Analysis of Italian Crowdfunding Platforms

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[*cover image: tag cloud created with the definitions of crowdfunding given by the survey respondents*]
Composition of the Italian crowdfunding market
As of November 15, 2012, there were 16 active Crowdfunding platforms in Italy, and five in their launch phase.
Eight platforms were reward-based and five were donation-based. Only one platform can be included in the equity-based model and two in the Social Lending model.
In total, 12 platforms responded to our online questionnaire.

Descriptive list of Italian Crowdfunding platforms

**Reward-based/Generalist**

**Kapipal - [www.kapipal.com](http://www.kapipal.com)**
Kapipal was founded in 2009 by Alberto Falossi and defines itself as a site to raise money online. This is a generic platform that provides funding for any project, particularly personal projects, such as birthdays or wedding lists. Kapipal also defines itself as the first international crowdfunding platform to support personal crowdfunding. It doesn’t impose any fees on projects.

**Eppela - [www.eppela.com](http://www.eppela.com)**
Eppela is a reward-based crowdfunding platform founded in the second half of 2011 by Nicola Lencioni and managed by Chiara Spinelli. It allows for the funding of innovative and creative projects in the fields of art, technology, film, design, music, comics, social innovation, writing, fashion, non-profit organization.
Starteed - www.starteed.com
Starteed was founded in late 2011 by Claudio Bedino. The platform launched in September 2012, and is a crowdfunding site that helps people finance their ideas with the financial and social support of the Starteed Community. The platform integrates the crowdfunding campaign with all subsequent stages of the development and sale of the product, giving the creator the opportunity to sell their product on the platform itself.

Produzioni dal Basso - PdB - www.produzionidalbasso.com
PdB is believed to be the first crowdfunding platform in Italy, founded in 2005 by Angelo Rindone, The purpose of the platform is to "provide a space for all those who want to propose their own project through a bottom-up production system" Produzioni Dal Basso is free and each project proposal is managed independently and without intermediation.

Boomstarter - www.boomstarter.com
BoomStarter is a generalist crowdfunding platform, founded in September 2011 as the first project of the platform itself, raising 8000 Euro. It's an example of the reward-based platform using the 'take it all' model. It is uncertain whether the platform is still active.

Crowdfunding Italia - www.crowdfunding-italia.com
Crowdfunding-Italia is a generalist crowdfunding platform, founded in October 2012. The registration for Crowdfunding-Italia is free and no commissions are imposed on raised funds.

De Revolutione - www.derevolutione.com (*)
Derev is "a platform that allows you to turn your best ideas into revolutions in order to materially improve the world we live in". Founded by Roberto Esposito, the platform is expected to launch in November 2012.

Zummolo - http://www.zummolo.com (*)
Zummolo defines itself as "a crowdfunding platform that helps young creative entrepreneurs with a new perspective." The platform has not been launched yet.

Reward-based/Niche

Musicraiser - www.musicraiser.com
Musicraiser is a reward-based crowdfunding platform dedicated exclusively to music. Founded by Marta Sui Tubi singer, Giovanni Gulino, and his partner DJ and producer Tania Varuni, the platform was launched in October 2012 and hosts fundraising projects for CDs, promotional tours, music videos, concerts, festivals and all that has to do with music.

Cineama - www.cineama.it
Cineama is a platform and a community around cinema, open to professionals, creative professionals and cinema lovers and beyond. The platform, founded by Tania Innamorati, Federico Bo, Antonio Badalamenti, Fabrizio Mosca and Savina Neirotti in 2011, combines
crowdsourcing and crowdfunding, directly involving cinema lovers in the phases of creation, production, promotion and distribution of films, documentaries, shorts, web series.

**Donations**

**ShinyNote - www.shinynote.com**
ShinyNote was born in 2009 from an idea of Roberto Basso and Fabrizio Trentin, from Brescia. The platform officially started in March 2011. ShinyNote was born with the idea and the purpose of "meeting the needs of individuals to find a shared space for affective and emotional expression". The platform is a shared space between non-profit organizations and ordinary citizens, in which one can find more or less positive storytelling about ordinary people and finance solidarity projects.

**Iodono - www.iodono.com**
Iodono is a site for personal fundraising founded in the first part of 2010, a brainchild of DirectChannel, a Milan-based company leader in database management in the publishing and non profit industry. The goal is to allow people to donate online to raise money for nonprofit causes and other causes close to them.

**BuonaCausa - www.buonacausa.org**
BuonaCausa is the "ethic network dedicated to good causes and projects that require support." The platform allows associations, testimonials, companies, donors and activists to collaborate on initiatives and projects of social value.

**Rete Del Dono - www.retedeldono.it**
Rete del Dono is a web platform for the collection of donations for socially useful projects, managed by non profit organisations. It was born in 2011 from an idea of Anna Maria Siccardi and Valeria Vitali, and its objective is evangelising the culture and practice of personal fundraising in Italy.

**Fund For Culture - http://www.fundforculture.org/ (*)**
Fund Culture is a system for collecting funds for culture, which want to "encourage dialogue between those who want to spread culture in Italy and who are seeking support from small donations." This project was founded in Naples in October 2010 from an idea of Adriana Scuotto and Antonio Scarpati. The platform's objective is "to fund cultural initiatives - such as exhibitions, restorations, archives, publications, shows and movies - promoted by artists, non-profit organizations, cultural foundations, public institutions." Fund For Culture is still in its launch phase.

**Donations / Community funded reporting**

**Youcapital - www.youcapital.it**
Youcapital is a platform for managing, publishing and fundraising projects, journalistic investigations and other activities in the world of information and communication. It was founded in March 2010 as an initiative of the Pulitzer Cultural Association.
Pubblico Bene - www.pubblicobene.it (*)
Pubblico Bene is an experimental project of investigative journalism funded by readers and based on the participation of readers and journalists, made possible thanks to the contribution of the GECO project, funded by Emilia Romagna region. The platform, which promotes "a new model of independent information, on a local basis, is based on the model of community funded reporting", and is still in its launch phase.

Donations / Research
OpenGenius - www.opengenius.org (*)
Open Genius offers a new solution to help solve the lack of funds for research: it permits the publishing of research projects on the Web and gathers donors to fund them directly through crowdfunding. The platform has not been launched yet.

Equity-based/Marketplace for startups
SiamoSoci - www.siamosoci.com
SiamoSoci is a marketplace for startups, a "search engine that allows investors to find companies that understand their business." Through the platform, unlisted companies can raise capital from private investors to finance growth, facilitating the creation of "club deals" (investment group) between investors with different skills.

Social Lending
Smartika - www.smartika.com
Arrived in Italy in 2007 as Zopa Italy, after a period of inactivity due to problems with Banca d'Italia, Smartika was funded in the first half of 2012.
Smartika, managed by Maurizio Sella and rest of the team that brought Zopa to Italy, offers the opportunity to do social lending in Italy, regulated and supervised by the Banca d'Italia in order to protect users.

Prestiamoci - www.prestiamoci.com
Prestiamoci, Italian platform for loans between people, was born in 2010, founded by Mariano Carozzi, Paolo Galvani and Giovanni Tarditi, entrepreneurs with significant national and international experience in the world of banking and finance. "Prestiamoci aims to promote as much as possible the exchange of money between individuals without the intermediation of banks or other lending institutions."

(*) Platform in its launch phase (as of November 15, 2012)
History and Geography of Italian crowdfunding platforms

The longest established platform is Produzioni dal Basso (launched in January 2005), followed by Smartika in 2008 (first called Zopa Italy), Kapipal in 2009 and Prestiamoci in 2010. However, the boom year for crowdfunding platform growth in Italy was 2011 with Shinynote, Eppela, Cineama.it, www.retedeldono.it and SiamoSoci all being founded, followed by Musicraiser, Starteed and Crowdfunding-Italia in 2012. On average, the time between the idea generation and the launch of the platform is one year.

Platforms are concentrated in northern Italy, with only one platform located in the center of Italy (Rome) and no platforms in the South or in the islands. One platform is based abroad (London, GB).
Genesis of Italian crowdfunding platforms: rationale and influences
The idea of launching the platforms mainly came from contact with foreign initiatives (especially American) and from the desire to replicate those projects experiences in Italy: "From an idea of a collaborative platform around ideas and projects, I discovered American crowdfunding and I was fascinated by it. I immediately realized that it could be a revolution, made possible thanks to the evolution of social networks, and that could allow many developments also in Europe," "The Italian platforms are not popular and not free. [Our platform] was born exclusively for charitable purposes and it’s free", "Experience of the first social lending to the world", "studying a foreign platform."

ProduzioniDalBasso is slightly different, since it was founded much earlier than the rest of the national and global platforms: "In 2005 the term crowdfunding wasn’t there yet, so I came up with the idea of a horizontal system to support self-productions. This idea originated from the Italian hacking environment."

Crowdfunding models on the Italian market
Among the respondents, two-thirds are reward- or donation-based crowdfunding platforms. The predominant crowdfunding model is reward-based, followed by social lending. Many platforms do not recognize themselves in the traditional models of crowdfunding and propose their own definition: Shinynote speaks of donations, ProduzioniDalBasso does "folkfunding", SiamoSoci is
an "angel investing" platform, ReteDelDono.it does "personal fundraising" for the non-profit sector, and Cineama, at least for the moment, is essentially about crowdsourcing.

**Demographics of Italian crowdfunding platforms**
Founders and CEOs of platforms are between 30 and 50 year-old, although the average age is lower in the field of reward-based crowdfunding, where more than half of the respondents are less than 35 year-old. Founders have gained professional experience in the areas of specialization of the platforms or in the communication field. Over 70% have a qualification equivalent or higher to a degree.
Among the staff and collaborators, 8% are women, and the age range is between 26 and 51 year-old, the average being 39 year-old. 85 % have a degree, 69% met in a professional context, only one is a relative, the rest were introduced through mutual friends.

**Legal form, partners and employees**
Only two platforms are not listed in the Company Register. The others are mainly Srl (Italian equivalent for Ltd), with the exception of Prestiamoci and Smartika (Spa, Italian equivalent for stock corporation), and Crowdfunding Italia (Ltd, based in the UK).
Half of the respondents have only one partner or no partners at all, especially in the reward-based sector. The average is significantly higher when it comes to equity-based and social lending platforms, which have an average of 8 members. The platform with the highest number of partners has got 31.
Half of the platforms have between 2 and 4 employees, the other half does not have any. Employees (permanent and temporary) are typically few in number: the highest being 7 employees.

**Italian crowdfunding in numbers**
The number of projects received by all platforms since their launch is more than 30,000, of which more than 75% were received by Social Lending platforms; almost 9,000 of those were approved / published, of which 28% were successful.

The total value of funded projects amounts to 13 million Euros, mainly raised by social lending (78 %) and equity-based (15%) platforms. Only 7% of the total value of the funded projects is attributable to reward-based/donation-based crowdfunding.
<table>
<thead>
<tr>
<th>Model</th>
<th>Total Value of funded projects</th>
<th>Published / Approved Projects</th>
<th>Successfully funded projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reward-based</td>
<td>E 726,705</td>
<td>1522</td>
<td>242</td>
</tr>
<tr>
<td>Donations</td>
<td>E 245,000</td>
<td>176</td>
<td>130</td>
</tr>
<tr>
<td>Equity-based</td>
<td>E 2,000,000</td>
<td>110</td>
<td>8</td>
</tr>
<tr>
<td>Social Lending</td>
<td>E 10,304,500</td>
<td>5313</td>
<td>1855</td>
</tr>
<tr>
<td>TOTAL</td>
<td><strong>E 13,274,205</strong></td>
<td><strong>8819</strong></td>
<td><strong>2477</strong></td>
</tr>
</tbody>
</table>

Graph n.2 Total value of funded projects divided by models of crowdfunding

The number of projects received by reward-based and donation-based platforms is almost 3,000. About 1,700 of these were accepted and 22% were successfully funded, for a total of nearly 1,000,000 Euros.

The number of projects received by social lending platforms is over 26,000, with more than 5,000 accepted. Approximately 35% (1,855) of the loans were successfully funded, at a value of more than 10,000,000 Euros.

Equity-based platforms raised 2,000,000 Euros.

Reward-based/donation-based crowdfunding projects raised an average of 2,600 Euros. Numbers are higher in social lending (avg. E 4,150/project), while equity based/angel investing stands out with an average of E 250K per project, somehow following a global trend (according to Massolution's “Crowdfunding Industry Report” published in May 2012, 2/3 of reward/donation-based crowdfunding campaign raise less than 5000$, whereas over 80% of equity-based campaigns raise over 25,000$).
**Target market and audience, competitors, collaboration networks**

The target market is mainly national with the exception of two platforms that place themselves on the European market.

All platforms accept individuals proposing projects (with the exception of ReteDelDono, which is only aimed to associations and non profit organisations); however Cineama mainly targets companies, Musicraiser and Produzioni dal Basso associations, and SiamoSoci both; Shinynote targets associations and public administration bodies; Starteed, Eppela and Crowdfunding-Italia to all these categories of recipients.

The competitors are primarily other crowdfunding platforms at a national level (50%) or an international level (30%) but also banks and financial institutions (20%).

Collaborative networks are more diverse: in addition to other national (19%) or international (6%) platforms, and banks and financial institutions (16%), the platforms indicate other companies and professionals (in equal measure, equal to 26%) as collaborative partners, and also educational institutions and associations (both equal at 16%). Market information and technology is the main area identified for opportunities to collaborate.

Only three platforms have entered into formal cooperation agreements. In addition to the exchange of information (customer, market, technology and business management), these agreements are aimed at the acquisition of financial resources, technology and space.
Main issues on the Italian crowdfunding market
The main problems reported by the sector operators are focused on:

- Unclear legislation, many believe that the current legislative framework is restrictive and unclear. They also express concern about reduced funding and high taxation (not valid for the donation based platforms, operating in the non-profit sector)

- Difficulties in understanding the basic principles of crowdfunding by project-holders, lack of strategy underlying crowdfunding campaigns, myth of the 'just put it online’, hence difficulties for crowdfunding platform to find quality projects

- Lack of web culture. Suspicion and mistrust, digital divide, cultural differences, reluctance to online donations/payments among Italians

- Difficulties in the promotion and dissemination of knowledge about the platform themselves and crowdfunding in general

- Difficulties in networking with experts and operators in the sector

- Technical difficulties (especially with payment systems)

Some platforms admit to be doing very little to meet these challenges. However, it seems that there’s a growing awareness of the need for promotion and education. Some platforms have reported being very active in this respect, organizing and participating in meetings and public events to promote their platform and the culture of crowdfunding in general, trying to get in direct contact with organizations that want to publish projects on their platform. A platform declared that they operate 'project-holders tutoring’. Many rely on advertisement and Viral Marketing, PR, Social Network.

The Legal Framework
The recently approved legislation on crowdfunding (included in the Decreto Legge 18/10/2012 n. 179, known as Decreto Crescita 2.0) is seen, by some, as limiting and potentially harmful because it is too ahead of the market. On the other hand, one of the concerns raised is the potential lack of enforcement, i.e. that the whole thing will be soon forgotten with the “usual legislative delays”.
In addition, the current legislation gives a lot of visibility to equity crowdfunding, leaving the reward-based model in the shadow. According to some respondents, reward-based crowdfunding needs at least guidelines in terms of legal and tax matters.

The general wish is for clear rules, accessible to all, which at the same time protect the interests of the less competent. An interesting definition of ‘competent person’ came up too, which is not part of the traditional concept of professional investor, but is extended to all those who have gained the ability to assess a business plan and invest in it.
According to some, tax incentives for investments in startups for individuals and companies would help crowdfunding to grow, and it is important that deductions for donations are made possible.

The response of the donation-based platforms was much more relaxed, since they work in the non profit sector therefore have no particular taxation problems.

Social lending platforms are regulated by the Bank of Italy therefore have no particular legal issues to report.

**What is crowdfunding according to the players in the sector**

We asked those who filled out the questionnaire to define crowdfunding in a few lines. This tag cloud was created with their answers.

- **Progetti**=Projects
- **Finanziamento/Finanziare**=Funding
- **Basso**=Bottom
- **Rete**=Network
- **Folla**=Crowd
- **Idee**=Ideas
- **Raccolta**=Collection
- **Risorse**=Resources
Finally, we asked the platforms to mention the most interesting projects they have hosted. Here in brief are their answers.

**Tonki, Pictosis and Venezia Impossibile** because they are the first projects of a newly launched platform to arouse some interest.  
**Santiago Non Muore** because it was able to engage the community of students and professors at the University of Padua.  
**A short film** who collected a small amount but who managed with great will power to take their offline community by hand and take it online.  
**Styloola** because investors were all strangers to the entrepreneurs before the deal.  
**A project of dolphin therapy for quadriplegics children** that collected over 18,000 Euros through the efforts of private fundraisers.

**Conclusions**

The report highlights a very young yet buzzing crowdfunding marketplace. Platforms are many and varied, and the crowdfunding macro-models they belong to are renovated and proposed in sophisticated forms.  
Having arrived on the crowdfunding scene somewhat late, Italian platforms do seem to be using the 'late comers advantage', building on the experience of crowdfunding platforms operating in more mature markets. This is borne out by the creativity and diversity of the platforms models, and also by the fact that platforms owners are not pigeonholing themselves in specific crowdfunding models, but they're adding a more sophisticated approach and view to them.

However, suggestions that the market is still immature may have some validity. More than half of Italian crowdfunding platforms were founded after 2011 and the sums raised are still relatively small in comparison to the billion and a half dollars raised via crowdfunding at a global level. This may be due to a gap between crowdfunding platform's owners' expertise and the relative development of Italy's web culture. Italy has a latent technological delay and it is still behind the more developed countries when it comes to penetration rate of broadband and Internet usage. This alone could explain the low adoption of crowdfunding, and it seems to be the view of the platform's owners as well. A relatively low and poorly spread internet usage means that people don't spend a lot of time on the Internet, which might affect their confidence with online shopping, and crowdfunding cannot exist without online payment. This, in turn, might be compounded by inadequate third party services, such as complicated payment systems, credit or debit card circuits that are not accepted online, and so on. In combination this may have had an impact on the diffusion of crowdfunding.

On the other hand though, Italy's first movers have gathered significant expertise, and the dynamism displayed recently may herald rapid changes. The introduction of the crowdfunding provision in the Decreto Legge could lead to important changes and developments, especially in equity based crowdfunding which, at the moment, presents itself more as a form of angel investing. But again the fear is that the market is not ready and crowdfunding will have to face
not only a lack of web culture, but also the opposition of Italian investors, traditionally very cautious.

We would recommend a more focussed and systematic educational and promotional activity, that has to be brought forward by the platforms themselves and possibly by an independent and impartial association or organisation whose main objectives are the diffusion of crowdfunding knowledge, so as to give the 'crowd' the opportunity to catch up with a buzzing and fast-developing market.