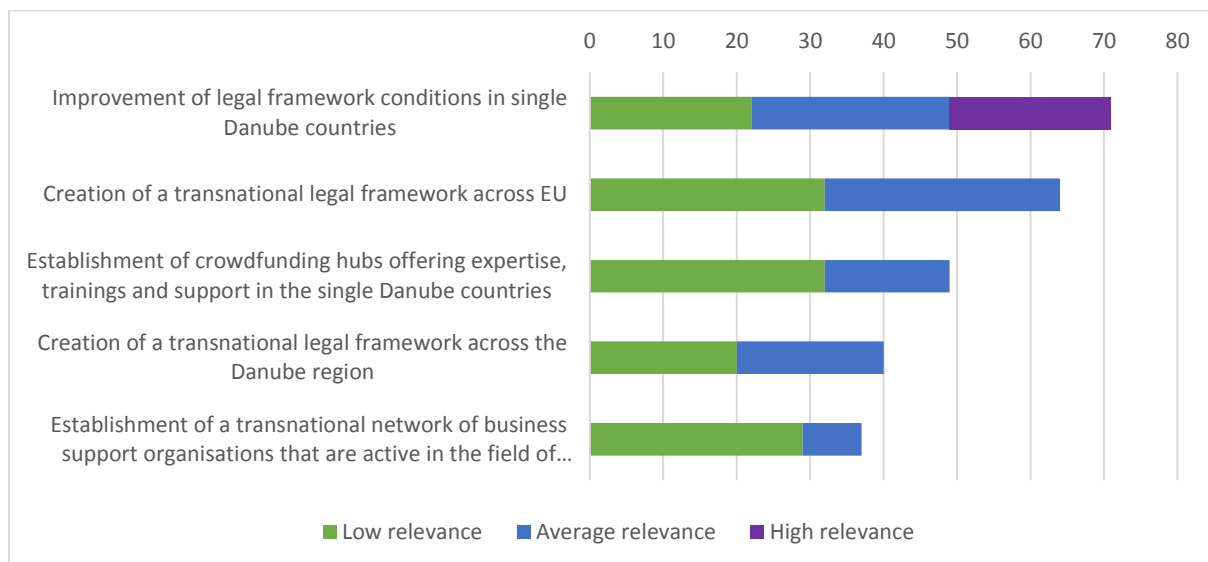
During the design of the questionnaire it was decided to include this question to obtain feedback from the survey respondents about the relevance of the proposed multi-phase model of BSO support as presented in the CrowdStream training materials for business support organisations (Training Module #6).

The main finding from the survey results is that BSOs ideally should offer a wide range of non-financial and financial support services acc. to the opinion of the respondents.

Interestingly, there are less votes in favour of a differentiated BSO support for different groups of potential crowdfunding campaigners. With view to the significant representation of BSOs and innovation system actors in the sample of survey respondents (see survey statistics on page 3) and given the importance of addressing different crowdfunding target groups acc. to their specific needs, project partners discussed these results as a mandate to intensify capacity building activities for business support organisations within and beyond project implementation.

The same conclusions can be drawn from the fact that awareness training for potential crowdfunding backers or crowd-investors was considered the least relevant issue acc. to the feedback from survey participants. This is a clear contradiction to the level of knowledge that the project partners have built up in the course of CrowdStream project implementation. None of the numerous experts from crowdfunding platforms or related service sectors that were involved in project activities as external advisors, key note speakers, or subcontractors, would have confirmed these results of the online survey. Raising the awareness and educating potential “crowds” is always considered as a key success factor by anyone who is familiar with the crowdfunding sector. From the perspective of the CrowdStream partnership, this particular result once again underlines the importance of crowdfunding-related training for all actors within the crowdfunding system which includes campaigners, support organisations, crowdfunding service providers and, finally, crowds of people that are willing to spend small amounts of money to support a project idea.

5. Main recommendations for improving access to alternative financing mechanisms / crowdfunding in the Danube countries.



The final question put in the online consultation concerns the improvement of legal conditions and the establishment of support infrastructure (“crowdfunding hubs”). These are two issues which were identified by the project partnership as the most relevant framework conditions to improve the uptake of crowdfunding and the access to alternative finance for the project target groups in the Danube partner regions.

The results for this question clearly indicate that the adoption of reliable legal conditions for the implementation of crowdfunding mechanisms in the single Danube countries is of outmost importance for the deployment of the crowdfunding and, generally, for the alternative finance sector. While Austria currently is the only project partner country with a dedicated legal act in place, the status of legislation process on alternative finance is ongoing at different pace in the other partner countries. Some of the project partners are directly involved in the definition of legal framework conditions in their countries providing inputs based on the results of the CrowdStream project. The survey results once more underline the urgency of the legal issue. Beyond that, also the creation of EU-wide legal framework conditions is highly rated in the survey results whereas a legal solution that covers primarily the Danube countries received less votes.

Besides the legal topics in the survey question, it is mainly the establishment of regional crowdfunding hubs that received a high voting. Again, the situation in this regard is diverse in the different partner countries as partners’ discussions of the hub approach have shown. The less regional crowdfunding markets are developed, the higher the relevance of a crowdfunding hub functioning as a one-stop shop for potential crowd-campaigners. It can be assumed that this is reflected in the average rating of the hub proposal.

6. Other recommendations / remarks from the respondents

A free text box was provided at the end of the questionnaire for further comments that the survey participants would like to communicate. Main comments received concern:

- the demand for BSO support of the initial Due Dilligence process in the case of crowd-investing in order to lower the cost barrier for potential campaigners
- the request for involving policymakers to include crowdfunding as supporting tool in start-up and SME support
- the suggestion to showcase good practice in crowdfunding in local conditions of the Danube countries

The survey results and all suggestions received will be discussed by the partnership when developing the joint policy recommendations which will be developed as one of the main project results to enable a sustainable transfer of the project results to the regional innovation eco-systems of the Danube countries.

4. Conclusions

The responses to the online consultations confirmed several assumptions of the CrowdStream partnership which were derived from the analyses and exchange of experience along project implementation.

- Innovative SMEs can be seen as the key target group to enhance uptake of crowdfunding mechanisms in the Danube partner regions.
- However, the focus of proposed innovation policy actions and strategic recommendations should not be too narrow as also other potential beneficiary groups are of significant relevance for further development of regional eco-systems. On one hand, crowdfunding should be promoted also as an instrument that can help traditional SME to take first steps towards innovation. On the other hand, also bottom-up initiatives and social projects represent a relevant niche sector with a need for finance that could be satisfied through the involvement of local crowds.
- There is a lack of awareness regarding the different needs of the above-mentioned potential beneficiary groups which needs to be overcome through dedicated capacity building measures to teach business support organisations how to raise the interest and capabilities of local project owners and local potential “crowds” and how to support potential crowd-campaigners efficiently.
- The adoption of regulatory and the establishment of local hubs as one-stop shops for potential crowd-campaigners and network node for experts, service providers and platforms is seen as a promising approach, particularly for those partner regions which are just in the early phase of developing a crowdfunding market.

Inputs from the online consultation will be further discussed and analysed by the CrowdStream partnership and feed into the transnational policy recommendations that will be delivered until May 2019 as a main project output.