

TOPIC: Crowdfunding

Talking equity crowdfunding and entrepreneurship with Peter Thomson at Seedrs

By ESTHER GOH, 11 Feb 2014



Peter Thomson of Seedrs, an expat Kiwi, talks equity crowdfunding, entrepreneurship and innovation with Idealog

Now that we've all gotten used to the concept of rewards crowdfunding, it's time to get up to speed with equity crowdfunding. One Kiwi at the forefront of the equity crowdfunding wave is [Peter Thomson](#), newly appointed chief marketing officer of European equity crowdfunding platform [Seedrs](#) (named in the continent's [Fintech Top 50](#) for the year).

Thomson started his career as a lawyer in New Zealand working on venture capital and IPO transactions. Since then, he has worked with technology companies and startups in New Zealand, the US, UK and Europe on marketing, branding and public relations. His most recent role was with London based startup accelerator and co-working space the Innovation Warehouse. He's also the author of *Tickle*, a book on digital marketing and social media for technology companies.

He talked to us about the state of the crowdfunding scene, why New Zealand is an ideal environment for equity crowdfunding, and why Seedrs is adopting techniques and ideas from the likes of from Fisher & Paykel, Xero, Air New Zealand and more.

What sets Seedrs apart in the equity crowdfunding space?

Seedrs was the first equity crowdfunding platform to be regulated by the Financial Conduct Authority in the UK and was the first platform to operate across Europe. What really makes Seedrs different is the transparent and straightforward way that we operate. The whole platform is designed to be clear and easy for both entrepreneurs and investors.

And should we expect to see some consolidation in this space in the future?

We will see consolidation in the space at some point, but for now, that's a long way off and the whole industry is expanding rapidly as more and more startups start to see equity crowdfunding as a viable alternative to bootstrapping and traditional angel investment. **Many of the lessons being learned now will help define the industry and the way that innovation and entrepreneurship are funded in the future.**

Can you tell us a bit about Seedrs' selection criteria?

Anyone can invest in startups through Seedrs as long as they successfully complete a quiz to assess their understanding of the risks involved in investing in startups or they are able to self-certify as being high-net-worth or sophisticated investors. Seedrs has an established investor base that includes a mix of professionals such as lawyers, accountants and doctors who see startups as an exciting asset class to have exposure to. We also have plenty of sophisticated angel investors who use Seedrs to diversify their portfolios.

The selection criteria for startups relate mostly to having an accurate, comprehensive campaign and an engaging story. Ultimately, Seedrs is a marketplace and it's not up to us to judge the subjective quality of any individual entrepreneur. Even so, we do provide honest feedback if we think that a startup isn't quite ready for crowdfunding. **The best startups for equity crowdfunding are the ones who could probably raise the funds from their own networks, but use an online tool to make the process faster, easier and cleaner.**

When does it make sense to go down the equity crowdfunding route?

The end result of rewards-based crowdfunding is a one-off transaction. **For small creative projects that aren't looking to make a significant profit, rewards-based can be really appealing.** Whereas with equity crowdfunding, the investor and entrepreneur are in an ongoing relationship (where both parties want to see the company succeed).

We've seen plenty of equity crowdfunding investors provide mentoring, advice, connections and introductions to help the entrepreneur. **Sometimes a startup will fail, but equity aligns the investor and entrepreneur's interests to help the business succeed.**

Any predictions for the crowdfunding industry for 2014?

Equity crowdfunding is already a serious alternative to traditional capital sources for early-stage businesses, but **too many startups have been thinking of the "crowd" as an amorphous blob somewhere out there on the internet.** This year, we will see more businesses realise that crowdfunding from their own networks is a great way to test the validity of a business idea.

If you can convince 50 friends to put down their own cash to back your idea, then you know that people really believe in what you're doing.

Equity crowdfunding is reasonably advanced in the UK - why is that?

The regulatory environment has been part of the headstart that the UK has had in equity crowdfunding. But even more important are the clusters of innovation in financial services and technology in the UK.

Seedrs is based in Shoreditch, where we are surrounded by young, creative and fast-growing startups, yet we're also only a few hundred metres from the financial district and the traditional heart of investment in London. Seedrs is among a wonderful peer group of fast growing fintech startups coming out of London including DueDil, GoCardless, Transferwise, Wonga and Zopa.

Are there some areas of entrepreneurship where New Zealand is actually ahead of the world?

New Zealand is probably ahead of the UK (and even the US) in the area of super-early stage seed investing and bootstrapping. This is because in New Zealand it's easier to identify the most influential investors and to use your personal networks to connect with them. The early investors of Icebreaker and TradeMe both came through personal networks. A lot of those personal and family networks have been eroded in the big cities of the world. In many cities around the world it's hard to network with investors and to even know if a given investor is really credible.

New Zealand is an ideal environment for equity crowdfunding because of the entrepreneurial spirit and closely connected professional networks. **The trick to successful early-stage equity crowdfunding is to raise smaller amounts more frequently from an entrepreneur's own personal network. This pragmatic mindset will suit New Zealand entrepreneurs very well.**

New Zealand is also one of the easiest places in the world to start a company and the lifestyle suits a broader and more creative view of the world. At Seedrs, we're adopting team-building techniques from Fisher & Paykel, branding ideas from Orca, marketing techniques from Air New Zealand, web design tricks from TradeMe and user-interface ideas from Xero.

New Zealand is a great launchpad for an international career and I was lucky to learn my craft at BRR Ltd, New Zealand Trade & Enterprise, Russell McVeagh and the Icehouse. New Zealand also makes the best coffee in the world.

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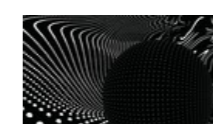
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