

INDUSTRY UPDATES

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Australia embraces online funding campaigns, with the entertainment industry in the **lead**

When popular Australian singer Kate Miller-Heidke left her music **company** Sony Music Entertainment Inc last year and announced she would finance her new album through crowdfunding, many in the industry thought she was mad.

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The classically trained singer turned to the PledgeMusic platform and set up a site to talk directly to her fans and to seek their support.

Investment turns ideas into reality "After releasing three studio albums, a live album and a side-project album through a major label, I am now a fully independent artist," she said in a posting.

Within a couple of days Miller-Heidke had raised enough money to go into the studio to record her album O Vertigo! which is due for release later this month.

Fans pledged amounts ranging from A\$20 (\$18) to A\$5,000.

So what did they get for their money?

"Supporters will be able to pre-**purchase** a copy of the album they'd help finance or take up a string of quirky offers money previously could not buy," according to news.com.au.

"Items sold included Miller-Heidke calling you for your birthday (A\$100), an executive producer credit on the album (A\$1,000) and playing an acoustic gig at your house for A\$5,000," the news site reported.

While Miller-Heidke has not revealed the amount she raised, she told news.com.au "it was enough to fund the recording".

West Australian trio Eskimo Joe in February became the first group to get an album paid for by fans into the Australian Recording Industry Association's (ARIA) Top 20.

Eskimo Joe, who left the Warner Music Group label last year, went to Australia's first crowdfunding platform Pozible to ask fans to donate A\$40,000 to cover the recording costs of their latest album Wastelands.

Eskimo Joe raised more than A\$60,000 to cover recording costs.

Achieving their goal within 10 days, the group wound up receiving more than A\$60,000 to use toward the album's release.

Crowdfunding websites are expected to raise more than \$10 **billion** this year compared with \$2.7 **billion** in 2012, according to reports by Forbes.com and Reuters.

The World Bank in a report last year said "crowdfunding - and its impact on the world - is still to be fully recognized".

The report said crowdfunding had emerged as a multi-**billion** dollar global industry. Between 2009 and 2012, crowdfunding grew at an annual compound rate of 63 percent. "It shows no signs of slowing down," the World Bank said.

In Australia, crowdfunding has been around for a little over three years but is already taking off for those in the music, film and video game industries.

The concept is simple. A **company** sets itself up to provide a platform where a singer or filmmaker, for example, can advertise and promote a project or an idea, set a financial target and wait for people to contribute.

The platform takes a small percentage of the first project's funding, usually around 5 percent, and 1 to 2 percent of all subsequent projects.

Rick Chen, cofounder of Pozible, describes crowdfunding as the "future". "Crowdfunding may be new to most people but it is an industry that is fast gaining traction around the world."

Launched in May 2010, Pozible is said to be the third-largest in the world behind US-based platforms Kickstarter and Indiegogo.

Chen says crowdfunding now "gives the small developer" an opportunity to get his or her project "off the ground". "All we do is provide an alternative another avenue if you like. The rest is up to the individual or **company**," he says. "Your idea lives or dies on how you sell it to the public. Admittedly music is a little easier to sell if you have an established fan base."

Chen says crowdfunding also teaches developers how to successfully market their ideas through social media. Pozible has run more than 5,000 campaigns in Australia since its launch. "With a success rate of 55 to 63 percent we have the highest rate (of success) in the world where the average is around 43 percent."

Even sports people are turning to crowdfunding sites to raise money.

Australian steeplechase athlete Victoria Mitchell is hoping to raise up to A\$30,000 through the sport-focused crowdfunding platform Star Stadium to help in her preparations for the 2016 Olympics in Brazil.

Mitchell told the Australian Broadcasting Corp recently: "Most people assume that elite athletes get paid to be an athlete. The reality is we don't."

"You can get what we call 'kit deals' where Nike will give you so many dollars worth of products per year. But to actually get money to live and train as a professional athlete is really difficult," she said.

"The big radical reward is if you sponsor me for A\$30,000, which is A\$10,000 per year because there are three years until Rio, I will tattoo your logo or symbol permanently on my ankle so every time I run it will be seen."

Pozible has already expanded into Southeast Asia and this month launched its first **Chinese** project - the Ai.Frame Robot.

"This is the first time we have put a **Chinese**-driven project on a global stage," Pozible's Chen says.

"**China** is one of the most exciting markets in the world with an enormous amount of technology and innovation taking place but little of it is getting out to the wider world."

He believes no other market in the world compares with **China's** potential, adding that "most Western markets have been explored inside-out but the understanding of the innovations coming from **China** remains quite low".

By giving **China's** innovators a platform to the world, Chen hopes projects can now get off the ground.

The toy-size Ai.Frame Robot can outperform many human-size robots with more than 300 movements and a motion sensor preventing it from running into things, said its Shanghai designers Hu Jiaqi and Sun Zebo.

"What makes this interesting is that you can make the robot using 3D technology and then program it using your own programs," Chen says.

And at \$259, the Ai.Frame Robot is the "most affordable, sophisticated humanoid robot on the market" today and a quarter of the price of most of its competitors, according to the developers.

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