



**FundWisdom**

**2014**

**Online Equity  
Investment Insight**

**Report**



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# About

## Data:

Mostly generally solicited offerings of startups raising their seed round 198 Offerings listed between 1/1/14 - 12/31/14 with \$227MM invested of the 948 total offerings and \$385,175,128 Raised to Date.

## Sources:

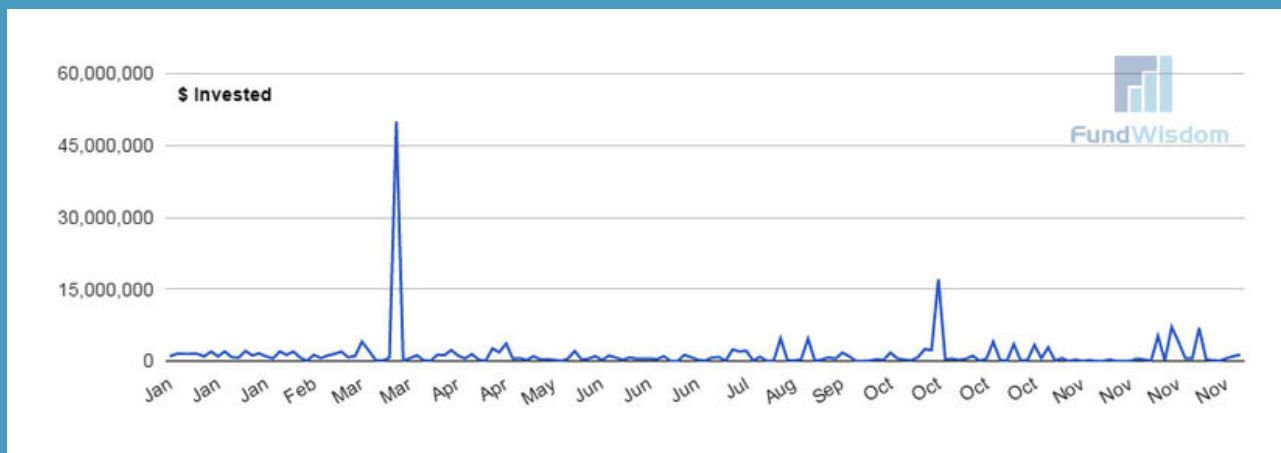
AngelList, SeedInvest, WeFunder, Onevest, Fundable, EquityNet, Return On Change, CrowdFunder, and EarlyShares, AGfunder  
Conversations with founders of firms listing their offerings.

## Highlights

- AngelList, leading platform for online equity offerings and amount raised
- Companies are using equity funding platforms as a marketing channel while the majority of the money being invested is still happening offline.
- Online Equity Investing figures are a fraction of what is publicly disclosed due to lack of regulation on how to classify the round.
- The Information Technology sector captured the most investment dollars.
- California had the most offerings, capturing the greatest investment amount.  
53 offerings were fully funded
- A close split of firms offered equity vs. convertible debt.

# How Much is Getting Invested over Time ?

## 2014 Investment Trends



### First spike:

\$50 million for Life360, of which only 1% was transacted through AngelList

### Second spike:

\$17 million Real estate fund, \$0 transacted through EquityNet

### Note:

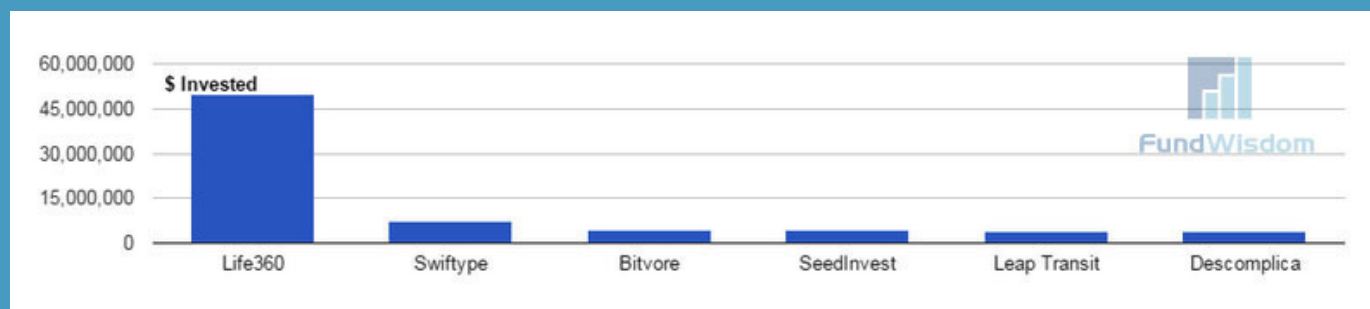
Companies are using equity funding platforms as a marketing channel while the majority of the money being invested is still happening offline.





## Live Investment Options

239 total offerings available to invest in online as of Dec 31. 2014

# Top Deals - Successful Companies Raising Money

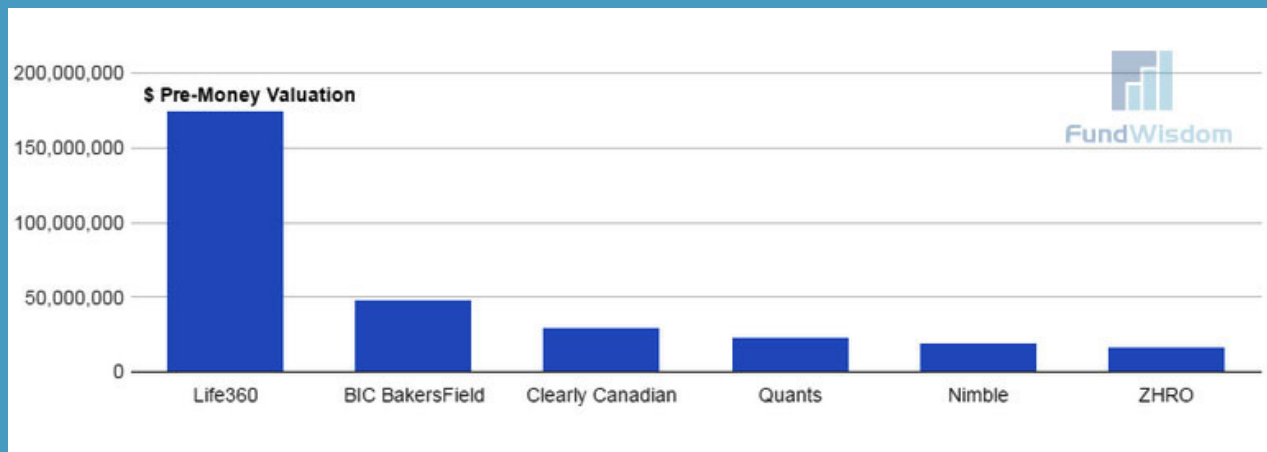
## Top Funded Firms 2014








Logo		Funding	City	Capital Type
	Life360	\$50 000 000.00 California	San Francisco	Equity
	Park East	\$3 640 000.00 Florida	Tampa	Equity
	Beacon Hill Apartments	\$2 400 000.00 Florida	Orlando	Convertible Debt
	Wefunder	\$2 156 300.00 California	San Francisco	Convertible Debt
	Crew	\$2 100 000.00	Montreal	Equity
	Distil Networks	\$2 100 000.00 Virginia	Arlington	Unknown

# Top Valuations - Successful Entrepreneurs

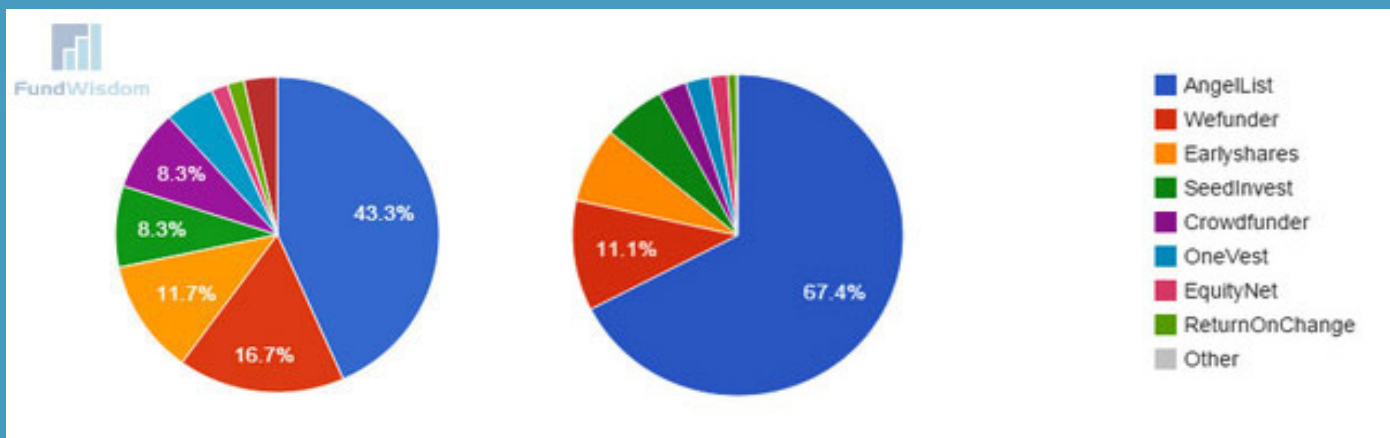
## Top 6 Valuations from Firms Raising 2014



Company	Pre-Money Valuation	Goal Amount	\$ Raised to Date	City	Date Listed	Funded	Capital Type	Platform
 Life360	\$175 000 000.00	\$50 000 000.00	\$50 000 000.00	San Francisco	Mar 2014	May 2014	Equity	<a href="#">AngelList</a>
	\$48 000 000.00	\$6 000 000.00	\$5 935 458.00	Bakersfield	Aug 2014		Equity	<a href="#">Crowdfunder</a>
 CLEARLY CANADIAN	\$30 000 000.00	\$1 250 000.00	\$375 000.00	Toronto	Aug 2014		Convertible Debt	<a href="#">Crowdfunder</a>
	\$23 000 000.00	\$2 400 000.00	\$235 000.00	Los angeles	Oct 2014		Equity	<a href="#">Crowdfunder</a>
 nimble	\$20 000 000.00	\$2 000 000.00	\$1 750 000.00	Santa Monica	Sep 2014		Convertible Debt	<a href="#">AngelList</a>
 ZHRO™	\$17 000 000.00	\$12 000 000.00	\$500 000.00	New York City	Oct 2014		Equity	<a href="#">Crowdfunder</a>

## Platforms

Platform Market Share by  
Deals Funded 2014



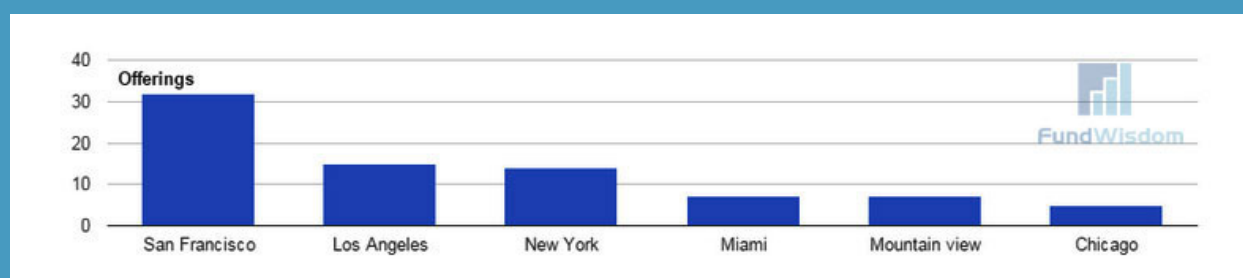
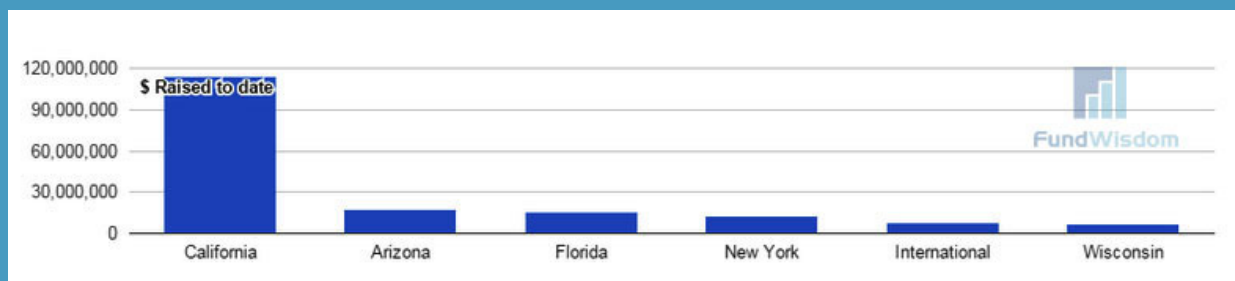
Several companies have listed on multiple platforms. When this happens the amount raised are often not the same among each platform as a listing progresses. As an example on November 27th, Ascenergy was listed on Crowdfunder which had the listing at 78% funded or \$3,900,000.00, and EquityNet had them at \$2,545,000

Fundable sent us their total as \$76.5 million 2014 to date. This would put them in the second spot if their deals were public.

Platform	Raised to Date	# Deals
AngelList	\$77 157 100.00	26
Wefunder	\$12 797 800.00	9
Earlyshares	\$10 339 550.00	7
SeedInvest	\$6 530 000.00	5
Crowdfunder	\$3 110 000.00	5
OneVest	\$2 755 000.00	3
EquityNet	\$2 000 000.00	1
ReturnOnChange	\$1 000 000.00	1
Fundable	\$153 918.00	2
	<b>\$115 843 368.00</b>	<b>59</b>

# Geographic Review

## Funds Being Raised by State 2014



## Invested amount, not closed deals

Gallo Realty LLC was the only deal in Arizona. The platforms we work with are all in the United States, but we are seeing a growing number of non US listings

City	Equity Offerings ▼	Raised to Date
San Francisco	16	\$66 242 900.00
New York	10	\$6 330 000.00
Mountain view	5	\$4 587 900.00
Santa Monica	3	\$1 900 000.00
Denver	3	\$1 575 000.00
Chicago	3	\$648 000.00

California leads due to its concentration of venture investors, startups, and online equity funding platforms being located there.



# Platforms

Determining which platform to list with

## Equity Crowdfunding Platform Costs & Fee Structure

Platform	Investor Cost	Entrepreneur Cost, Monthly Fee
AgFunder	0%	5% transaction fee for first \$5million.
TradeUp	0%	\$99 for \$250k raise \$199 for \$250-\$500k \$399 for >\$500k
Fundable	0%	\$179
Crowdfunder	0%	\$99 for \$250k raise \$299 for \$250-\$500k \$999 for >\$500k 7.9% of successful funds, 1.9% - 5% Transaction fee
ReturnOnChange	0%	\$125
Wefunder	5-7% ***	\$0
OneVest	5% ****	\$0
SeedInvest	0%	\$250 with one time fee of \$3,000 - \$5,000 in due diligence, escrow, marketing and legal expense reimbursements. 7.5% of successful round
Earlyshares	6-9%	\$0 **
EquityNet	0%	\$99
Angellist	10% carried interest (self-syndicated)	10% carried interest (self-syndicated)






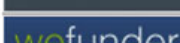





\*\* Will instate a fee in the future according to the Miami Herald

\*\*\* Only successful funding (some of which will be in the form of equity)

\*\*\*\* Only successful

## Platforms

### Equity Crowdfunding Platform Self Funding

Logo	Platform	Amount Invested into Platform
	AngelList	\$24,000,000.00
	SeedInvest	\$5,300,000.00
	Crowdfunder	\$4,900,000.00
	OneVest	\$3,300,000.00
	Wefunder	\$2,242,300.00
	EquityNet	\$2,100,000.00
	EarlyShares	\$1,200,000.00
	ReturnOnChange	\$0.00
	Fundable	\$0.00
	TradeUp	\$0.00
	AgFunder	
11		\$43,042,300.00

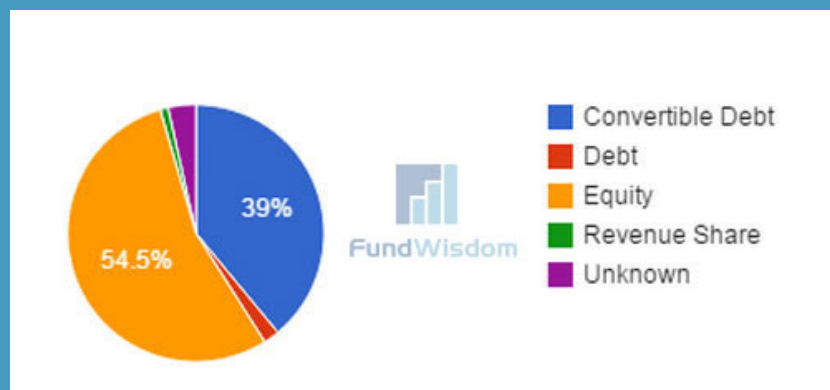
AngelList, leading platform for online equity offerings, amount raised for itself, and raised for others.

**Trust:** We have intentionally left platforms out of our network in order to deliver the highest quality to our audience. You can read more about this on our site: [fundwisdom.com/content/secure-angel-investing-online-equity](https://fundwisdom.com/content/secure-angel-investing-online-equity).

Onvest is a merger of Rock The Post and CoFounders Lab which CoFounders Lab raised \$680,000.

## Capital Type

### 2014 Capital Type



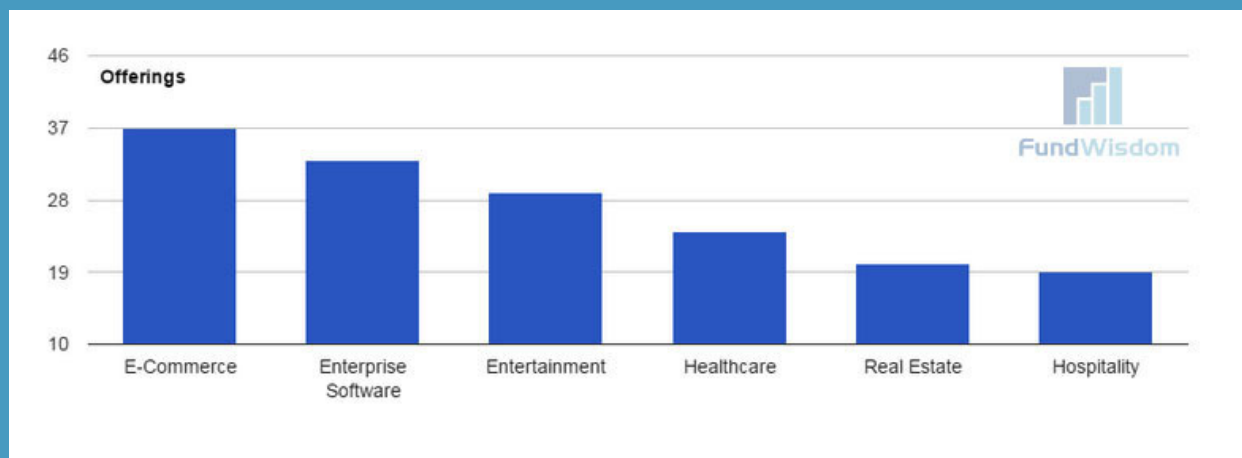
### Equity preferred choice

Towards the end of the year we began to see Revenue Share offerings.

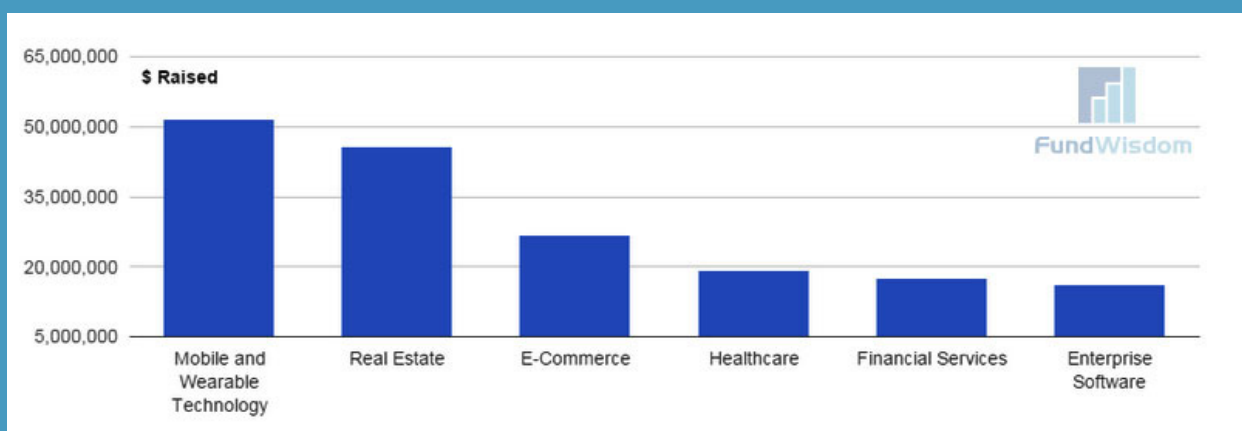
Very few straight debt investments due to specialized platforms dominating this capital type, wherever they end up we are excited to see businesses with improved access to loans with better rates online.

# Industry

## Top 6 sectors by # of Offerings



## Top 6 sectors by \$ Raised



A business can be listed under multiple sectors



# Conclusion

As of October 24th, 2014, 113 equity offerings have closed their round. The average round size of deals was \$2.3 million. IT funding lead throughout the year.

Throughout 2014, online equity investment was fairly steady with roughly \$1 to \$5 million of investment activity week by week. There were two unusually large spikes throughout the year as a result of the year's two largest deals. AngelList reported a series C \$50 million round for Life 360 in the spring and EquityNet reported a real estate fund raised \$17 million in the fall.

## Marketing vs Direct Investment Channel

The data must be evaluated with some considerations in mind. Companies are using equity funding platforms as a way to market their offering to attract more money, while the majority of the money being invested is still offline. Online Equity Investing figures are a fraction of what is publicly disclosed. Funding amounts are inflated due to a lack of regulation on how to classify the round. We will describe a few examples of different classifications that allowed us to come to this conclusion. EquityNet states Galloway Realty LLC raised \$14 million. We know none of this was raised online through EquityNet. WeFunder states "\$10 million in funding" was raised for Terrafugia. We know that Terrafugia's 7 previous fully disclosed funding rounds totaled \$5.8 million and are part of the reported figure.

The amount WeFunder raised directly for them is not disclosed. Bitvore was listed on Crowdfunder, AngelList, and Fundable. Bitvore closed a Series A round of \$4.5 million which Crowdfunder and Fundable posted as the amount funded, while AngelList posted \$3.5 million. Bitvore stated they raised \$1 million through crowdfunding. \$435,000 came from Crowdfunder, \$200,000 was raised on AngelList, the remainder of the \$1 million would have come from Fundable. AngelList displays \$50 million in funding for Life360. Life360 only dedicated 1% of that amount, or \$500,000, to AngelList. These are not the only cases of online funding amounts being a fraction of the amount invested, but so far the only offerings we have been able to gather details for thus far. There is a difficulty determining just how much money is transferred online as most do not disclose this figure. We will continue to work to provide insight and transparency.

# Moving Forward

Fund Wisdom will continue to grow the number of investments through additional strategic relationships. Opportunities to invest in firms and funds online are abundant, and the number will increase as investors appetite for this alternative asset class continues to grow. Title III of the Jump-start Our Business Startups (JOBS) Act will soon also increase the amount of capital invested in equity online. A majority of the population that is not able to invest soon will be.

Fund Wisdom connects investors and entrepreneurs with financial wisdom. For access to real-time data, create an account on [fundwisdom.com](https://fundwisdom.com)

## Contact us

We want to hear from you.

You can reach us at [fundwisdom.com/contact](https://fundwisdom.com/contact)