



Co-funded by the  
Erasmus+ Programme  
of the European Union



**Use your skills.  
Be a changemaker.**

## Community Innovation: From Idea to Implementation

International Online Seminar: **Session 7 - Financing the startup phase**  
**Monday, 23<sup>rd</sup> of November 2020, 16 00 – 17 30 CET**



# Agenda

- **Business models, income streams & costs for start-ups**
- **Put it into practise:** Exercise on defining the costs and revenue streams.
- **Funding your start-ups**
- Q&A and outlook on the next session

---

ERASMUS Strategic Partnership Community Learning for Local Change

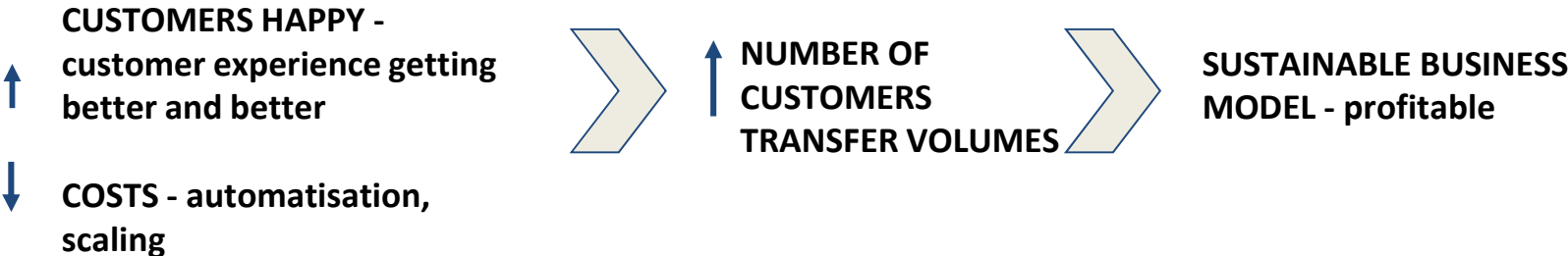
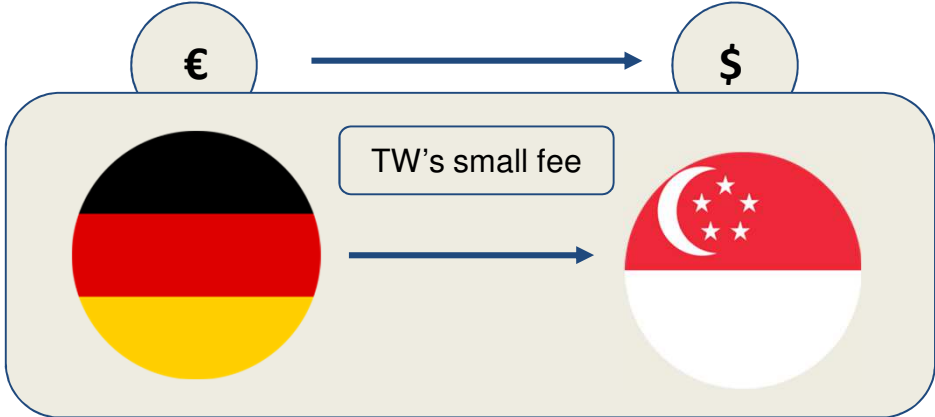


Co-funded by the  
Erasmus+ Programme  
of the European Union

# How business models work



Mission: Fast, convenient and eventually free international money transfers.  
 TransferWise is up to 8X cheaper than banks.



ERASMUS Strategic Partnership Community Learning for Local Change

# How business models work



Plant-based food is getting more and more popular

↑ CUSTOMERS HAPPY - good customer experience, healthy and tasty food.



NUMBER OF CUSTOMERS



SUSTAINABLE BUSINESS MODEL - profitable



€ → € €

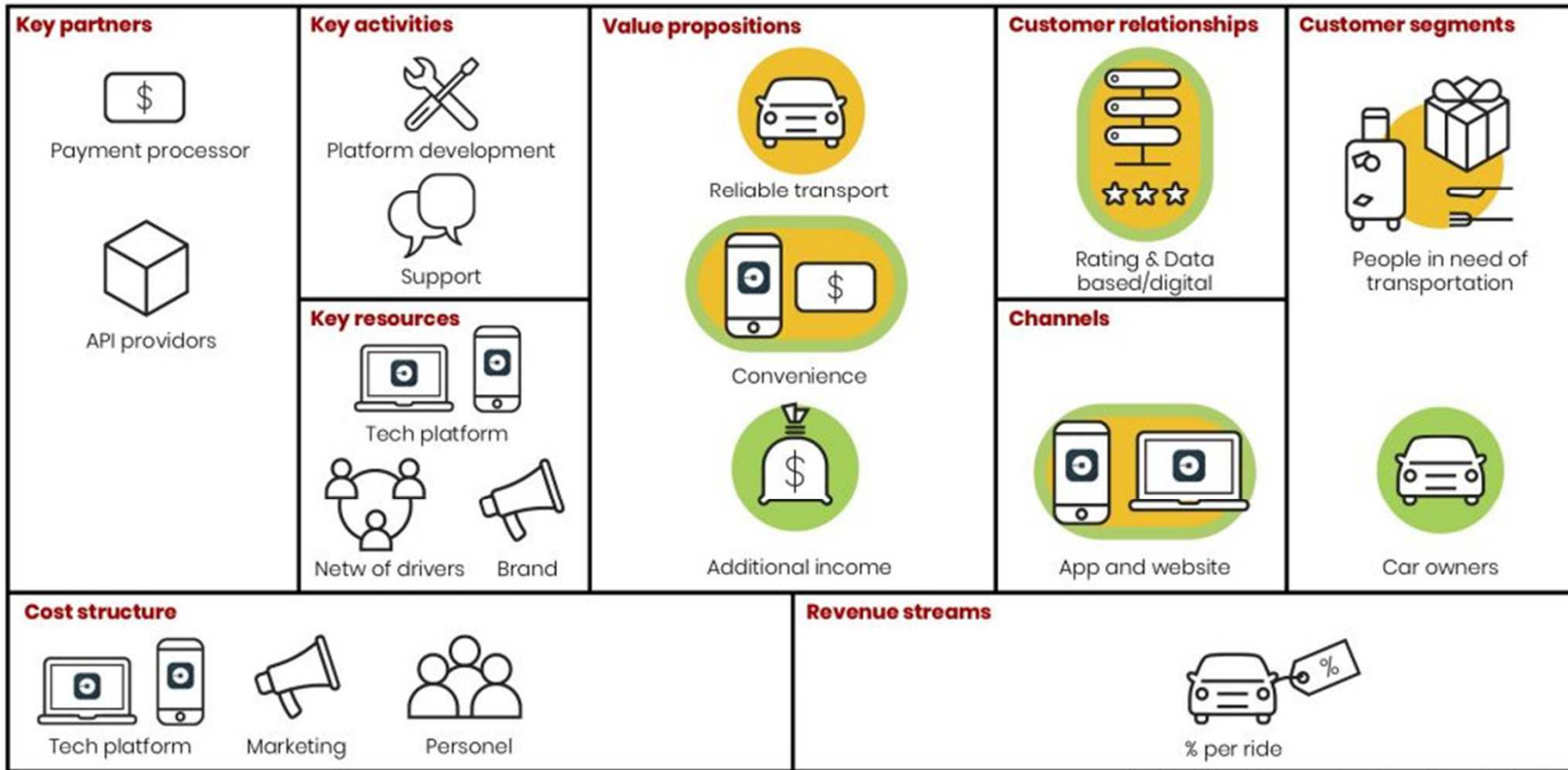
ERASMUS Strategic Partnership Community Learning for Local Change



Co-funded by the Erasmus+ Programme of the European Union

# BMI • Business model canvas

# UBER



Business Models Inc © www.businessmodelgeneration.com

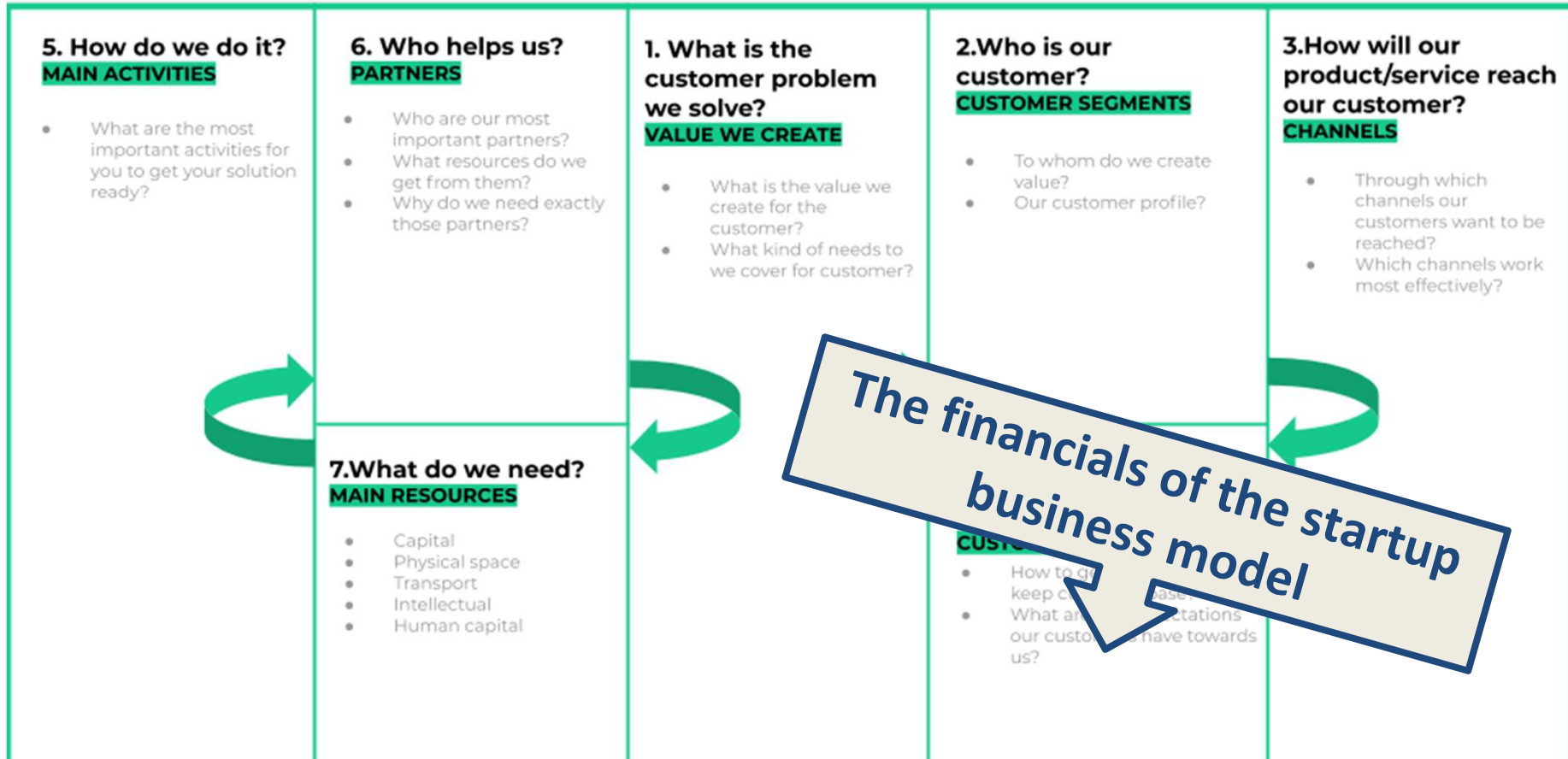
ERASMUS Strategic Partnership Community Learning for Local Change



Co-funded by the Erasmus+ Programme of the European Union

# Positive impact business model canvas

Our mission:



The financials of the startup business model

**8. How much will it cost?**  
**COSTS**

- Which are the most important costs that will occur?
- Which resources are the most expensive?
- Which main activities are the most expensive?

**9. How much do we earn?**  
**REVENUE STREAMS**

- What is the value customer is happy to pay for?
- How much are they ready to pay?
- How much cost products/services similar to us?

# Let's put it into practise.

---

ERASMUS Strategic Partnership Community Learning for Local Change



Co-funded by the Erasmus+ Programme of the European Union

# Costs & revenue streams

## 8. How much will it cost?

### COSTS

- Which are the most important costs that will occur?
- Which resources are the most expensive?
- Which main activities are the most expensive?

## 9. How much do we earn?

### REVENUE STREAMS

- What is the value customer is happy to pay for?
- How much are they ready to pay?
- How much cost products/services similar to us?

ERASMUS Strategic Partnership Community Learning for Local Change



# Funding your startup

---

ERASMUS Strategic Partnership Community Learning for Local Change



Co-funded by the Erasmus+ Programme of the European Union

# The financing spectrum

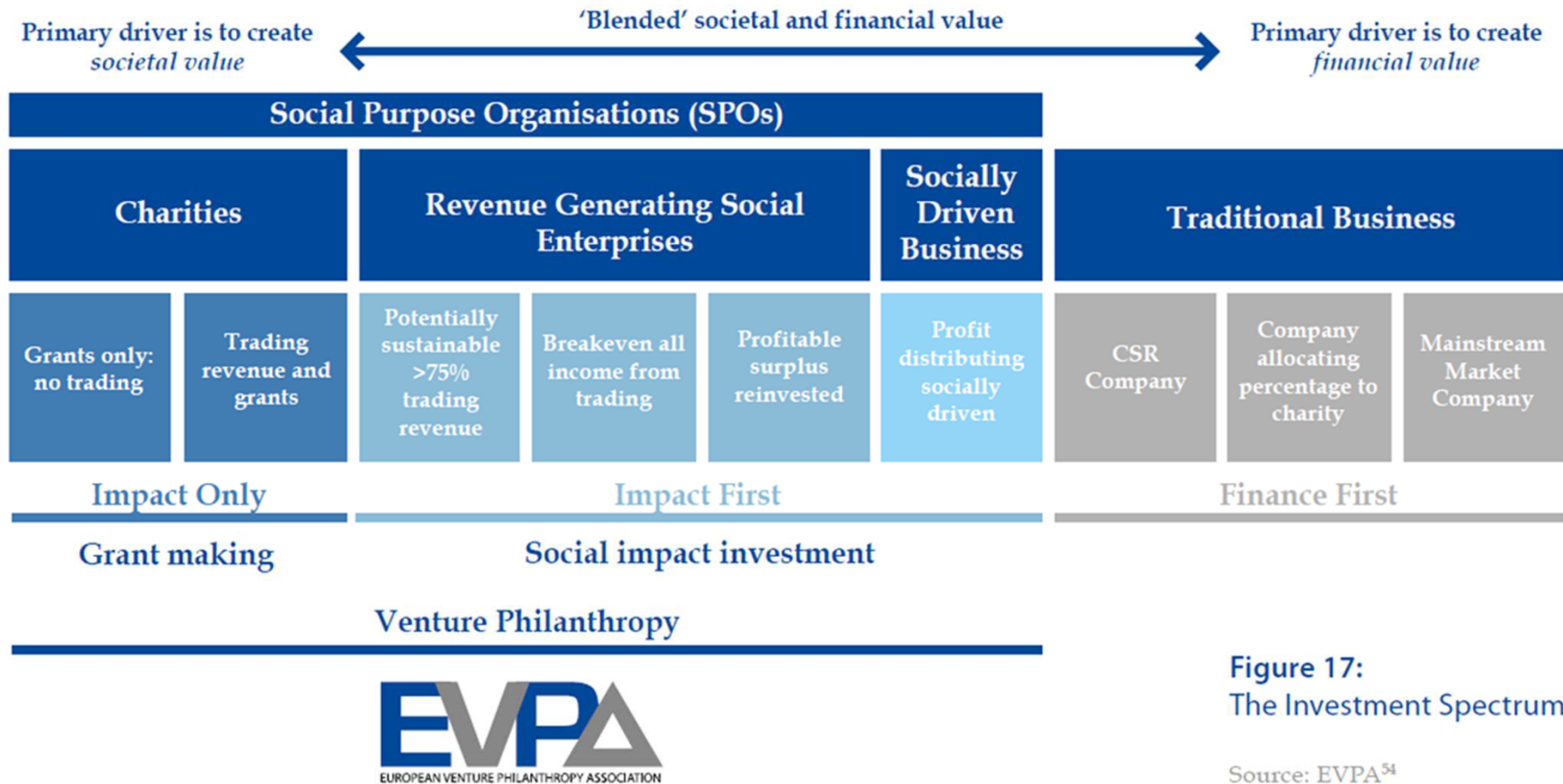
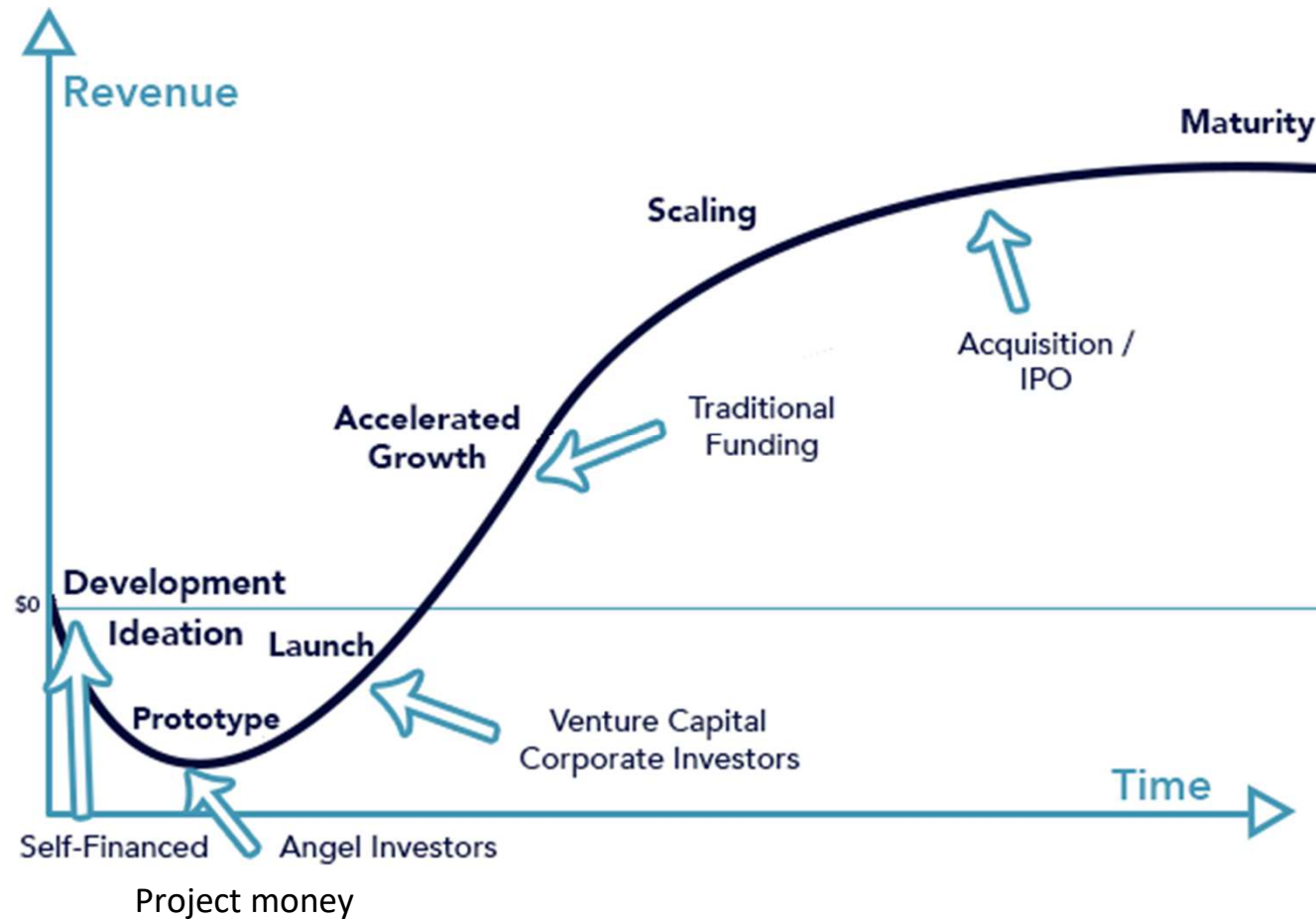


Figure 17:  
The Investment Spectrum

Source: EVPA<sup>54</sup>

ERASMUS Strategic Partnership Community Learning for Local Change

# Start-up financing stages



ERASMUS Strategic Partnership Community Learning for Local Change

# Defining the spectrum for your start-up

Next question you need to ask: are you going to have a business model that eventually returns profit?

- **If not** (non-profit) - you will need to apply for grants/government support and get donations to fund your startup. We will get into that later on.
- **If yes** (for-profit) - you can choose to do the following: Raise money from FFF (family, friends and fools); angel investors and venture capital firms. We will get into that later on.
- The **initial funding opportunities could be similar for both non-profits and for-profits**. We will get into that next.

---

ERASMUS Strategic Partnership Community Learning for Local Change

# Where to start from?

- **Equity free funding for prototypes**



- **Incubators/accelerators**

- some take equity
- some are free
- some have a fixed fee



- **Crowdfunding - both equity, non-equity**



NB! It's important to choose an accelerator that matches with your field (e.g. EdTech accelerators, circular economy accelerator)

You will find people who think similarly and truly understand the problems you are trying to solve.

# No business model - impact only

- Local grants and government support.
  - Grants are **non-repayable funds** given by one party (grant makers), often a government department, corporation, foundation or trust. Also strategic partnerships with government.
- Donations
  - Directly through your website
  - Fundraising events
- International grants



# Business model - impact first.

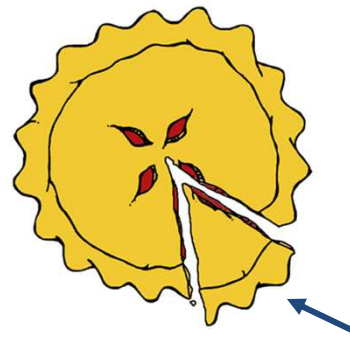
*A sustainable business model is a company's plan for making a profit. It identifies the products or services the business will sell, the target market it has identified, and the expenses it anticipates.*



Earning while doing well.

Fundraising from:

- FFF
- Angel investors
- Venture capital firms



10-20% of your startup

# What investors look for in early stage companies?

- TEAM - passion, mental agility, execution, domain knowledge
- Addressable market - how big is it?
- Traction - MVP or successful pilots
- Exit strategy (how investor eventually gets the return from the investment)
- Impact (CO2 tonnes reduces, lives saved, Sustainable Development Goals addressed etc.)





# Good luck!



ERASMUS Strategic Partnership Community Learning for Local Change



Co-funded by the Erasmus+ Programme of the European Union