

# Program Management & MVP Nettfunder



## Nettfunder, a Crowdfunding Portal

An entrepreneur may consider a 2-sided marketplace attractive for their StartUp. It seems to offer all the rewards without the risks, but the reality is very different. The hidden truths reveal that “building it” may not always result in “they will come.”

Where does the expression “build it and they will come” originate? This misquoted line is spoken by Ray Kinsella, played by Kevin Costner, in the film *Field of Dreams*, directed by Phil Alden Robinson (1989). While wandering in a cornfield, Ray Kinsella hears a strange whisper: “If you build it, he will come.” Build what? A corn maze? A giant popcorn machine?



It suggests that if you make something, the rest will sort itself out. We built a Crowdfunding Portal for Netfunder, a 2-sided market place to find out if it was true.

A two-sided marketplace is an online platform that connects two groups of people who need each other to complete a transaction. The classic example is a marketplace like eBay, which connects buyers and sellers.

However, there are many other types of two-sided marketplaces. For example, Airbnb connects people who need a place to stay with people who need to rent out extra space.

Two-sided marketplaces have become increasingly popular in recent years, offering several advantages over traditional businesses.

First, two-sided marketplaces are more efficient than traditional businesses because they cut out the middleman. For example, when you buy something on eBay, you purchase directly from the seller without going through a store.

Second, two-sided marketplaces are more convenient than traditional businesses because they offer a one-stop shop for all your needs. For example, when you book a room on Airbnb, you can also book a flight and a rental car simultaneously.

Third, two-sided marketplaces are more transparent than traditional businesses because they provide a platform for buyers and sellers to review each other. For example, on Airbnb, you can see reviews from other guests before you book a room.



Fourth, two-sided marketplaces are more flexible than traditional businesses because they allow for customization and personalization. For example, on Airbnb, you can choose from a wide variety of homes with unique amenities.

Finally, two-sided marketplaces are more resilient than traditional businesses because they do not rely on any player. For example, if one seller on eBay goes out of business, there are still millions of other sellers the buyer can try.

A popular form of the 2-sided marketplace is Crowdfunding.

Crowdfunding is the practice of raising money from many people to fund a project or venture. It typically involves using an online platform to solicit donations from the public, although private crowdfunding platforms are also becoming increasingly popular.

In recent years, Crowdfunding has become a popular way to finance various projects and ventures. From films and video games to startups and small businesses, more and more people are turning to Crowdfund to get their projects off the ground.

Some of the most successful Crowdfunding campaigns in 2014 include:

- Pebble watch (Smart Watch) Kickstarter >\$10M
- Coolest Cooler (Smart Cooler)Kickstarter >\$13M
- Star Citizen (Computer Game) >\$2M now over \$500M
- Etherium (Block Chain) >\$5M now over \$4.1B

There are several reasons why Crowdfunding has become so popular. One is that it allows people to tap into a large pool of potential investors, which can be challenging to find elsewhere. Another is that it can be a more efficient way to raise money than traditional methods such as bank loans or venture capital.

Crowdfunding platforms typically take a small percentage of the total amount raised as a fee, which means they can be very cost-effective for project creators. And because platforms like Kickstarter and Indiegogo have built-in audiences of millions of people, they can provide a great way to generate buzz and get your project in front of potential investors.



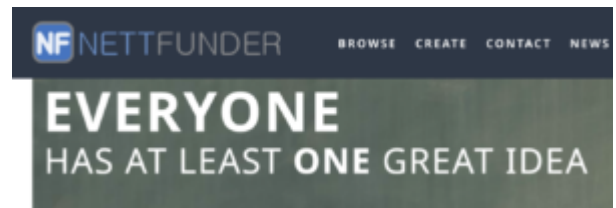
## KICKSTARTER

In 2013 we developed a Crowdfunding portal with some advanced features. Our client believed features would rival the leading Crowdfunding portals by addressing two key issues.

One of the critical issues faced by Creators on Crowdfunding sites was gaining early traction for their projects. The Nettfunder portal addressed this with a means of a “Funnel Web” that gave Creators and means of a Showcase area and Pinboard area. Showcasing ideas in a simple format enabled other Creators or early Backers to offer insights and, in a way, a kind of “peer review.” If the peer review garnered support, the Creator could go forward with a campaign; if not, they could drop the idea and move on to another idea without much risk.

The second issue was gaining the initial traction for a newly posted campaign. Nettfunder helped solve this issue with a Network Funding Program that offered rewards to Backers that promoted the campaign. The more they announced the campaign, the more Rewards they would earn. The Rewards could be simple refunds on the Pledge to making cash for very high-performing Backers.

An early decision to make was the base technologies. Kickstarter was based on Ruby in Rails but has moved to other technologies. You can look up any Website's technology on [Builtwith](#) here. However, we needed to build an MVP (minimum viable product) quickly to test the platform and gain early traction. WordPress was the choice as it offered many ready-made plugins and support from other WordPress developers worldwide. And is based on HTML, CSS, JavaScript, and PHP, all very well-known in the industry. We used AWS for our servers, and as a micro-server, they were/are free and can be easily scaled. We still use AWS virtual servers today.



We quickly realized that WordPress needed some essential tools we needed. There was a Crowdfunding plugin, but we wanted something else. We decided to create several plugins ourselves. PHP is the WordPress language, and we developed multiple plugins: Network Funding Program, Admin Statistics, Popularity Counter, and a Refer Button. These all worked successfully.

However, 3rd party plugins can be a problem as they can conflict with one another. On occasion, when updating a plugin, the site would crash. To avoid a disaster, we would create a backup of the instance, and if the site crashed, we would set up another virtual server and reload the backup, avoiding the update on the offending plugin. The plugin needed to be updated and created additional tech debt. Acceptable for an MVP.



Though we could quickly create the Portal basics, we needed some help customizing it precisely as we needed it. We had over 114 bugs or issues with the Portal at one point.

A technique we used to manage bugs was to rank them from severe, which might crash the page, to minor such as poor spelling. We addressed the highest-ranked issues and periodically ran regression tests across the Portal to pick any new errors. Sometimes it seems like two steps forward and 1 step backward, as we found bugs and issues because of code changes.

However, after several months we had the bug list under control and down to only minor issues.

We employed a contractor, a family member of an early investor. Unfortunately, he was dishonest, and we made the mistake of paying him before the coding work was demonstrated to us. We had significant pressure from his family to pay for his services despite him not having the work completed or shown to us. The excuse was that he was waiting for another contractor's job to meet his – which was a lie. We tried for many months to have him complete his part of the work, but it never was, and we ended up doing it ourselves.

The lesson here is always to have the code demonstrated before you pay for it or sign it off!

We were excited when we had the Portal ready. We even had a launch party in Darling Harbour in Sydney to promote the Portal and its first campaign, a brand new eBike, called the Skillion 1

OK, so now what? How do we get the hundreds of Creators and Backers to the site?

The client planned to raise capital to market the platform digitally. But that proved out of reach. The client ran several more Creator's campaigns for other people but failed to succeed. And the venture tanked!

What went wrong? Why didn't we explode into the new Kickstarter?

One reason was that, at that time, hundreds of Crowdfunding sites were popping up. Even local colleges would have a Crowdfunding portal associated with their Website. There was a Crowdfunding plugin in WordPress. It was easy to do, and the model was there to follow from Kickstarter and Indiegogo. We had a lot of competition.

A 2-sided marketplace requires participation from both sides of the market. Enough people need to come from both sides and see your advantages to commit to either post a campaign or Pledge. Kickstarter was founded in 2005 with a focus on artists. Kickstarter was new and based in New York; they could tap many creative artists that would need such a means to raise capital ahead of a project, such as a concert. You can read about how [Kickstarter got started](#) here. With one side of the market secure, he set about getting the other side, the Backers, to pledge. Kickstarter started with a meager budget project called Drawing for Dollars, an artist would draw if people Pledged, and it worked. This humble start grew and grew.



Another example is Airbnb. They started renting out space in their apartment. Then leveraged Craigslist to relist accommodation to fill their Website, find customers, and grow from there.

The key lesson is that building a better solution does not beat a path to your door. Finding a small niche and creating a solution around the need works, then scaling up.

Building an MVP and getting the product with real customers will quickly find the flaws in your approach to the market. Nettfunder could have worked as well as any other Crowdfunding portal. The critical issue is gaining traction. A small unexploited niche where a need exists is an excellent place to start.

We wrapped up the project in 2014, and the company and the Portal are still live and working to this day, waiting for “them to come.”

If the client had time over again, they would have invested in the Portal. But building a Website is a relatively inexpensive venture. Many StartUps do just this and are thriving. The key is what is behind the Website, the business fundamentals, and how a startup can get enough traction to succeed—a small start, building momentum with real customers, and building on successes with continuous improvements.

(\*) The numbers in the Case Study are illustrative only and not intended to be accurate.

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Pete Cooper is a CEO Program Manager with 20+ years of diverse experience. He has worked in Aviation, Hi-Tech, Telehealth, Semiconductors, IoT, App development, and more. He has been a design engineer, an executive, and many parts, including customer-facing. He is a Start-Up CEO, not to mention the many Program Manager roles.

Pete is a thought leader in applying Program Management methodology as a CEO and has been awarded for his skills in managing complex programs in diverse fields. He holds an Engineering Degree, MBA, an Airline Pilot's Licence, and multiple Program Management Certifications, including FAIPM.

At Skillion, where Pete is the CEO, we pride ourselves on our ability to implement and educate Program Management woven into our customer projects. If you need more than just a technical solution but need it managed end to end, don't hesitate to get in touch with us today to learn more.

**info@skillion.tech**

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