**RELATED WORK**

**Start-up Funding via Equity Crowdfunding in Germany – A Qualitative Analysis of Success Factors**

Entrepreneurs often struggle to find sufficient funding for their start-ups. A relatively new way for companies to attract capital is via an internet platform, locating investors who in return receive something in return for their ventures. Equity crowdfunding is one of several types of crowdfunding, and is also known as crowd investing in the German-speaking realm. This article predominantly advances the scientific knowledge regarding the success factors of equity crowdfunding for German start-ups. The study conducted nine qualitative interviews with start-ups and crowd investing platforms. Its first result is that German start-ups select crowd investing because (1) it is a funding opportunity and (2) it has an expected marketing effect. To organize the results of relevant success factors, the Crowd investing Success Model was designed by the researchers. This supports German entrepreneurs by presenting 20 important success elements that help to increase the capital collected during a campaign. The key finding is that an attractive business model, an appropriate preparation in the pre-campaign period, ongoing activities during the campaign, and corresponding advertising activities have a positive impact on a German start-up’s crowd investing campaign’s chances of success. The article closes with implications for theory and practice, as well as further research suggestions.

Crowd investing is no longer a fad. It’s a real phenomenon changing the way start-ups raise capital. With that being said, established companies are also looking for financing options for new products. So crowd investing has gone from being an investment opportunity to a vital source of venture capital (Tomzcak & Brem, 2013). Developed within this decade, it’s a relatively new research field (Hagedorn & Pinkwart, 2013), with the amount of academic literature on the topic increasing notably over the last five years (Moritz & Block, 2014 and Bouncken et al. 2015). The word “crowdfunding” basically originates from crowdsourcing, albeit with a focus on investment rather than getting users involved in product development. Crowdfunding can be defined “as the act of acquiring third-party financing from the general public via an intermediary, generally in the form of a web-based platform” (Tomczak & Brem, 2013, p. 339). This kind of matchmaker platform gives investors direct access to projects that are seeking funding, while the company seeking funds obtains access to truly interested customers (Ordanini et al., 2011). Moreover, there are investment (Schwienbacher & Larralde, 2012). The research in this article is focused on equity investments, which is commonly categorized under crowd investing (Berm et al., 2014).

Hence, we further consider reward crowdfunding, which is commonly used to support the product development, and crowdlending, which obliges start-ups to pay predetermined interest rates (Hemer, 2011; Hornuf & Schwienbacher, 2015a).

**Determinant of Start-ups’ Fund-raising Value: Entrepreneur and Firm Characteristic**

Technology advancement or what so-called “creative disruption” is the major force of economic growth in the world of capitalism. Nonetheless, innovation and R&D activities are often difficult to finance in a freely competitive marketplace . The “disruptive innovations” tend to be produced by the small firm, or the ‘outsider’, who able to disrupt the incumbent firm, to create new progression to the world .

One way to manage technology is to create the business model of the venture that able to transit innovation freely. Startup is one of the business model that help propel the diffusion of technology.

Financing startup is not an easy task as most of the bank churn away from the project due to high risk with no collateral of the project. The empirical studies suggest that the small innovative firm often depend on equity financing rather than debt .

Within the equity fund raising activities, the question of ‘How much the company worth?” always be the key question in fund raising activities. Knowing what the key determinant of the fund-raising activities is will help entrepreneur able to finance through valleys of death.

Despite the importance of the fund-raising activities on startup company stand point, valuation always be a challenging task for both investor and entrepreneur.

The challenging in valuation of start-ups is stem from the core problem of corporate finance which are 1) the asymmetric information that could lead to adverse selection, 2) the agency problem and the characteristic of the startup company also embedded the challenge in determining uncertainty into the equation. However, the problem is more pronounce when considering startup firm characteristic of lack of historical data and track record and the high uncertainly of business nature of the new venture. Moreover, many of the small startup firms do not have audited financial statements that can be shared with any provider of outside; partly due to cost outweigh benefit of verification.

Traditional valuation methodologies believe that key challenge on future research of valuation and fund rising activities are lie in four areas. First, the shift of investment from developed market to emerging market (such as South East Asia). Second, the valuation of the young companies which is lack of profit stream and Third, the inability to rely on the financial statement called for the dynamic valuation model rather than static model we are using and Lastly, there is a gap in converting the corporate strategy that driving growth to excess return which drive the value of firm. We therefore attempted to fill up the gap based on both practitioners and researchers by considering the non-financial information factors in the context of ASEAN countries by uniquely collected data