

A photograph of a shiny, orange piggy bank with a red nose and large eyes, sitting on a dark surface. It is surrounded by a large pile of gold coins. The piggy bank is the central focus, and the coins are scattered around it, creating a sense of wealth and investment.

Funding of entrepreneurial ventures



Source: <http://dilbert.com/strip/2015-09-11>

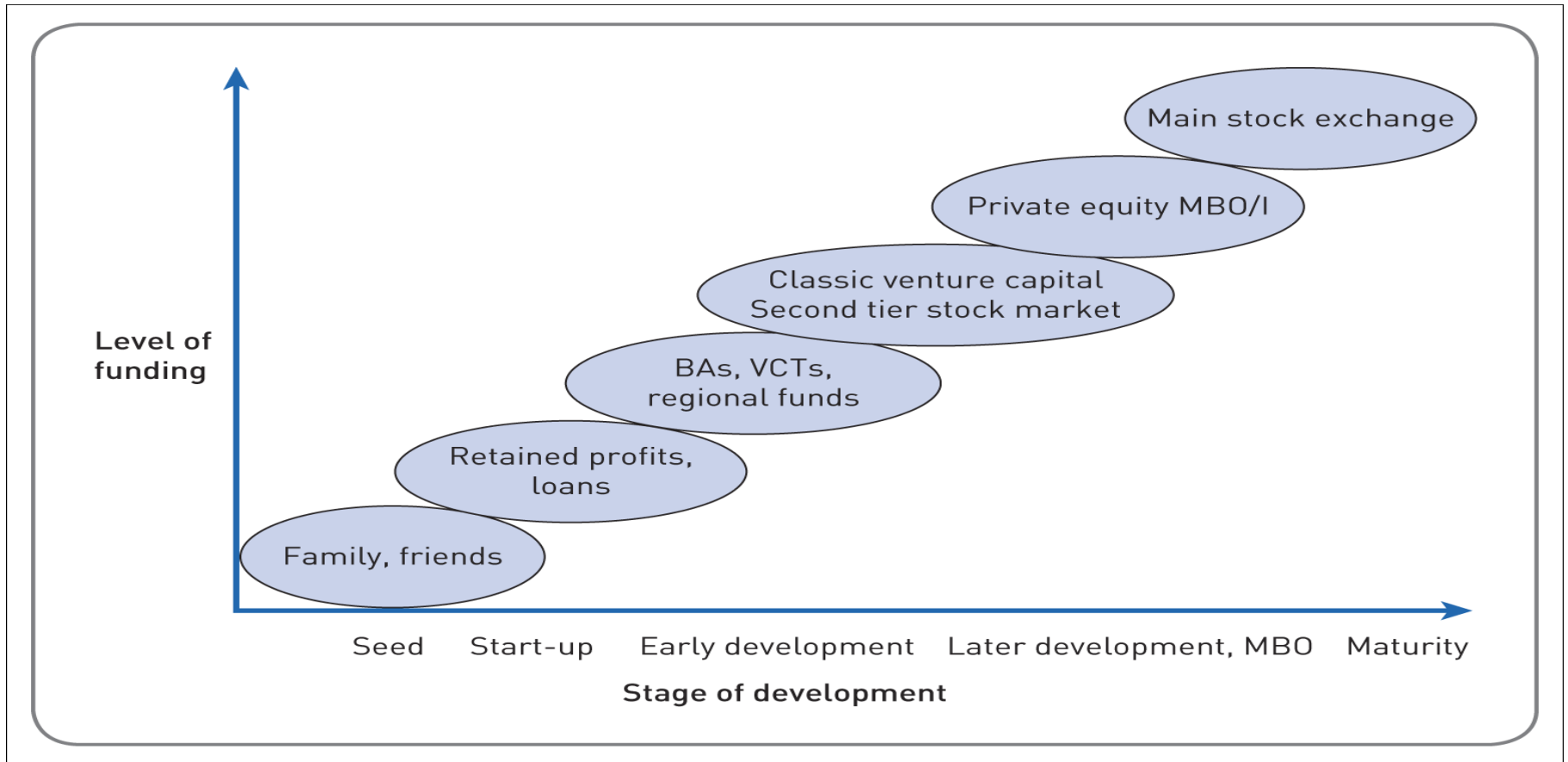
Revenue models

- Subscription models
- Freemium eg LinkedIn
- Limited Free Trial eg Netflix
- One-off monetization eg iTunes
- Advertising-based monetization (Product or service is free, revenue from ads and critical mass) eg Facebook
- Product is free, but you pay for services eg Linux
- Razor blade model eg Printer vs. Ink
- Portfolio / Product line pricing e.g. e-commerce Stores
- Feature / Menu-based pricing (Monetization mainly through add-ons)

Cash !!!!!

- Cash is always tight in the start up phase
 - Initial start up capital is expensive so rarely have lots of surplus cash
 - Launch delayed
 - Unexpected costs
 - Customers pay late
 - Suppliers wont give credit
- How can the cash be stretched out
 - Defer salaries – founders work for free
 - Try and get things for free – use your network
 - Credit from suppliers
 - Find a way of generating revenue quickly – proof of concept, test customers, discounts for early adoption or early payment.

Private Equity and Venture Capital Market



Finance over life-cycle stages



Crowdfunding: what is it?

- **Crowdfunding** is the practice of funding a project or new venture by raising monetary contributions from a large number of people (the “crowd”) typically via the Internet.
- **Crowdfunding Programs**
- Rewards-based crowdfunding allows entrepreneurs to raise money in exchange for some type of amenity or reward.
- The most popular rewards-based crowdfunding sites are Kickstarter, Indiegogo, and RocketHub.
- Equity-based crowdfunding helps businesses raise money by tapping individuals who provide funding in exchange for equity in the business - sites include FundersClub, Crowdfunder.com, and Circle Up.

Bootstrapping

Buy used instead of new equipment.

Coordinate purchases with other businesses.

Lease equipment instead of buying.

Obtain payments in advance from customers.

Minimize personal expenses.

Avoid unnecessary expenses.

Buy items cheaply but prudently via options such as eBay.

Share office space or employees with other businesses.

Hire interns.

Business Angels: individuals that invest their own capital in new ventures

Angels typically:

- *are retired serial entrepreneurs or corporate executives*
- *have knowledge of the field they invest in*
- *work closely with the entrepreneur to provide added value*
- *Fund early-stage ventures with “seed capital”*



Photo: Susanne Nilsson/flickr