

Crowdfunding as purchase and sales financing

start-ups/young companies
innovative high-tech products and/or sustainable solutions
Total package of financing and subsidies/grants

To place **start-ups/young companies** and/or companies with **high-tech products** or sustainable solutions (resource-, environment- and climate-friendly) with leasing companies has also been very difficult for me so far. The established **leasing companies** are extremely "**cautious**" with start-ups/young companies. Very often, at least three annual financial statements are required, which should also be positive. Or the products/solutions are so novel and innovative that the leasing companies consider the product/market risks to be too high. There is simply a lack of well-founded empirical values and reliable value trends (e.g. for residual value calculations). Very often, subsidiarity risks (warranties, guarantees and services) are added to this, as the courts are very favourable to lessees in the event of a supplier/manufacturer default.

In addition, customers increasingly want solutions based on "**equipment-as-a-service**" or "**pay as you use/earn**". These wishes also meet with little approval or interest from most leasing companies, as they do not generate constant and secure monthly leasing instalments.

As an independent consultant and broker, I therefore felt called and challenged to find solutions for this. Crowdfunding (Federal Financial Supervisory Authority Bafin: crowdinvesting and crowdlending) can offer a solution to these challenges.

Crowdfunding (also known colloquially as swarm financing or group financing) provides the required working capital on a debt basis. The entrepreneur retains complete "legroom" and does not have to provide/offer the usual collateral. In addition to **sales financing, purchase financing or order financing** can also be covered.

Even though "the Germans" were initially sceptical about such innovative forms of financing, interest is increasing extremely. The low level of interest rates combined with rising inflation is causing more and more people to look for alternatives to traditional financial investments. And this does not only mean the "wealthy or rich" but also the "normal and small people" who are looking for a **serious and yet high-yield form of investment**. In addition, interest in sustainable investments is increasing. Climate change (including the effects on future generations) poses enormous challenges for all of us as a society.

On the other hand, **companies** offer the corresponding resource-, environment- and climate-friendly solutions, but **very often fail due to financing**. (see above)

What is crowdfunding?

Like leasing, crowdfunding is not explicitly regulated by law (BGB/civil law, HGB/commercial law). There are two variants of crowdfunding: crowdfunding and crowdlending. With crowdfunding ("equity-based crowdfunding"), the crowd as backer receives a share in future profits. With crowdlending ("credit-based / lending-based crowdfunding"), the borrower of capital makes the promise that the crowd, as the provider of capital, will receive a return/interest. However, **a guarantee of success can never be given**. Ultimately, the crowd, and thus the sum of the capital providers, bears the risk. In return, there is the corresponding risk-adjusted interest/return/profit participation. A safeguard is provided by the supervision of Federal Financial Supervisory Authority **Bafin**. The most important information is available at https://www.bafin.de/DE/Aufsicht/FinTech/Crowdfunding/crowdfunding_node.html.

Crowdfunding brings capital recipients (companies) and capital providers (investors) together. It is a real win-win-win situation, because in addition to the companies and investors, society/the state/the environment also benefits. Very often the state also provides strong incentives so that the necessary technical solutions become established. The numerous **subsidies/grants-programmes** are particularly worth mentioning here. The **combination of crowdfunding and subsidies/grants-programmes** offers both parties (investor and borrower) considerable security.

As a financing specialist, I am convinced that I can offer companies a very interesting source of financing through crowdfunding.

Questions

For which companies, sectors/markets/products is crowdfunding suitable ?
Which form of crowdfunding suits which company, strategy and product ?
How are potential investors addressed ?
Who addresses this clientele?
How much does crowdfunding cost a company as a borrower of capital?
.....and many more questions

As a first step, I would be happy to bring interested companies together with the appropriate crowdfunding provider from my network in an initial video conference.

If you are interested, just send me a suggestion for a first video conference.

Greetings from Rheindorf and stay well.