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**Three types of companies where crowdfunding works**
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RAISING CASH

# Three types of companies where crowdfunding works

Friends Micky McKeon and Dan Sills came up with the idea for their Durham startup, MockOut, nine years ago as a way to make the NFL Draft fun. McKeon, a Seahawks fan, and Sills, a diehard Patriots follower, got excited when their teams made a pick. But what about for the rest of the draft?

"We were just waiting around," McKeon says. So the pair made it into a game, casting predictions for picks one through 32 with a scoring system.

When the pair needed outside capital to fine-tune the product, they turned to crowdfunding, ultimately raising $65,000 from 64 investors.

But it's been more complicated – and more expensive – than McKeon ever could have imagined, he says.

"I didn't know how much it would cost just to get your campaign up," McKeon says, pointing to the financial audits, legalities and marketing costs.

"It's not just pulling legal documents the way you might for a private offering," says Alex Bowling, the Smith Anderson attorney MockOut worked with on the offering. To hook investors online, you need a sharp website that communicates what your company is – complete with an eye-catching video.

The site also must communicate the risks involved, he says.

Bowling says crowdfunding campaigns work best under three scenarios:

**The affinity investor:** These investors want to invest in something they have a personal stake in.

**Companies without established investor connections** – who have a lot of time to kill.

**Companies seeking recognition.** "For some companies, this is not only a form of financing, but a form of advertising, too," he says.