

*The partnership of  
Hamburg Kreativ Gesellschaft  
and StartNext:*

# Nordstarter



A hand is shown dropping a coin into a glass jar that is already filled with many coins. The jar is on a wooden surface. The background is a soft, out-of-focus green. A semi-transparent table is overlaid on the image, containing details about the Nordstarter crowdfunding platform.

<b>Name of platform</b>	<b>Nordstarter</b>
<b>Country</b>	<b>Germany</b>
<b>Active since</b>	<b>2011</b>
<b>Funds collected</b>	<b>€ 2.327.073</b>
<b>Funds targeted</b>	<b>€ ...</b>
<b>Type of crowdfunding</b>	<b>All or nothing</b>
<b>Project website</b>	<b><a href="http://www.startnext.com/pages/nordstarter">www.startnext.com/pages/nordstarter</a></b>

# Executive summary

Nordstarter was created with the aim of opening up additional financing for the Hamburg Cultural and Creative Sectors. When it was set up at the end of 2011, it was a crowdfunding pioneer. The Hamburg public agency for creative stakeholders and enterprises - Hamburg Kreativ Gesellschaft (HKG) - and the crowdfunding platform StartNext co-created Nordstarter. This interaction between both parties has resulted into the success that Nordstarter is today.

The most important impact of Nordstarter is that it has institutionalized crowdfunding as part of the financing ecosystem of cultural and creative actors in Hamburg. Both the credibility of HKG and sound reputation of StartNext has enabled Nordstarter to convince Hamburg creatives and backers across Germany to use crowdfunding: in total, 2,327,073 euro has been raised on Nordstarter from its launch in November 2011 until December 2016.

454 crowdfunding projects have been posted on Nordstarter with an average success rate of 58%.

This high success rate can at least be partly attributed to the coaching and support that HKG and StartNext offer to creatives to introduce them to crowdfunding and to help them setting up and running a successful crowdfunding campaign. HKG offers support, amongst others, in the form of monthly workshops on Crowdfunding, the so-called "Crowdfunding Clubs". These Crowdfunding Clubs give HKG the possibility to connect personally with potential future project holders on Nordstarter: HKG stresses the importance of this personal connection it builds up with project holders and the resulting tailored service it can offer, as a key success factor of Nordstarter. The pioneering partnership between HKG and StartNext has inspired other German cities to follow in their footsteps. The German cities of Dresden, Bremen, Berlin and Kassel have all set up partnerships with StartNext to open up crowdfunding to (specific target groups within) their cities.

**Funding raised  
through platform:**

€ 2,327,073



# Nordstarter: a Hamburg oriented crowdfunding platform for creatives



Its services are oriented towards the development and support of an economically sustainable basis for Hamburg's creative stakeholders, and include:

- coaching, by providing personalized advice on career planning, project ideas, ...or by referring to other experts;
- assisting creatives to find an appropriate working space;
- start-up support for students and graduates;
- workshops to enhance personal and business-related qualifications and networking meetings;
- giving creatives an overview of possible financing options and assisting them in finding the right financing strategy.

Hamburg Kreativ Gesellschaft (HKG) was founded in 2010 with the aim of reinforcing the Hamburg Creative Sectors. HKG is open to all creative stakeholders and enterprises in Hamburg. Its main task is to improve the general conditions for the creative industries in Hamburg and to act as an interface between the different fields within the Creative industries, but also to make the link between the creative sectors and actors in business, policymaking and society.

At the end of 2011 HKG decided to further grow its supporting services for creatives by setting up the crowdfunding platform "Nordstarter" in collaboration with the German crowdfunding platform StartNext. StartNext is a crowdfunding platform for creative and sustainable projects and startups in the German-speaking countries. Box 1 gives an overview of StartNext: its partnerships, crowdfunding statistics and the crowdfunding models it applies.

## Target group of Nordstarter

Nordstarter is a platform for “artists, creatives and inventors” who aim to find funding for projects in one of the following subsectors or categories: film/video, games, music, literature, design, audio books/radio plays, inventions, theatre, journalism, photography, comics, art, fashion, technology, “events” and “community”.

Project holders must also have a clear link with Hamburg: the centre/core of their work must be located in Hamburg. Private individuals as well as companies, associations, foundations but also other types of organisations can use Nordstarter to crowdfund their projects.



StartNext was founded in 2010 to help support projects from “inventors, creative people, social entrepreneurs and makers”. Startnext is the largest crowdfunding platform for creative and sustainable ideas, projects and startups in Germany, Austria and Switzerland. Projects posted on StartNext should fit in one of the following categories: agriculture, art, audio book, comic, community, design, education, environment, event, fashion, food, games, invention, journalism, literature, film/video, photography, music, science, sport, social business, technology and theatre.

### **Partnerships**

In total, StartNext has 92 partner pages. A partner page can be used by corporations, foundations, funding agencies, universities, cities, and clubs to support creative projects on Startnext, to give advice, to curate ideas, or to create contests. One of these partner pages is Nordstarter. Other partners that have a page on StartNext are e.g. a cooperation of partners in Bremen via the partnerpage “Schotterweg”; a cooperation of partners in Kassel via the partnerpage “UNIKAT Crowdfunding”,... StartNext has standard cooperation services (a “basic”, “pro” or “premium” partner page) that have different features, services and prices. However, lots of cooperation at the moment are still tailor made.

### **Platform characteristics**

StartNext works via the “All-or-Nothing” principle, which means that that if the funding goal of the campaign is not reached, all the contributions are returned back to the backers. The platform does not charge administrative fees, but works on the basis of a voluntary commission: after a successful campaign, starters are free to decide for themselves if they would like to support Startnext, and how much they would like to contribute. Transaction fees are 4% and go entirely to the payment service provider.

### **Platform statistics**

At the end of 2016, StartNext had already hosted 4,273 successful projects, had 705,000 users and 36,055,922 € funded by the crowd. Over 55% of StartNext projects are successfully funded.

Currently, Nordstarter is a “partner page” on StartNext. StartNext provides the technical basis of Nordstarter (back-end of the platform, clearance of payments,...) whereas HKG provides the content for the platform. Projects that are displayed on the Nordstarter “subpage” of StartNext are also displayed on the StartNext projects page. As such, project holders on Nordstarter receive visibility not only page, but also on the more broadly oriented StartNext projects page,

which is directed towards Germany, Austria and Switzerland.

### **Crowdfunding services ...by HKG**

HKG offers monthly workshops on Crowdfunding, the so-called “Crowdfunding Clubs”. These workshops do not focus specifically on Nordstarter but rather give general information on crowdfunding and how to run a successful crowdfunding campaign.

However, the workshop can be a trigger for participants to start a crowdfunding campaign on Nordstarter. HKG also views the crowdfunding clubs as a way to connect personally with potential future project holders on Nordstarter.

Furthermore, HKG also offers personalized coaching and support to project holders on Nordstarter: project holders have the possibility to contact one of the HKG staff members to discuss their crowdfunding

campaign via email, telephone or a personal appointment. As such, the fact that HKG staff members get to know potential Nordstarter project holders through the Crowdfunding Clubs, facilitates the support they can offer the project holders when they launch their project on Nordstarter.

HKG also gives visibility to crowdfunding campaigns on Nordstarter via its monthly newsletters. Finally, HKG uses its network to talk about crowdfunding and to inform people about it.

HKG offers workshops on Crowdfunding on a monthly basis. In these so-called “**Crowdfunding Clubs**”, HKG provides:

- information on the mechanisms of crowdfunding in general;
- information on determinants of a successful crowdfunding campaign: project description, choice of reward(s), pitch video, funding target, duration of the campaign, visuals, communication;
- tips and tricks for project planning;
- insights in communication strategies for a crowdfunding campaign;
- discussion of best practices and possibly own project ideas;
- overview of running a crowdfunding campaign on Nordstarter.

The workshops last 3,5 hours and are free of charge. Up till now, a total number of 746 persons has participated in the Crowdfunding Clubs.



### **...by StartNext**

Also StartNext offers a variety of tools and services to support project holders, such as an online handbook, a crowdfunding tutorial, an online crowdfunding course called “Crowdcamp” but also workshops and personal coaching. Some of these services are free of charge (such as the online handbook for starters), others are to be paid for (such as the personal coaching). These services are not targeted specifically towards Nordstarter project holders, but are offered to all project holders on StartNext.

### **Crowdfunding model and fees**

Nordstarter works via the “All-or-Nothing” principle, which means that if the funding goal of the campaign is not reached, all the contributions are returned back to the backers. This model is used by all partners/project holders of StartNext. The crowdfunding model used on Nordstarter is the reward-based model i.e. backers donate to a specific project with the expectation of receiving a tangible (but non-financial) reward or product in return.

Project holders who ran a successful crowdfunding campaign have to pay 4% transaction fees to the payment service provider and a (minimum) 1% commission fee to StartNext. From 2011 until spring 2016, project holders who ran a successful

crowdfunding campaign were just asked for a voluntary commission.

In spring 2016, Startnext decided to establish a commission fee (min. 1 %) which affects also the partner platforms, including Nordstarter. Project holders that did not run a successful campaign do not have to pay any fees.

### **Rationale for the partnership**

From the point of view of HKG, the Nordstarter crowdfunding platform was set up to provide a new and complementary financing pillar for creatives. HKG considers Nordstarter as one of the means to close the so-called “financing gap” for creatives. The financing gap means that creatives often cannot make use of more traditional financing channels such as bank loans. This gap is due to specific characteristics of cultural and creative organizations and entrepreneurs which relate to intrinsic characteristics of cultural and creative activities (e.g. lack of tangible assets, dependence on intangible assets,...), characteristics of organizations and entrepreneurs within the cultural and creative sectors (e.g. (perceived) lack of business skills, dependence on public investment schemes) and specific market conditions (e.g. size of the market, lack of good market intelligence, pressure on existing business models).

As HKG is a public agency aiming to further develop and support an economically sustainable creative sector in Hamburg, it set up Nordstarter in order to improve access to finance for cultural and creative actors in Hamburg. From the point of view of StartNext,

the partnership with HKG was driven by the fact that HKG is a reliable partner who can support project holders with coachings, workshops and networking events in Hamburg. The partnership with HKG also allowed StartNext to expand their network and community.

## Partnership model

### Partnership set-up

Nordstarter was launched in November 2011. At that time, both StartNext and HKG were still very young organisations: both were founded only in 2010.

The foundations of the partnership were laid during a crowdfunding conference in Berlin, where one of the staff members of HKG met several German stakeholders and platforms which were about to go online. One of these platforms was StartNext, which seemed to be at a further of development in comparison to the other platforms. At that time, no German crowdfunding platform was active online yet.

Before the meeting with StartNext, HKG was researching the possibilities of crowdfunding for creatives and was also exploring the possibilities of setting up an own crowdfunding platform.

However, this seemed difficult to realize because of the following reasons:

- high (HR) costs in order to build the platform;
- lack of strong technical background to understand all technical requirements related to setting up a crowdfunding platform;
- difficulties in finding bank partners willing to clear the crowdfunding transactions: at that point, it seemed quite difficult for banks to integrate the crowdfunding transactions in their system.

In this context, the meeting with StartNext provided a solution for HKG to develop a crowdfunding platform for Hamburg creatives where StartNext focussed more on the technical aspects and HKG concentrated more on the content side. As such, Nordstarter was the result of an intensive collaboration between both parties.

From the onset, the partnership was set up with a long-term perspective from the point of view of both StartNext and HKG.

When the partnership was set up in 2011, there were no real barriers to overcome: Nordstarter was a crowdfunding pioneer. However, later on, HKG experienced criticism on setting up Nordstarter in cooperation with only one partner. The general reproach was that HKG was interfering in the market by cooperating with only one partner to set up an “own” crowdfunding platform instead of setting up a more general “landing page” or meta-platform. However, according to HKG, having an own platform allows HKG to better understand the processes behind crowdfunding and to connect with project holders personally. This in turn, enables a better service towards creatives and facilitates a good interaction with project holders on Nordstarter.

### **From separate platform to partner page**

At the time of the launch, Nordstarter was a separate “sub”-platform of StartNext. After the launch, it was continuously upgraded technically. However, the technical upgrading of the separate Nordstarter platform was complex and time consuming for both StartNext and HKG. Therefore, the partnership evolved to a new model in 2016.

As of September 2016, Nordstarter is no longer a “separate” platform but rather a “partner page” of StartNext. As such, Nordstarter has become technically more integrated into StartNext. This facilitates the technical updates of the Nordstarter page and provides a more technically advanced and accurate basis for Nordstarter. This evolution into a partner page makes it also more straightforward to run a crowdfunding project on Nordstarter in English (which was not a goal of the changed partnership, rather a practical side effect).

This evolution in the partnership is considered positively by the HKG team in the sense that the team now has to spend less time on technical issues and therefore has more time available to coach Nordstarter project holders, to provide content for the Nordstarter page and to investigate new formats and services for crowdfunding creatives.

### **Partnership organisation**

#### **Costs**

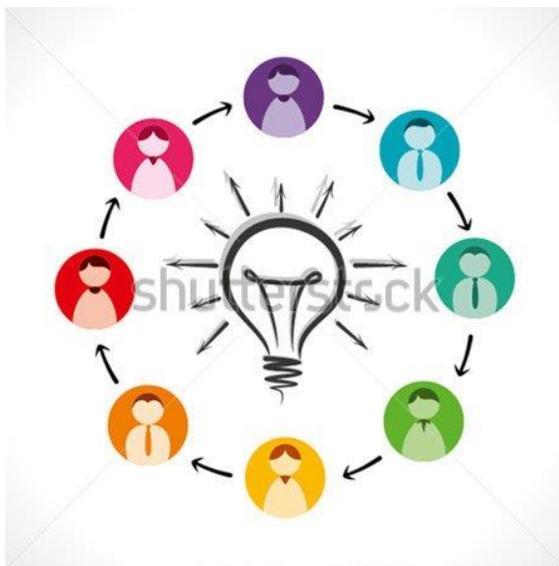
In terms of cooperation costs, HKG paid a one-time fixed fee to set up Nordstarter and then a monthly fee to maintain and further develop it further. From September 2016 onwards, HKG pays a licence fee to StartNext for the technical basis of the partnerpage Nordstarter.

## Cross-posting

Another important aspect of the cooperation is the fact that both parties agreed from the start that Nordstarter projects should be visible on both the Nordstarter page and on the StartNext projects' page. This model allows Nordstarter projects to have a reach and visibility beyond Hamburg, as StartNext is oriented broadly towards Germany, Austria and Switzerland.

## Knowledge sharing

Twice a year, StartNext and HKG meet to share their knowledge and to discuss how they can provide better services to project holders.



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## Matchfunding initiatives with other partners

Nordstarter does not work via matchfunding on a frequent basis but has tried out different matchfunding and partnership formats,

collaborating with different partners in Hamburg – on a regional level, such as:

- Partnership with the foundation of film (Filmförderung Hamburg Schleswig-Holstein) and the International Short Film Festival Hamburg (Kurz Film Agentur Hamburg) to organise the matchfunding contest “Crowd for shorts” in 2013 and 2014. In this contest, the project with highest number of project backers is the winner and receives additional funding on top of the funding it raised on Nordstarter:
  - In 2013, a total of 1057 backers supported the projects in contest. Projects in the contest raised a total of 17,738 euro. The winner, i.e. the project with the highest number of backers, received an additional 3,000 euro on top of the funding it raised through crowdfunding.
  - In 2014, a total amount of 12,683 euros was raised. There were two winners in the contest, who each received an additional 1,000 euro on top of the funding they raised on Nordstarter and their short films were presented at the International ShortFilm Festival Hamburg in 2015.

- The number of backers in the 2014 was lower than in the 2013 contest, probably due to the fact that both contests were organized in a relatively short time span. Therefore, it was decided to schedule a break of 1 or 2 years before organising a new “Crowd for shorts” contest.
- Partnership with Hamburg Möbl in 2012/2013 to organise a Design funding project, in cooperation with university and students. The project was called *“Hamburg richtet sich ein – von der Skizze über die Crowd zum Hamburger Möbel”* and involved the whole furniture value chain in Hamburg:
  - Furniture was designed as part of a seminar by HafenCity University students and then presented to Nordstarter.
  - When successfully crowdfunded, handicraft companies of the region produced the designs from the “Hamburger Möbel” network.
  - The resulting design products were then exhibited and sold at stilwerk Hamburg.

Evaluating this partnership, quite a lot of projects were not funded but HKG valued the partnership in the sense that it generated lots of capacity building and networking. One of the reasons behind the low success rate of the crowdfunding projects was that, at that moment, the online furniture market was not well developed yet.



# Impact of Nordstarter

## Impact on the uptake of crowdfunding

***In total, 2,327,073 euro has been raised on Nordstarter from its launch in November 2011 until December 2016. 454 crowdfunding projects have been posted on Nordstarter with an average success rate of 58%. Nordstarter has already engaged 29,447 backers in the same time period.***

The most important impact of Nordstarter is that it has institutionalized crowdfunding as part of the financing ecosystem of cultural and creative actors in Hamburg. When Nordstarter was launched, it took a lot of efforts to communicate about crowdfunding as it was not a widespread concept at the time. Due to the credibility of HKG as a public institution and of StartNext as the pioneering German crowdfunding platform, crowdfunding became more accepted and used by Hamburg creatives. Moreover, quite a number of projects that were financed via Nordstarter received great visibility in Hamburg, leading to a wide promotion of Nordstarter and of crowdfunding more in general.

## Impact on project holders

### **Crowdfunding for Hamburg creatives**

Both the credibility of HKG as a public institution and the good reputation of StartNext as pioneering German crowdfunding platform, has helped to convince Hamburg creatives to use crowdfunding to fund their projects.

### **High success rate**

The high success rate – 58% - on Nordstarter has resulted in more than 200 successfully crowdfunded projects over 5 years in Hamburg. According to HKG and StartNext, this high success rate can at least be partially attributed to the organisation of the Crowdfunding Clubs by HKG (see Box 2) as well as the individual coaching and advice that Nordstarter project holders receive from HKG. The fact that HKG staff members connect with most project holders personally through the Crowdfunding Clubs or through the individual “consulting” allows them to offer tailored services to project holders, having a positive effect on the projects’ success rate.

### **Capacity building**

Besides obtaining funding through Nordstarter, setting up a crowdfunding campaign is comparable to setting up an own business – creatives acquire new skills such as communication and marketing skills, project planning skills,... . The participation in HKG's Crowdfunding Clubs as well as the individual guidance by HKG can reinforce this learning process. Capacity building of Hamburg creatives is thus an important additional result.

### **Opening up financing for student projects**

According to HKG, crowdfunding via Nordstarter can open up financing especially also for Hamburg students in the cultural and creative sectors. As students often cannot apply for specific public funds – mostly, you have to be professionally active to apply for public funding – crowdfunding offers them a valuable financing alternative.

### **Impact on backers**

#### **Attracting backers in the early years**

When the platform was launched in 2011, crowdfunding was hardly known among the general public. Thanks to the good reputation of both HKG as a public institution and StartNext as a pioneering platform,

Nordstarter was able to gain the confidence and trust of backers. In total, 29,447 backers have supported Nordstarter projects in the last 5 years (November 2011 – December 2016).

#### **Backers from Hamburg and the rest of Germany**

As was discussed in the previous section, projects are posted on both the regional, Hamburg based Nordstarter page as on the more broadly oriented StartNext page, which is directed towards Germany, Austria and Switzerland. This “cross-posting” allows Hamburg projects to also attract backers from wider Germany. However, StartNext does not keep statistics on the number of backers outside Hamburg that support projects on Nordstarter.

According to experience of HKG, the “type” of backers depends on the type of crowdfunding project: on the one hand, project backers belong mostly to the inner circle or network of the project holders; on the other hand, the type of backers also depends on the type of project. Projects in a very specific CCS subsector, such as e.g. Manga, can attract interested backers from outside the inner network / from outside Hamburg as well.

Box Schotterweg &  
Unikat??

## Impact on public partners

### Model for other public authorities

The pioneering position of Nordstarter has attracted the interest of several other German public authorities, (also) outside Hamburg and (also) in other sectors, in crowdfunding as a complementary financing option. These public stakeholders have sought the advice and know-how of HKG in understanding the possibilities to unlock crowdfunding for their region, city or sectors.

The cities of Dresden, Bremen, Berlin and Kassel have followed the example of Hamburg/HKG and have started a partnership with StartNext. Each of these cities has set up a partner page on StartNext, which, in some cases, is the result of a collaboration between several different types of local public authorities or with other types of local partners, such as universities.

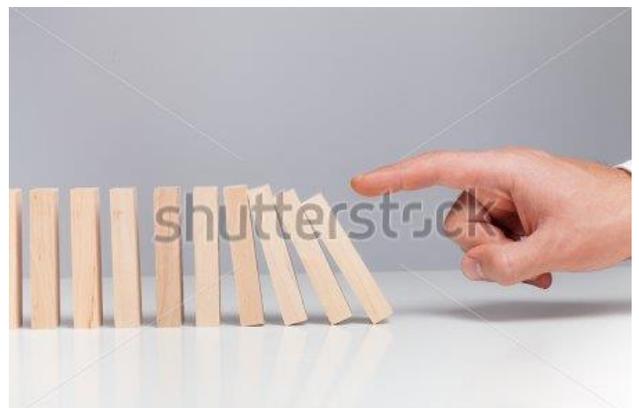
For the moment, the success of Nordstarter has not yet changed the approach of the public authorities' approach to allocate funding to Hamburg creatives via e.g. matchfunding schemes or other formats.

### Nordstarter as an entry point to other services

Nordstarter also acts as an entry point to the other services that HKG provides for Hamburg creatives. By using Nordstarter, project holders get to know the other services HKG offers such as workshops for capacity building, networking events, .... Nordstarter thus also supports HKG in opening up its full array of services towards the Hamburg cultural and creative sectors.

### Impact on StartNext

The partnership of StartNext with HKG in Nordstarter has led several other German cities and public authorities towards a cooperation with the platform (see above). Over the years, the interaction and cooperation with HKG has led to learning effects for StartNext. The feedback provided by HKG on Nordstarter has helped StartNext to further develop its platform. For example, the model of the partner page was further developed based on the input of HKG.



## Overall conclusions/considerations when setting up a similar partnership

When Nordstarter was set up at the end of 2011, it was a crowdfunding pioneer. Hamburg Kreativ Gesellschaft (HKG) and StartNext co-created Nordstarter, where the interaction between both parties has resulted into the success of Nordstarter today. Nordstarter was created with the aim of opening up additional financing for the Hamburg cultural and creative Sectors.

Both the credibility of HKG and sound reputation of StartNext has enabled Nordstarter to convince Hamburg creatives and backers across Germany to use crowdfunding: in total, 2,327,073 euro has been raised on Nordstarter from its launch in November 2011 until December 2016. 454 crowdfunding projects have been posted on Nordstarter with an average success rate of 58%. This high success rate can at least be partly attributed to the coaching and support that HKG and StartNext offer to creatives to introduce them to crowdfunding (e.g. HKG's Crowdfunding Clubs) and to help them setting up and running a successful crowdfunding campaign.

HKG stresses the importance of the personal connection it builds up with

project holders and the resulting tailored service it can offer, as a key success factor of Nordstarter.

The pioneering partnership between HKG and StartNext has inspired other German cities to follow in their footsteps. The German cities of Dresden, Bremen, Berlin and Kassel have all set up partnerships with StartNext to open up crowdfunding to (specific target groups within) their cities.

### **Key considerations when setting up a similar partnership**

- The cross-posting model: When Nordstarter was a separate platform and not yet a partner page on StartNext, the cross-posting of Nordstarter projects on StartNext increased the visibility of crowdfunding projects but also caused some confusion among backers who saw the same projects appear on the regional Nordstarter and on the national StartNext platform. Now that Nordstarter is more integrated in StartNext as a partner page, the cross-posting causes less confusion for backers.

- Setting up an own platform versus a landing page / meta-platform: After the setting up of Nordstarter, HKG was criticized for interfering in the market by cooperating with only one partner to set up an “own” crowdfunding platform instead of setting up a more general “landing page” or meta-platform. However, having an own platform allows the HKG team to better understand the processes behind crowdfunding and to connect with project holders personally. This in turn, enables HKG to provide a better service towards creatives and facilitates a good interaction with project holders on Nordstarter.
- Sufficient and dedicated resources: In order to set up and maintain a crowdfunding partnership and crowdfunding platform, both HKG and StartNext stressed the importance of foreseeing sufficient financial and human resources. Coordinating the platform, providing qualitative services towards project holders,... requires motivated staff and adequate funding. Staff working in/on crowdfunding partnerships and platforms should have at least an interest in digital topics.
- Clear cooperation objectives: Finally, StartNext stressed the importance of having a clear objective for the cooperation at the start of the partnership. In order to achieve a successful partnership, both parties should have a clear idea on what they want to achieve with the partnership

## Questions?

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