

Crowd sourcing: a new wave of funding?

Crowd sourcing is the talk of the town in the U.S. and U.K and although popular website 'Kickstarter' has not yet officially launched in Russia, some Muscovites have already been successful in funding their creative endeavors. Gone are the days of lobbying wealthy benefactors at expensive restaurants. The new way to fund a project to create poetry, art, plays, inventions and even computer games is by asking online backers to contribute a pledge towards a project they are really interested in and in return they are offered to receive a reward of produce from the project.

There have been five successful projects based in Moscow raising some \$76,000 (USD) including a documentary about the last surviving women from the Gulag, the performance of a play in the Moscow Art Theatre by an American theatre company and a project called Dichotomous Russia, a film with a photo book about the lives of single women in Moscow. Crowd Sourcing can be a great way to generate relatively small amounts of cash for undertaking independent creative projects but there may be more to this approach than just another creative western fad?

Crowd sourcing is not just for individuals but for businesses too and with the Eurozone struggling under the pressure of an economic cliff, the reluctance of banks to lend money is still a problem. This new approach is becoming popular, spreading and also beginning to prove that larger amounts of capital can be raised. Elite, the popular U.K. computer game of the 80's created by Cambridge based software house Frontier Developments is back and is backed successfully on Kickstarter by more than 25,000 backers to the tune of £1.5 Million after blasting through its target of £1.25 Million by offering pledge rewards including copies of the finished game and also the option to have parts of the game named after the backer. The group also demonstrated how working hard to keep its backers engaged by posting regular video progress reports also ensures that new backers keep arriving.

The key point about this way of funding projects is that it is not the normal approach where very few backers such as banks or venture capitalists provide large amounts of finance and expect a share of the business or a return on investment. So this isn't venture capitalism but more a kind of venture socialism where instead crowd sourcing offers a way for many people to back a project of genuine interest in a small financial way and receive exclusive or early produce from the project in return before it becomes widely known and accessed. For those who back the projects and are 'early adopters' of innovative ideas the benefit in addition to genuine interest and support is to be the first to have the brand new produce so that they may demonstrate it to their intrigued friends and colleagues. For the successful creative project owners, the benefits are wonderful; cash for their beloved project and a ready-made fan base to both support future projects and also just to spread the word.

<http://www.kickstarter.com/discover/cities/moscow-rus>

<http://www.kickstarter.com/projects/1461411552/elite-dangerous?ref=live>