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# Pirate3D hits major cashflow issue, delivered just 40% of orders



3d printing startup [Pirate3D](https://www.kickstarter.com/projects/pirate3d/the-buccaneer-the-3d-printer-that-everyone-can-use) made headlines when it raised US$1.5 million on Kickstarter. It was the highest-ever crowdfunding campaign from a Singapore company. Then came the warning signs: its 3d printers were not delivered on time, and angry customers demanded refunds, which were again delayed.

Things came to a head yesterday, when the company [posted a note](https://www.kickstarter.com/projects/pirate3d/the-buccaneer-the-3d-printer-that-everyone-can-use/posts/1380963) updating backers on the status of the company. It’s not pretty. The note, signed by co-founder Brendan Goh, revealed Pirate3D only delivered 40 percent of orders so far. Because it ran out of funds, it has frozen operations for two months already and will need to do so for at least another quarter.

It is sourcing for new funding to continue running the company and “build a better printer at a lower cost.”

## Autopsy

So what went wrong? According to Brendan, the firm “spent too much on R&D,” biting off more than it could chew. It spent too much money building an entire ecosystem combining the hardware, software, and library. Also, the cost of building the hardware exceeded the funds collected.

Shipping was another roadblock. Pirate3D was not allowed to charge for shipping after the campaign, a privilege newer Kickstarter projects have. Deliveries to certain places were exorbitant.

“As much as possible, we have tried to bear these costs. However, paying US$600 each time for just shipping to South America and similar amounts to other places has proved to be too much a burden for the company. Along with handling international deliveries for warranty and repairs, which most Kickstarter projects don’t do (and now we know why), has led us to where we are now.”

**Lack of experience in industrial design also hurt the company.** It wants to raise money now to redesign its printer, as the first version was “designed by three fresh graduates with no training in industrial design and manufacturing two years ago.”

Pirate3D’s Kickstarter campaign fell under the old terms of service, which required campaign starters to fulfil orders or issue a refund. Yet it’s difficult for Kickstarter to enforce this, except by letting only quality projects on the site.

The new terms of service, however, states that as long as project creators show how the funds were used and what’s preventing the project from being completed, they won’t need to fulfil obligations. It’s a clause allowing for failure.

## Still committed to backers

The note did not say explicitly whether it’ll fulfil the remaining orders. “Most of the investors we have spoken to want to place us under the covenant that the monies can only be used for working capital and not for fulfilling old obligations,” it read.

Brendan clarifies with me what he actually means is that Pirate3D cannot use the new investment money it’ll raise to directly meet Kickstarter obligations.

Instead, it’s “going back into serious hardware mode” to build a better printer and use that to fulfil orders. The move, it says, builds a better foundation for its future.

“We need to think of the company and our obligations in the long-term, not the short one. If we do short-term and run into cash issues again then who will handle support and warranty for our backers?”

**Update on October 14:** Pirate3D responded to *Tech in Asia’s* queries.