

# FUNDING FOR START-UPS

„You must spend money  
to make money” – Titus Maccius Plautus

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The logo for TRACCCE, with the letters in different colors: T (pink), R (magenta), A (cyan), C (yellow), C (blue), E (blue).

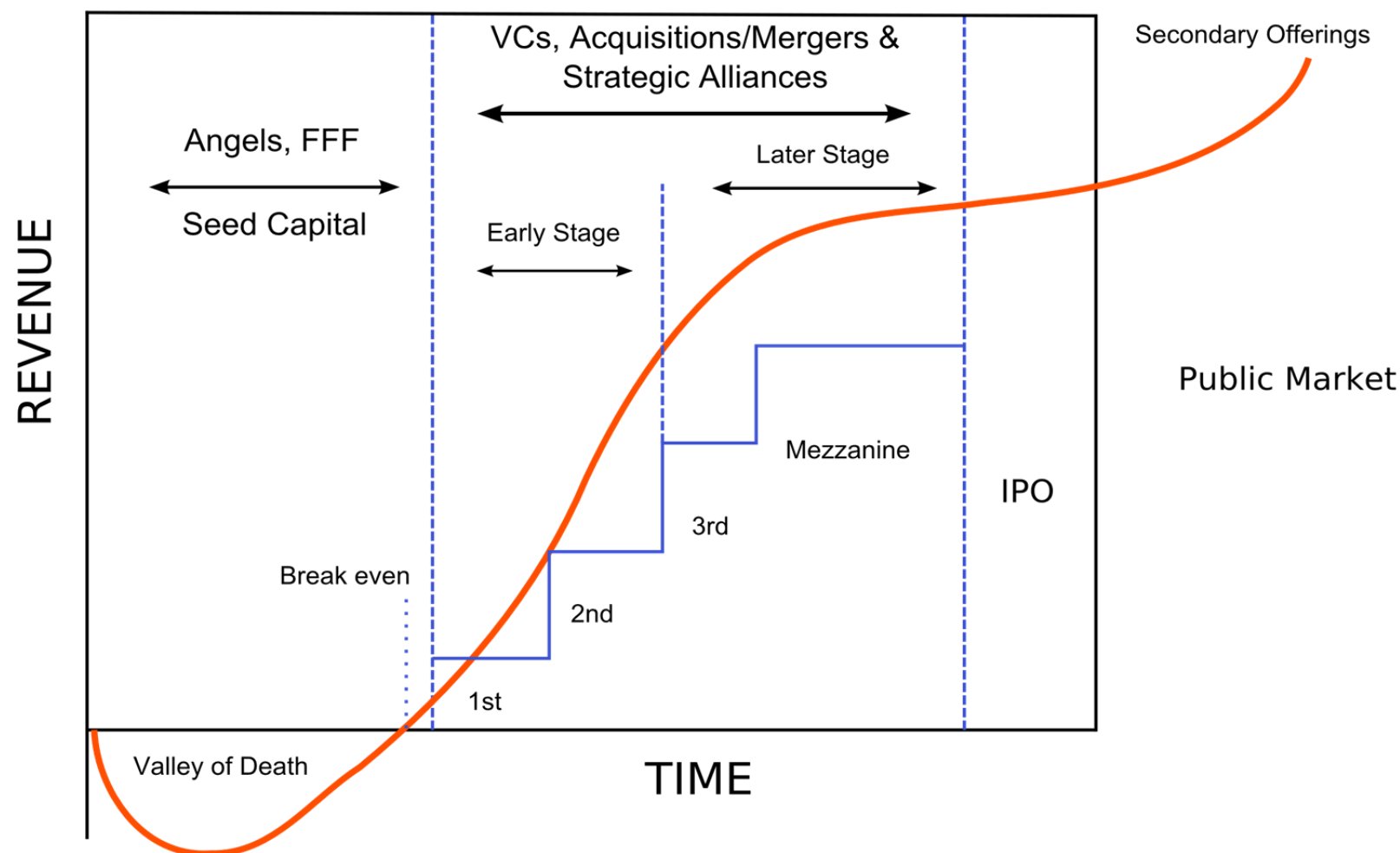
Community Enabled Open **Training**  
**on Creative & Cultural Entrepreneurship**



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# Startup Financing Cycle



[https://commons.wikimedia.org/wiki/File:Startup\\_financing\\_cycle.svg](https://commons.wikimedia.org/wiki/File:Startup_financing_cycle.svg) May 2022

# SEED CAPITAL

- Own funds
  - High probability of miss evaluating the risks
- Loans from friends or banks
  - You need to return it on your own if the business fail
- Business angels
  - Uses own resources
- Crowdfunding
  - You need a prototype, it should be innovative
- Grants
  - A lot of legal procedures to follow, have to stick to the original plan

# LOAN FUNDS

- Bank loans
  - May ask for a collateral asset
- Overdraft
  - Preapproved loan directly in the account
- Factoring
  - Selling invoices for a lower price
- Invoice discounting
  - Loan based on emitted invoices

# LEASING OPTIONS

- Operating Lease
  - for a monthly fee you obtain the right to use an asset
- Capital Lease
  - is a mixture between a bank loan and operating lease

# LATER STAGE INVESTMENT

- Venture capital
- Private Equity
- Investment funds
  - Can sell the participation at any time
- Initial Public Offering (IPO)

# CROWDFUNDING

Kickstarter

SeedBlink: Online Investing Platform for Tech Startups

Crowdfund Innovations & Support Entrepreneurs | Indiegogo

# CROWDFUNDING

- Peer-to-peer
  - Small loans from many customers
- Equity
  - Sell small % of the company (similar to shares)
- Rewards crowdfunding
  - Presale the product