



SVALBARði

Crowdfunding As A Financing Option In The Fine Waters Space

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About Us



Disclaimers

- I'm not an expert on crowdfunding or capital raising
- This isn't legal or financial advice, seek out your lawyer or certified financial advisor
- **However:** I am a businessperson like you. I am going through the crowdfunding process and have learned things that can give you early knowledge



Crowdfunding types

- Online begging? Free easy money from strangers?
- Types and unique roles:
 - Donation
 - Rewards
 - Equity (focus today)
 - Debt
 - ICO (utility vs security tokens)
- My focus today: Equity in Europe (but will mention other types/places)



Pros & cons versus traditional financing

- Traditional options: Own savings, F&F, angels, government programs, VC/PE, banks
- Crowdfunding adds something new:
 - Some version available at most stages
 - Valuable marketing/community-building tool
 - Faster than VC/PE, slower than F&F/own savings
 - “Crowd” aspect often oversold, most funds raised from own network most of the time. Possibility of big platform upside there, but usually just “gravy”
 - A lot of work, not free
 - Platforms usually meaningfully assist...for a price...with risks (campaign goal requirements)
 - Reduces awkwardness of reachout



Huge variety globally

- Wide variation and rapid changes in different regions:
 - Regulations
 - Depth & sophistication of investor base
 - Experience & sophistication of platforms
 - Secondary markets
 - Cross-regional raise challenges
- Some bottled water brands that have done CF:
 - Minvino (Sweden)
 - Veen (Finland)
 - Divinia (US – Idaho)
 - All successful but varying raise targets
 - Coming up – Svalbarði



Purpose of a crowdfund

- Understand this is marketing effort as much as fundraising
- Build brand/community/evangelist network, raise funds quicker, funds without control issues of VCs/PE, platform network (varies a lot)
- Remember you're selling investor returns/shares and/or a cause or relationship, not your product
- Makes approaching F&F and your network much less awkward. Inviting to check a webpage or come to an event much easier than asking someone close to you "will you give me some money?" Just as important, makes easy for them to share the campaign with their networks



Some of the equity CF platforms

- Europe:
 - Crowdcube (UK), Seedrs (UK/Germany), Funderbeam (Estonia/UK), Fundedbyme (Sweden), Folkeinvest (Norway)
- US:
 - Seedinvest, WeFunder, Startengine.
 - But also bunch of Angel type platforms that blur the line
 - Difference between Regulation CF and accredited investors important (platforms sometimes do simultaneous raises)
 - Cross-regional raises with US tough both because of known regulations and unclear issues
- Australia/NZ also have some solid platforms. Many countries around the world have nascent sectors



Choosing a platform

- Need to understand pros and cons of each type of raise and each platform
- Most don't accept everyone, they put resources into campaigns and only want ones they believe will succeed, you must apply
- All have “private” phase first, usually requiring 30% or so of funds to be raised before public phase so crowd sees traction
- Knowing your audience is key when selecting platform: who is on the platform, how will your existing network interact with it
- Not common, but running DIY campaign without a platform can be done.
 - Must do many things yourself platforms usually take care of, adding lot more work. Including legalities and trust
 - But save a lot of money (often 5-10% of funds raised)
 - Fact that most funds come from own network anyways means might be worth it for some
 - Flexibility on campaign design and targeting



Service providers

- Beware of snake oil salesmen! Everyone and their cousin can set up a consultancy. Some have real experience, some nothing more than what you could pick up in a couple weeks (or less!) of research
- Campaign consultants:
 - They don't do all the work for you!
 - But can do a lot to help you plan and run some aspects of campaign
 - Pricing varies widely in structure and amount
- Video producers
- Services from the platforms – marketing, legal, fund gathering, etc. at varying pricing
- These aren't mutually exclusive, different providers do different things, some try to do all under one roof



Regulation

- Huge variability around the world
- Regulators struggling to keep up. More mature in some regions than others, more accommodating in some than others
- US legalities very complex, takes more paperwork to launch
- But US has much more flexibility on types of instruments customers will accept, not just straight equity.
- More established angel/VC environment and regulation. That also means crowdfunding straddles line between "crowd" and professional more
- Europe more platforms starting to straddle line as well with "lead investor" and other requirements



Your campaign

- How do you decide how much to raise?
 - What valuation achievable now
 - How much do you *really* need now
 - How much will you need in future
 - How much equity willing to give away now and later
 - What will market bear, is it investor attractive
 - What can you tap from your network
 - When to raise: pre-launch (reward campaign may be better) versus 1st breakthrough versus growth/expansion phases
- Sources of money:
 - 80%+ of money typically from your own network!
 - 30%-ish closed round requirement on most
 - Platform networks, but understand their limits
- Remember you have a lot of info requirements to give
- Some offer perks/rewards to investors as well. Pros and cons



Success factors

- Must have a unique angle for the *investor*. Again, you're not selling your product. They need a market opportunity or cause or relationship to motivate
- This is not easy money. Be ready to work and hustle, it's a full time job
- Vital to pre-plan and schedule whole campaign, online and off
- Make sure your email list and social media following is ready to go, gathered/built in advance, know your network by individual
- Campaign is a story, show the investors a story developing throughout the campaign
- Being personal, being in touch with every potential investor large and small, updates, thank yous, answer questions quick
- Good video very important. "Good" can mean different things, but must be attractive to your target audience. 2-3 minutes max! It's a hook to read more, not whole story
- Rest of the details go on campaign page which for legal and investment purposes must be very detailed



Upcoming Svalbarði equity CF campaign

- Our investor unique selling points:
 - Almost totally open new segment (“luxury water”) with luxury economics, not typical bottled water economics. Not grabbing slice of existing pie, baking new pie with associated upside
 - Common problem of brand differentiation clearly solved, rounded brand, tough for potential new entrants to do same
 - Product/company fully developed, beta-tested and operating
 - 24 month plan targeting clear profitability from CF funds
 - Help us help whole sector succeed by showing there are extremely unique things in Fine Water space. We can be complementary to your work, succeed together
- Chosen to do on own without a platform because we have close networks we see have potential to provide NOK 3mn – 9mn target. Local Svalbard community, F&F, fine water enthusiasts
- Private phase starting now: See me one-on-one after for more info relevant to your situation
- Public phase to begin mid-May. Sign up to our email list by sharing card with me or going to <https://svalbardi.com> (look for pop-up) for updates



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