Crowdfunding

In this semester we have discussed how digital communication changes and reshapes the manner in which companies and consumers can interact and communicate with each other. Whereas such primarily was static and uni-directional, digital communication, and social media, has now created a dynamic market where consumers now are able to engage in dialogue with one-another but more importantly; the companies producing the products and services they consume.

This new paradigm is full of advantages, disadvantages, threats and opportunities for companies in terms of how they operate and communicate with their stakeholders, but among some of the more interesting are phenomena such crowdsourcing and crowdfunding.

Crowdsourcing is a term and idea that was originally articulated in 2006 and covers a phenomenon that occurs "when a profit oriented firm outsources specific tasks essential for the making or sale of its product to the general public in the form of an open call over the Internet, with the intention of animating individuals to make a voluntary contribution to the firm's production for free or signifi-cantly less than that contribution is worth to the firm" (Jeff Howe cited in Schweinbacher & Lar-ralde, 2012, p. 5).

Examples of this occur when companies utilize social media and digital communication to interact with consumers and provide a platform for feedback, suggestions and inputs about product- and design features – which consumers like, do not like and further let them spread worth-of-mouth marketing about their contributions to new designs, features and such.

Crowdfunding is the natural progression from this phenomenon but whereas crowdsourcing solely outsources value-creating tasks, crowdfunding takes the next step and solicits capital injections from costumers, consumers and the general public.

In this sense, crowdfunding enables companies to solicit donations from the public and has proven to be a viable alternative to traditional funding practices such as bank loans and venture capitalist investments.

The phenomenon rests upon the idea that any company can pitch an idea for a product or service, and the general public, and consumers themselves, then help fund the product or idea.

Rather than securing expensive loans from either banks or ventures capitalists, companies are now instead able to obtain funding from many small donations from a wide array of stakeholders.

A significant advantage of crowdfunding is the direct link and co-creation between companies and consumers as they throughout on-going interactions create a mutual beneficial relationship superi-or to the traditional ones without collaboration and interaction.

References:

Colgren, David, 2014. The Rise of Crowdfunding: Social Media, Big Data, Cloud Technologies. *Strategic Finance,* **96** (5), p. 56-57.

Mollick, Ethan, 2014. The dynamics of crowdfunding: An exploratory study. *Journal of Business Venturing*, 1 (16).

Schweinbacher, Armin & Larralde, Benjamin, 2012. Crowdfunding of small entrepreneurial ventures. In Cumming, Douglas, ed. *The Oxford Handbook of Entrepreneurial Finance*. New York, NY: Oxford University Press.

21.Sep. 2015
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1. Description

You are employed by the company CFunding-IT – a small media bureau located in central Co-penhagen. CFunding-IT has always focused on delivering high quality web based solutions matching their clients' needs in the world of digital media.

The management group regards crowdfunding as a lucrative line of business and is aiming at of-fering future clients a crowdfunding web-template.

The bureau tested several CMS without any luck. Now it's your task to create a solution suitable for handling crowdfunding projects: New ideas, new products or other things, which need fund-ing.

Keep in mind: Your solution is supposed to be a showroom for potential clients. It should demonstrate that CFunding-IT is able to develop professional solutions for commercial web-sites!

2. Project purpose and goals

- Develop a website storing registrations and possible search criteria in a database
- The system must be able to register new "backers"[1] and items ("funds").

3. Learning objectives

During this project you will actively work with the commercial principles of crowdfunding and apply them to a complex web application. You will put your skills as designers, marketing-experts and database-developers to the test, you are going to work with untraditional marketing strategies and design and implement relational databases.

It is important for everyone in the group to contribute to all parts of the solution, since learning is the primary objective.

4. Groups

You have to work in groups of 3-5 students. You may choose your own groups.

Each group has to develop a contract laying down the rules for group work. If you can't manage a problem in the group, it is the group's responsibility to contact the lecturers.

Tue (tuje@cphbusiness.dk) or Jesper (jhi@cphbusiness.dk) must receive an email from you stat-ing all group members (full names and mail-addresses) – not later than 2 days after the project has started!

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[1] http://dictionary.reference.com/browse/backer

5. Initial requirements

The group has to develop a list of requirements (functional/nonfunctional) for the solution. Remember to include a conceptual ER-model.

These overall requirements have to be approved by the lecturers, not later than 3 days after project start.

Send the requirements by mail to jhi@cphbusiness.dk or tuje@cphbusiness.dk, or get their approval at school.

6. Product

You have to implement a website and a database for registrations (fundraisers, sponsorships, backers, consultants, values like money, physical things, assistance, etc.) as a demo or prototype of a fully functioning funding system. You need to invent an actual crowdfunding project - the topic is totally up to you.

Use SCRUM as development method!

7. Documentation and report requirements

The report must contain:

- Documentation of Scrum sprint planning and the final burn-down chart
- Documentation and argumentation for your design decisions
- Mock-ups, navigation, diagram etc. documenting the website.
- User-stories and use-cases documenting the interactive parts of the website.
- Database documentation including an ER-model on 3rd NF with full attribute descriptions.
- Selected code parts including explanation

All models in the documentation should come along with short explanations.

Note: State the URL to your solution on the cover page of your report!

For general academic guidelines regarding written reports (structure, bibliography, appendices) see the document "General Project Guidelines" on Fronter (Information to all students Nørgaardsvej > 03 General Guidelines).

Citation rules for academic writing: https://www.library.cornell.edu/research/citation/apa

8. Important dates and deadlines

Project start: 21.09.2015
Deadline for group-formation mail to Tue or Jesper: 23.09.2015
Deadline for approval of initial requirements: 24.09.2015

Deadline for hand-in: 04.10.2015, 23:59
It is of course ok to hand-in earlier ;-)

9. Hand-in

Please deliver as a **group hand-in** on Fronter:
- 3. semester - CLmul-a14e > Aflevering > Project 3 – WEB-DB CROWD
- 3. semester - CLmul-b14e > Aflevering > Project 3 - WEB-DB CROWD
- 3. semester - CLmil-v14e > Aflevering > Project 3 - WEB-DB CROWD

Note: Upload your documentation as ZIP-archive!
All other formats will be rejected and the project evaluated as "not passed"!

We expect appropriate folder and file structure.
Please include your code-files *(HTML/PHP/CSS/JS/ SQL)* in a separate folder.
State your group number in ALL filenames (e.g. Grp08.zip, Grp08_report.pdf)!

10. Evaluation & Feedback

10.1 Study points

This project gives **a total of 20 study points** split on 3 areas.

- The requirement list and ER-model is approved in time   5 study points
- Upload to Fronter in time, in correct format and with correct filenames   5 study points
- Your solution is functioning and there are registered records in all tables 10 study points

10.2 Feedback and counselling

Feedback for each group will be provided in an Excel-sheet on Fronter.
The project is evaluated as "passed/not passed".

There will be several evaluation criteria:

- SCRUM Planning Sheet and Burn Down Chart
- Documentation of functional and non-functional requirements
- Documentation of ER-model and attributes
- "Best coding practices".

If you want more feedback than given in the Excel-sheet, please arrange a meeting with the lecturers.