

New crowdfund plan aids start-ups with expertise, cash

SAN FRANCISCO, US: Crowdfunding gets a new twist on Thursday with the launch of an online platform that offers start-ups ideas and expertise as well as cash.

The new platform called JumpStart Fund, marrying crowd-sourcing with crowdfunding, comes from the California-based online community called Jumpstarter, which has been involved in matching investors with technology opportunities.

While raising money from the masses on the Internet has become common at websites such as Kickstarter and Kiva, the new fund goes further by adding patented technology and problem-solving perspectives to the formula.

"We are trying to give start-ups tools they need to make their product more successful," JumpStart Fund chief and co-founder Dirk Ahlborn said.

"Crowdfunding together with crowd-sourcing is a solution."

The self-described serial entrepreneur said inspiration for JumpStart Fund came from learning that lack of experience caused many start-ups to fail and that public patents are languishing in US federal research labs.

JumpStart Fund was designed to be an online community where people can share ideas and build businesses based on patented technology, with individuals getting stakes in start-ups based on what they bring to the mix.

"Ideas get submitted, or it can be a patent, and we move it to a work-in-progress stage," Ahlborn explained.

"People apply to be part of the idea as the executing team, and from there we start using the crowd for input from basic things like a name to refining the business model or how to use the technology."

Those who participate in shaping start-ups get advisory points which translate into shares in revenue.

JumpStart aimed to limit the crowd share to 10% commission on a start-up's revenue, with advisors needing to remain active in companies to remain eligible for their cuts of revenue.

"We want to avoid someone being part of a start-up in the first year and then not caring any more in year two," Ahlborn said.

Business ideas can be submitted from anywhere, but resulting companies will be formed in the United States, according to JumpStart.

The online community votes on start-up ideas, with top contenders culled by an in-house selection process.

JumpStart is working with federal research labs holding thousands of patents deemed public property because they were paid for with tax dollars and is reaching out to US universities and private facilities.

"There is a mandate to bring federal patents out to the public, but no one said they have to do a good job," Ahlborn said. "We are trying to solve the fact that it is really difficult and bureaucratic to get to those patents."

Business models built with knowledgeable input from the "crowd" and based on patented technologies should prove enticing to investors, who are also invited to be part of JumpStart's online community, according to its founders.

"We are trying to get entrepreneurs and technical minds on our side to create companies," Ahlborn said. "I am a personal believer in the power of the crowd to help you get ahead."

California-based JumpStart's income sources will include broker fees on capital raised and equity in successful enterprises in a typical start-up incubator model.

JumpStart also charges US\$10 for each idea submitted, but said the fee was intended more to prevent "spamming" than to be a money stream.

Source: AFP, via I-Net Bridge

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