U.S. Congressional Hearing:
"Innovation in America: Role of Technology"

Committee on the Judiciary's Subcommittee on Courts,
Intellectual Property, and the Internet

Statement of:
Danae Ringelmann, CFA
Founder & Chief Customer Officer, Indiegogo
www.indiegogo.com
@indiegogo
@gogodanae

Submitted on July 31, 2013

Dear Congresswomen and Congressmen,

My name is Danae Ringelmann, and I'm one of the founders of Indiegogo - the largest global crowdfunding platform in the world. Thank you for inviting Indiegogo to be a part of the hearing today. I'm excited to share Indiegogo's perspective on the role technology plays in innovation, which I would define as the discovery, identification, development and application of new and better solutions for old and new problems.

As an entrepreneur who has dedicated the last 7 years of her life to utilizing technology to solve a problem faced by millions of other entrepreneurs across the world – inefficient access to financial capital – I hope my perspective will surface new thoughts for you on how:

> 1) technology-based solutions are often the *result* of innovation, and
> 2) technology-based systems are often the *means* for innovation as well.

Since, Indiegogo is an example of a technology that is both an innovative solution itself as well as a catalyst for innovation, I will provide background on Indiegogo, the problem we're solving, how we're using technology to solve it, and finally how we enable more innovative solutions to come to life across America and the world. I will close with some thoughts on a particular flavor of technology that I believe is the most robust driver of innovation, and leave you with a compliment and wish.

What is Indiegogo?

As mentioned above, Indiegogo is the largest global crowdfunding platform empowering people to raise money and fund what matters to them. We have hosted over 100,000 campaigns and distribute millions of dollars every week, globally. About 7,000 campaigns are active on Indiegogo at any given time. We are an international platform with campaign owners and contributors in nearly 190 countries. We welcome a diversity of campaigns spanning creative, cause-related and entrepreneurial projects. This gives campaign owners and contributors the chance to fund what they care about most, without restrictions.

What problem is Indiegogo solving?

My co-founders and I came together back in 2006 out of mutual frustration for how difficult, inefficient and unfair the traditional fundraising process was for small businesses, artists, causes and every day people engaged in the world who were wanting to bring new ideas to life. I quit my job in the financial industry after failing to help independent artists raise money and returned to business school to start a company that would democratize funding. While in school, I met Eric Schell and Slava Rubin who immediately joined forces with me out of similarly discouraging experiences – Slava for cancer research and Eric for theater. We realized that we all failed, not for lack of heart, hussle and interest from a community of fans,

supporters and future customers, but rather for lack of efficient access to third party investors with capital.

We recognized that thousands - if not millions - of ideas were going unborn every year because the people who wanted ideas to come to life – the creators and their communities – didn't have the mechanism to fund them, efficiently. The fundraising process, instead, was reliant on the creators gaining access to specific third party investors whose interests and goals may or may not have aligned and then convincing said investors that the creators' community of supporters, fans and customers was large and engaged. Such inefficiency in connecting with interested capital not only made fundraising difficult, but also quite unfair.

Further we noticed innovative technology-based platforms like eBay, YouTube and Wordpress were democratizing ecommerce, video, and writing. So we asked ourselves: if anyone can sell or buy anything from anyone, and anyone can create or watch video made by anyone, or anyone can write or read a blog written by anyone, *why couldn't anyone fund a business, project or cause initiated by anyone?*

How we're using technology to solve the inefficiency of finance and spur further innovation?

Based on our frustrating experiences and observations, my co-founders and I set out to launch an online platform that would put the funding power back into the hands of the creators and their communities, making finance efficient and fair once and for all. We launched www.Indiegogo.com in January 2008 to empower people to fund what matters to them – whatever that might be. Rather than rely on third party investors – or gatekeepers – to determine which ideas are brought to life and which ones aren't, Indiegogo has created a way for the world - together - to decide which ideas are born.

As on online funding platform, discovering ideas to fund and connecting with new funders, has never been more efficient. Neither geographic, social nor economic boundaries are barriers causing friction in the funding process any longer. Further, as an "open" online funding platform where there is no application process, nor waiting period associated with launching a campaign, individuals can start raising funds immediately, without delays or third party approvals. As a result, the quest to connect and align with a gatekeeper is no longer a needed step in the funding process.
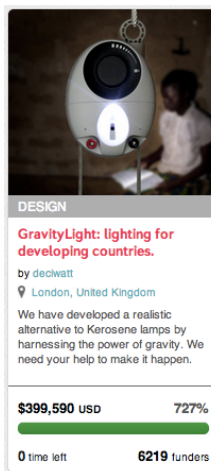
The only thing in between someone with an idea and that idea happening is the person, their work ethic and the responsiveness of that idea's community. There are no gatekeepers on Indiegogo, not even Indiegogo itself.

The Power of Technology in Driving Innovation

Because of Indiegogo's technology platform, many entrepreneurs, artists and causes have been able to raise money efficiently and fairly after being locked out of the traditional financial system; i.e. when other financial solutions have failed them.

Emmy's Organics was a young gluten-free macaroon business that needed $15,000 to update their packaging in order to get distribution in a local grocery retailer. The bank rejected the company's loan application. Rather than give up and forego and amazing growth opportunity, Samantha - the owner of Emmy's Organics - turned to Indiegogo and raised over $15,000 in just a few weeks. The campaign offered macaroons as perks, and customers who wanted this business to succeed not only funded the campaign but leveraged Indiegogo's sharing tools to turn their friends into funders (and thus customers) too. Within a few months, Samantha's macaroons were in stores across the region, and within the year, Emmy's Organics was selling its macaroons in 40 states across America.

Gravity Light was an innovative early-stage device that generated light by lifting it up against gravity. The creator – Patrick - envisioned this product as a safer and cheaper solution to kerosene in the developing world. When the product was at proto-type stage, he wanted to raise venture capital to bring his product to market. However, no VC would call him back as the size of the light's potential market was uncertain. Rather than give up, Patrick turned to Indiegogo and raised $400,000. The campaign offered early samples of the lights as perks. Not surprisingly, because of the funding traction by the end of the campaign, venture capitalists wouldn't stop calling Patrick. Clearly the Indiegogo campaign proved there was a market for the product.
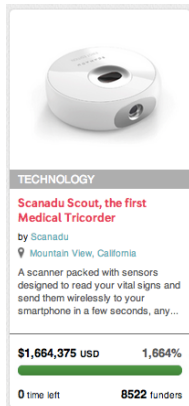
Both examples show how Indiegogo's technology-based solution to fundraising is a better solve than the options available to both entrepreneurs before they discovered Indiegogo (banking loans and venture capital). Further, both show how Indiegogo's technology is enabling further innovation. Without Indiegogo, Gravity Light would've never been able to bring its innovative lighting technology to life, nor would Emmy's Organics have been able to meet the growing demand of gluten-free macaroon eaters across the country.

The Power of Open Technology in Driving Revolutionary Innovation

On the surface, one might think technology alone – in our case the 1's and 0's of our codebase – are the only necessary ingredients that both result in and enable further

innovation. True: without a dynamic, automatic and systematized product that connects people across the world in seconds, securely stores and organizes information and data better than any human-system, and moves money with a few clicks of a button, funding is now more efficient and accessible than before.

However, it's because Indiegogo's technology platform is fully "open" that Indiegogo is not just innovating, but revolutionizing finance. If we had an application process layered on top of our technology platform or if Indiegogo employees decided which projects could use our platform and which couldn't, our technology-based solution would only be marginally better at democratizing funding than the gatekeeper-based solutions mentioned above.   How we're revolutionizing finance is by applying an open model to funding; meaning we don't vet ideas upfront. We don't decide who has the right to raise money and who doesn't. We don't judge. If we did, we'd simply be watering the very roots of the problem we're trying to solve.

TECHNOLOGY

Scanadu Scout, the first
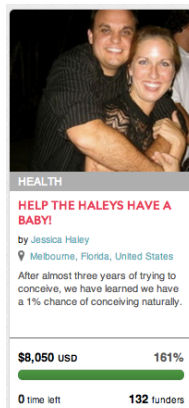Medical Tricorder

by Scanadu

Mountain View, California

A scanner packed with sensors
designed to read your vital signs and
send them wirelessly to your
smartphone in a few seconds, any...

$1,664,375 USD   1,664%

0 time left   8522 funders

For example, a couple recently invented the world's first Tricorder called the Scanadu. It's a Star Trek-like device known as a "doctor in your pocket" that was not allowed on certain funding platforms. They used Indiegogo because we didn't judge. As a result they broke Indiegogo's funding record at the time, raising over $1.5 million – enough to do a first-run production of their innovative device that reads and tracks your body's vitals. Had Indiegogo not existed, this couple would still be working to raise the funds to bring their tricorder to life.

HEALTH

HELP THE HALEYS HAVE A
BABY!

by Jessica Haley

Melbourne, Florida, United States

After almost three years of trying to
conceive, we have learned we have
a 1% chance of conceiving naturally.

$8,050 USD   161%

0 time left   132 funders

Another example of the revolutionary power of Indiegogo's open approach to technology-based funding, is a story about a couple who wanted to have a baby, couldn't conceive naturally, but couldn't afford IVF. Rejected by a different funding platform because their project didn't adhere to the guidelines, this couple came to Indiegogo. Again, we didn't judge. They got their campaign launched right away. As a result the couple raised the $8,000 they needed in just a few weeks to pay for IVF. As a result, a healthy and happy baby boy was born last year.   Had Indiegogo not been open, this human being wouldn't exist today.

Why Disruptive Open Models Need Technology

These examples show that technology alone is not enough to innovate in a meaningful way. To truly disrupt and revolutionize finance, we needed to eliminate all remnants of the old solutions causing the inefficiencies & problems – gatekeepers and application processes. We needed to create an open funding system. However, the key ingredient of a robust open-system is in fact technology.

Said a different way, to create an open funding platform that operates efficiently and safely, that system has to be technology-based. Why? When a platform is open to everyone, it's open to people who want to use the platform in ways it is not intended, e.g. fraudsters or criminals.   One solve is to build walls (like applications) to keep ill-intentioned people out. However, that approach is akin to gatekeeping, and thus runs the risk of excluding well-intentioned people accidentally (i.e. not very innovative). The approach assumes people are guilty or not worthy until they prove otherwise.

Another solve is to create a system where people are innocent until proven guilty. Technology, once again, enables this approach and thus enables platforms like Indiegogo to mitigate potential bad activity without excluding good activity. For example, we've built Trust and Safety algorithms and protocols that keep our platform clean when ill-intentioned folks come knocking. Our technology-based system catches suspicious behavior faster than any human-powered system could.

Further, regulation like DMCA has been instrumental in enabling open technology-based platforms like Indiegogo to remain open, as DMCA protocols also assume people are innocent until proven guilty.

Going Meta

So it's the combination of technology and "open" models that truly drive revolutionary innovation. If you think of other game-changing technology platforms – eBay, YouTube, Wordpress, Twitter, Mozilla, even Khan Academy – all are open, and all are democratizing an industry because of it. Said another way, imagine if YouTube required video-makers to apply to upload video. Would YouTube be the video engine for the world that it is today? Probably not.

Stepping one meta level up, the technology enabling Indiegogo.com and these other online platforms to even exist and work is actually the internet. Interestingly, one key feature about the internet is that it's also open. Indiegogo didn't need to "apply" to use the internet to start its company. We just used it. The internet's open approach have us the equal opportunity to build an equal opportunity funding platform.

To Close

When you think about the role technology in innovation, I hope you think about how it's both a product of innovation as well as a means for further innovation. I hope you also think specifically about "open models and applications of technology" like open-source, crowdsourcing and Indiegogo's open approach to funding are not just innovating, but democratizing and thus revolutionizing industries.

There's nothing better to sum up the power of open-based technologies than a history-making campaign live on Indiegogo now. The Ubuntu is an open-source software technology using Indiegogo's open funding model to create an open-source phone. The operating system was built "by the people," and the phone will be funded by the people. The campaign is currently raising $32 million in 30 days. It's raised nearly $8 million in 9 days. If it reaches it goal, the Ubuntu team will develop and manufacture the phone. If it doesn't reach it's goal, funds will be returned to funders and no phone will be made. In sum, the world – together – owns the fate of this phone. Whatever happens, this Ubuntu campaign is a testament to the idea that finance can actually be efficient, fair and powered by the people. Because of Indiegogo, it finally is. The world can now decide what matters to it and what doesn't. Let's see what the world decides about Ubuntu…

http://www.indiegogo.com/projects/ubuntu-edge--39