

## Crowdfunding becomes a reality for startups

*"everyone funding startups" - Grow VC's new community funding model is launched*

15th of February 2010 - Hong Kong - [Grow VC](#) today launched its one long-awaited core business model, a community funding model. Under this model Grow VC will pool 75 per cent of membership fees into a community fund that gets invested back into promising member startups. Community fund investments are managed by Grow VC, but all investment decisions are made by Grow VC members who determine how to invest their portion of the fund to other startup companies that they feel have the most potential.

[Grow VC](#) is fixing the inefficiencies of private seed funding for web and mobile companies with a global social network and crowdfunding. The service includes the tools needed for building a startup from the ground up, to getting funding at the seed level. It introduces startups to investors, experts and other entrepreneurs, helping them discover common interests and providing new transparent ways of achieving investment.

The community-fund feature includes a members leaderboard based on the merit of the members' investment decisions. The most successful decision makers will be financially rewarded when the community fund begins earning return on investment (ROI). All decisions are completely transparent so Grow VC members can always view how successful past and ongoing investments are.

Grow VC cofounder and CEO Valto Loikkanen said: "Our model gets startups acquainted with the entire investment process and we are the first to offer this type of peer-to-peer crowdfunding. For our service to have a sustainable future, the cost structure must be kept low and our own interests must clearly align with our members' interests - so that our success is dependent on the success of other startups, investors and experts in our community."

Grow VC cofounder and chairman Jouko Ahvenainen said: "Early phase funding requires new solutions. VC's are moving their focus to more mature companies, and LP's are decreasing investments in VC funds. Entrepreneurs want to have more competition and transparency in the funding market, and business angels require better tools to find good startups and for easier dealmaking. This new model opens totally new opportunities in funding, and it also offers practical help like transparent term sheets and investment agreements."

### More about the community funding model

The model encourages entrepreneurs to start looking at other startups from an investors' point of view, helping them to improve their own profile and communication. Through their funding process in Grow VC, startups can also build a global, multilingual and geographically distributed network of industry peers of Grow VC members, motivated to support their venture.

For early stage investors, or "funders", the information that the community decisions provide about noteworthy startups brings a level of transparency not seen before in investing in tech, web and mobile startups.

The patent-pending community fund model is the original core innovation in Grow VC's arsenal of unique funding models and the reason behind Grow VC's inception. In 2009 the company was also the first to announce a global service-investment model, whereby service providers in the industry can invest in companies using work resources as "sweat equity," in addition to money.

Joining Grow VC, and the basic features such as building a person profile, are free. Premium features including the services above come with subscriptions ranging from \$20 to \$140 per month, depending on how much money the startup company is seeking or how much the investor is looking to invest. For unlimited service investments, the monthly subscription fee is \$90 per month.

Following its first five months in public beta, Grow VC's community just reached 700 registered users from within the startup and investment communities.

#### About Grow VC

Grow VC is Venture Capital 2.0, bringing the first truly transparent, international, community-based approach to early stage funding. Grow VC can help mobile and web 2.0 startup stars secure initial funding for their businesses ranging from \$10,000 to \$1m USD. Grow VC will not only connect startup entrepreneurs with 'funders' (investors) to help them discover their common interests, but also provide tools for the process and new transparent ways of doing things. Grow VC international headquarters is located in Hong Kong.

Press material:

<http://www.growvc.com/main/press/>

Press contact:

Emily McDaid

Head of Communications

[emily@growvc.com](mailto:emily@growvc.com)

+44 7748 6333 55

[www.growvc.com](http://www.growvc.com)

Twitter: [@growvc](https://twitter.com/growvc)