Crowdfunding a Robotics Team: One Sprocket (or LEGO®) at a Time

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Crowdfunding

the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet.
According to Forbes:

- 2013: $6.1 Billion raised
- 2014: $16.2 Billion raised
- 2015: $34.4 Billion raised
4 Categories of Crowdfunding

- Donation
- Reward (Pre-Sales)
- Loan
- Investment (Equity)
Donation Crowdfunding

- Donation: investor donates an amount of money to your specific cause; nothing expected in return
Rewards Crowdfunding

- Reward (Pre-Sales) - Your donation gives you some form of reward, typically the first generation of a product or invitation to the artists show/exhibit
Fixed vs. Flexible Crowdfunding

- Fixed Crowdfunding: you require a certain dollar total dollar amount for production of a product, creation of a film/album, etc.
- If you do not reach your goal, all monies are returned to the donor
Flexible vs. Flexible Crowdfunding

- Flexible Crowdfunding: no specific dollar amount required (although they may have a campaign “goal”)
- All monies donated (minus fees) is available to the campaign
4 Major Crowdfunding Sites

• GoFundMe.com
• Indiegogo.com
• Kickstarter.com
• DonorsChoose.org
Focuses on giving people the power to raise money for personal causes and life events.

In 2014 - #1 crowdfunding site - $470 million

In 2015 - raised $2 Billion
Donations are NOT tax deductible unless the campaign is started by a certified non-profit; considered a “gift” according to the IRS
Takes 5 minutes to set up a campaign - incredibly user-friendly

5% fee and uses WePay for distribution

Flexible: No need to reach a “goal”, all monies donated are available to the campaign
Donations are NOT tax deductible and considered a “gift” according to the IRS.

Generosity by IndieGoGo is the platform for non-profits which is tax deductible.
IndieGoGo

Offers both donation and reward campaigns
Offers both fixed and flexible campaigns
5% fee plus up to 5% credit card/paypal fee
Marketplace available for products after production
IndieGoGo

Campaigns are more thorough and professional.

#1 platform for artists and entrepreneurs.

Marketplace is a huge plus for distribution.
Fixed projects that must reach 100% of their goal to fund.

Projects must “share” something with the donor (reward).

Not tax-deductible.
Kickstarter

Still the #1 most respected platform for techie and gadget crowdfunding

Projects must “share” something with the donor (reward).

Stress honest and clearly presented campaign.

Prototypes required for “gadgets”
Kickstarter

Platform is user friendly and easily searchable

Much more complex and professional projects

Reward system could be as simple as a name on a robot, sticker, or t-shirt

Campaign is responsible for all reward distribution
#1 crowdfunding site for teachers
All donations are tax deductible
Fixed campaign amount - cannot exceed
Individuals can donate a DonorsChoose gift card to a teacher to be used on future projects
Over 600,000 projects funded with a donor base of over 2 million individuals. $480 million.

Fees are based on shipping and a fulfillment fee - $30.

Donors can choose to support DonorsChoose.org with their donation, up to 19%, to cover the cost of overhead.
90% of the projects that are less than $500 are completely funded within the 3 month funding window.

Larger projects are typically fully funded if the teacher utilizes social media and follows the DonorsChoose email suggestions.
Advantage: Many Many Match offers, ½ off offers, Almost Home (fully funding the project less a $100 donation).

Currently: News Corp has a Robotics match. Selected projects that utilize the word “robotics” in their essay (preferably in their title as well) can have each donation matched dollar for dollar. Project cannot exceed $1200 total, which is around $950 of supplies.
Why they are so amazing:

• Bill and Melinda Gates Foundation has done matches up to $1000 per donor for the last few years during select days - August, Giving Tuesday, #BestSchoolDay
• Flash funded $14 million in March
• Celebrity Endorsements
• Thank You Notes!
How Do I Do it?

• Choose your platform.
• Pay attention to their suggestions and best practices.
• Take the time to create a GREAT campaign.
• “Rewards” - don’t give too many options.
• Pay attention to match offers, contests, etc.
• Utilize social media networks
• Stress to your team they need to help
Donation Facts

- 12% of US Donations happen between Christmas and New Years
- 31% happen from Giving Tuesday to the end of the year
- Monthly donors give 42% more a year
- 64% of donations are made by women
Donation Facts

• Over the age of 50 - donate most often to churches - still using their checkbook
• 18 - 50 year olds - donate most often to individuals, children & schools - online
• 88% of donations to an organization are from the 12% of repeat donors.
Donation Facts

• Average donation amount online was $25.00.
• How many donors do you need?
  – Take your total amount divide by $25
  – 1:8 will donate, multiply by 8
  – That is how many donors you need.
• Raising $10k --
  – 400 people to donate
  – 3200 people need the “invitation” to donate
Questions

DonorsChoose.org