

An Academic Crowdfunding Platform for the Arts¹

Swiss Research Infrastructure Roadmap Group Proposal

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¹ The title has been changed from 'A non-banking crowdfunding platform for the arts' to the current title at a late stage. Letters of intent will refer to the previous title 'A non-banking crowdfunding platform for the arts'.

Summary

Currently, academic arts institutes apply for funding through public and private bodies for specific research projects. Publically funded bodies mediate the screening process to ensure that public money invested into research for the arts is allocated effectively to worthy and relevant proposals. Arts institutes and their researchers can access this money through culturally and artistically relevant written proposals. The decisions for or against funding are often based on the clarification of points such as the degree of innovation (how innovative is a project from a scientific, artistic or technical perspective?), and/ or utilization (how can the prospects of success be assessed, is there a utilization strategy?)

This intermediation between researcher and funding bodies is not always fitting to art and design culture of doing and arguing research needs. What if the public were more involved in academic research and funding processes, and what if they were to demand a different set of criteria in art and design research? Not only written proposals but appealing visual narratives about innovation? How might this change the relationship and communication with the public, driven by Art and Design?

Our proposal offers an additional infrastructure of research intermediation which compliments the needs of Art and Design. Furthermore we expect a more detailed view into the benefits and pitfalls of crowdfunding through using it extensively.

Crowdfunding

Crowdfunding is becoming increasingly popular, especially within the arts industry, and has been described as a 'democratic funding'². Worldwide, crowdfunding has raised millions, financing hundreds of thousands of businesses, products, services and research projects. The Swiss crowdfunding platform *wemakeit*³ is a platform for art, music, film, design and other creative projects. International studies prove⁴, the success and relevance of crowdfunding as a serious new way of financial intermediation. Science crowdfunding, a derivative of crowdfunding can offer critical insights to the way societies fund and support innovation. Crowdfunding is diversifying financial mediation world wide, and this is also having an effect on the sciences, its infrastructures and processes. *Science 2.0*, *Citizen Science*, and *Open Innovation* are emerging topics in the academic realm which deals with the investigation of new principals of research⁵. The thematic orientation of research or the funding priorities might change.

“Crowdfunding is a new internet-based method of fundraising in which individuals solicit contributions for projects on specialized crowdfunding websites. The focus in crowdfunding is gathering many small donations (the ‘crowd’ in crowdfunding) rather than requesting a single large sum from a funding agency. Crowdfunding drives run over a limited timeframe, anywhere

² <http://www.ukcfa.org.uk/> (The UK crowdfunding association), last visited 22.01.2014

³ <http://wemakeit.ch>, last visited 22.01.2014

⁴

http://www.dbresearch.de/PROD/DBR_INTERNET_EN-PROD/PROD000000000303056/Crowdfunding%3A+An+alternative+source+of+funding+with+potential.PDF; last visited 22.01.2014;

<http://www.nesta.org.uk/publications/rise-future-finance>; last visited 22.01.2014

⁵ <http://www.leibniz-science20.de/>, last visited 22.01.2014

from a single day to several weeks, and attempt to meet a funding goal before the end of the campaign. Projects that do raise millions of dollars are typically initiated by individuals or organizations that have spent a long period of time building an audience for their work. Crowdfunding for ecologists and evolutionary biologists is still in its infancy, and we expect that with time and concerted effort to generate interested audiences, larger funding goals can be achieved.”⁶

The collaborative nature of crowdfunding means that the growth of social networking provides a foundational pillar on which this investment paradigm can evolve. Within this context we emphasise three open and challenging research pillars which are relevant to a science crowdfunding platform:

- **New research habits in the Arts:** How does the Internet with its new possibilities, particularly the social web, change working habits of researchers? How does it impact on today’s research and publication processes in Art disciplines?
- **Technology development:** How can ‘science 2.0’ support existing research processes and infrastructures? How can today’s processes be innovated?
- **User behaviour research:** Which new forms of scientific communication and narration – within the research community and between the public and the research community?

Our proposal is about a new infrastructure for the research processes in the Arts and the underlying questions is: how can we understand the mix of funding methodologies in the Arts? With our project we want to adress these questions as a funding literacy.

⁶ Forsdyke D. 2012. Raising money for scientific research through crowdfunding. In: Trends in Ecology & Evolution February 2013, Vol. 28, No. 2

Research relevance and potential

The significance of a National Crowdfunding platform lies primarily in its potential to create a new relationship between researchers and the public by bringing 'ordinary people' into the academic research process, whilst also having the potential for developments in research and innovation at both European and international levels. Science Crowdfunding is an emerging strategy. Platform like 'I am Scientist', 'Microryza', 'Sciflies', 'The Open Source Science Projekt' or 'PetriDish' exemplifies.

The open process of funding also corresponds well with the 'science communication strategy' from SNF⁷. A platform for funding research in Art and Design also lends itself to a national and international coordinated infrastructure for connecting and collaborating with foreign arts institutions and industry.

New ways of intermediation need a better understanding of research in Art and Design, its processes, communications and infrastructures. This is why crowdfunding platforms raise new research questions for academic Art and Design research. On the one hand it requires a new kind of communication, a new language for appealing to non academics for their financial investment; whilst also making academic research more visible to the public and also the opportunity for people to be involved first hand in research processes. It allows academia to gauge public interest before investing money in research projects. It requires that research projects whatever their theme, scope or content are something that interests a sufficient number of people strongly enough to motivate them to part with their money, and also to engage time themselves into. In this context Bammatter⁸ highlights some relevant questions and findings which should be explored further for the Arts and Design. Within this context we emphasis on three open and challenging research pillars which are relevant to a science crowdfunding research infrastructure:

- **New working habits:** How does the Internet with its new possibilities, particularly the social web, change working habits of researchers? How does it impact on today's research and publication processes in different research disciplines?
- **Technology Development:** How can 'science 2.0' support existing research processes? How can today's research processes be innovated?
- **User behaviour Research:** Which new forms of scientific communication – within the research community and in between the public and the research community.

Public interest and engagement in Art and Design research

A significant bi-product of crowdfunding through existing platforms has been that the public not only want to help fund but are interested to participate in projects if possible. A premise of *Open Science* is that non-academic, amateurs or independent researchers can get involved with research or science projects. The role that 'the crowd' play in this infrastructure is that they are able to donate money to projects they consider interesting or important, and also that they have

⁷ <http://www.snf.ch/en/funding/science-communication/Pages/default.aspx>, last visited 22.01.2014

⁸ BAMMATTER, M. 2012. *A Comparison and assessment of acquiring funds of corporate entities through crowdfunding and through a bank credit*. Bachelor Thesis International Management, FHNW Olten, 2012, Fachhochschule Nordwestschweiz. Hochschule für Wirtschaft.

the possibility of participating in the research in the form of a case study or focus group. This is especially beneficial to researchers who need to find participants with the desired motivation. The process of raising funds would also scope out enthusiastic and interested parties who may be beneficial as collaborators or participants.

Getting involved in design and innovation processes

The involvement of the crowd (the consumers) as participants can also support the projects with ideas for design, blueprints or branding. Crowdfunding thereby acquires a type of open innovation/ crowdsourcing component. This opens up great potential for the development of new fields of research such as ‘Co-Creation’, ‘Participatory Design’ or ‘Co-design’. All these multi-disciplinary concepts describe ways of creating objects or environments that are more responsive and appropriate to their inhabitants' and users' cultural, emotional and practical needs, by directly involving relevant stakeholders (e.g. employees, partners, customers, citizens, end users) in projects. Co-design is a process by which design professionals empower, encourage, and guide users to develop solutions for themselves. Co-design encourages the blurring of the role between user and designer, focusing on the process by which the design objective is created.⁹ Also the economics discuss new public infrastructures, alternative finance and non-banking finance infrastructures (Non-bank financial companies (NBFCs) are financial institutions that provide financial services without meeting the legal definition of a bank.).¹⁰

Research issues

The nature of a crowdfunding platform offers the opportunity for increased dissemination, cross disciplinary collaboration and the potential to connect actors in a different network setup. The main issue concerning the effects of crowdfunding in research processes is the changing communication and the narratives of research between diverse stakeholders (general public, researchers, academic institutions et.al.) in three basic horizontal phases:

- the initial phase of *declaring research ideas* as important
- the phase of *research & development as a process*
- the phase of *reflection, the outcome, impact and the follow up*

These phases are complimented by narratives which alter the way societies contribute to research and innovation. New actors and networks arise resulting in new rules, evaluation criteria, behaviours, esthetics, businesses and processes which are the subsequent research issues for our project.

The resulting new *‘language of research’* (funding literacy) will require proposals that communicate clearly and effectively to a public audience as well as to experts. Currently art and design researchers are required to argue scientifically. A complementary narrative pledge for funding suits artists well and would strengthen the communication between the stakeholders. The infrastructure for financial intermediation could allow all of these issues and opportunities to become a reality and places academic art and design research in an augmented realm of

⁹ PLATTNER, H. 2012. *Design thinking research studying co-creation in practice*, Berlin, Springer.

¹⁰ Buurman, Gerhard M., Trüby, Stephan: *Geldkulturen Ökonomische, philosophische und kulturtheoretische Perspektiven*, Paderborn, Fink.

discussion. The value of crowdfunding isn't only about money - it connects people, ideas and money as it is also about facilitating the society.

Comparison of RI to existing RI

What distinguishes this platform from other existing crowdfunding platforms is that our goals are not primarily about raising money but about involving the public into these research processes, and using the crowdfunding platform as a research tool, for generating knowledge, reflecting on our current processes, and stimulating debate about how we conduct academic art and design research. Our project aims to analyze the ongoing projects and to facilitate our comparative research about research funding in the arts.

The existing financial infrastructure adopts a one to one interaction, where a researcher or academic institution negotiate and apply for funding from publicly funded finance bodies such as SNF, KTI.¹¹ Whilst these systems work well, they are compatible with the idea of crowdfunding research. While the public would still fund university research through taxation, they would also have the opportunity to influence support and get more involved in specific projects they feel are worth funding. The fundamental difference between the two models is that a crowdfunding infrastructure moves from a one to one communication (institute to institute) to a 'one to many' communication (researcher to the public). It differentiates the structured communication process between academic institutions, funding institutions as well as the public. This is relevant in terms of enhancing the infrastructures for financial intermediation in the academic.

Relevance to the host institutions

The relevance for the partners and institutes is self explanatory, because research funding is a common practice. The partner institutions of this proposal have the potential to work around new solutions, innovative ideas, and appropriate infrastructures which meets their needs of research in Art and Design. Furthermore the proposed infrastructure highlights new financial interactions between actors within different social networks as a new intermediary.

¹¹ See: MySNF, CTIprojects

Uses functions and access

The following 5 phases give an overview of the crowdfunding platform process and functionality.

1. The pitch

A researcher, either hired by the university, a graduating student, Alimnus or external independent researcher pitches a research proposal.

2. Screening

Affiliated members of the host institutions (Swiss national art institutes) are responsible for screening the credentials of the proposal and the researcher individually. This is a normal part of any crowdfunding process to protect public from bogus or fraudulent schemes. It also ensures that the work is academically rigorous, artistically relevant and of high standard.

3. Pitch goes live

Once the pitch has been approved the proposal is launched on its own campaign within the platform. The platform is essentially a website, each researcher's campaign exists on a microsite within the platform. Each researcher posts the proposal, the funding target, the deadline by which the funds have to be raised; and finally a return for funders, which indicates the rewards they could expect depending on the amount they pledge.

4. Public pledge money

Throughout the duration of the campaign window, members of the public can pledge money to the project. In some cases researchers may exceed their funding target. On the other hand they may not meet the target within their campaign window, resulting in the funds being returned to the public. If they meet or exceed their target then the project can go into development.

5. Project development

Once funds have been raised the project can begin. The microsite stays live beyond the financing period, becoming a forum for the researcher to communicate with funders on project development and progress. It also serves as a source for involving participants in the research itself.

Stakeholders:

Institutions

Within Art and Design universities, all fields are relevant for the use of the platform and ultimately only public interest will determine the success or failure of the proposal. Institutions can also use the infrastructure to promote specific work, seek international collaboration, which may generate more interest through social-media networks.

Researchers

Both researchers within the participating institutions and independent researchers equally have

opportunity to post proposals on the platform.

Students

Students could potentially use the platform to raise funding for undergraduate and postgraduate research. It is beneficial to the national academic research community to have an infrastructure that allows students to leave education academic research. This platform can act also as a testing ground for students to explore academic research, and its practices.

Business

The exposure of Arts and Design based research projects can potentially originate new services or even business models.¹²

Access policy

The access policy of the infrastructure is two sided. Academics, researchers, students and alumni and the participating institutions can all seek funding through the platform, and the non academic public may collaborate, donate, follow and comment on proposals but can not actively post proposals for funding. Each participating institute will have in place a representative responsible for screening any prospective proposals. This is to ensure that the proposals meet a broad and general criteria, but also to avoid fraudulent or bogus proposals.

The effect on existing research infrastructures.

The proposed crowdfunded infrastructure neither replaces nor makes other research infrastructures redundant. The vital interest of this project is to deepen the understanding of changes in the academic communication between different actors in the networked society. Infact this parallel and experimental approach will provide valuable knowledge and discussion for reflection on existing infrastructures and research practices, within the arts and in particular the role that 'people' can play in the future of academic research.

¹² Ajay Agrawal & Christian Catalini & Avi Goldfarb, 2010. "Entrepreneurial Finance and the Flat-World Hypothesis: Evidence from Crowd-Funding Entrepreneurs in the Arts," Working Papers 10-08, NET Institute, revised Sep 2010.

Technical feasibility

Creating and operating the Platform

The logistical and technical requirements for setting up the Crowdfunded research Infrastructure needs to be addressed on an institutional level (backstage), and a public level (frontstage).

Whilst there are ‘white label’ solutions for setting up crowdfunding platforms, our proposal looks to evolve the crowdfunding concept and put more emphasis and functions to allow the public to be involved in the research processes. Therefore we will create the platform in it’s entirety. This also ensures that it sits well with existing infrastructures already In place. The participating institutions need at least one representative (from each research field) responsible for screening research proposals. A broad and open set of criteria should be established between the institutions to maintain that the quality and relevance is coherent and consistent.

The website needs designing, building, and maintaining. It will be important to have a regular technical administrator responsible for posting accepted proposals, and maintaining and solving technical problems. Pilot proposals and social media campaigns will have to be developed to create awareness of the new research infrastructure. Due to the collaborative effort between the 5 institutions. Within this network there are many competencies to conceive, design, build and maintain the service.

Potential pitfalls: Business model & Legal issues

The crowdfunding proposal as an extension to existing infrastructures is interesting and exciting, however the nature of an open democratic process allows for a certain unpredictability in how the public react and if projects and their involvement live up to expectations. In the development of the platform careful attention will need to be given to the ‘public to researcher management’ and also ensure that a suitable rewards policy is relevant enough to excite public audiences. These issues will be consciously addressed in the creation of the business plan and the creation of the platform.

A legal framework will have to be adopted to make clear certain legal issues that crowdfunding raise. For example questions such as; What are the legal and commercial issues of crowdfunded research? Intellectual property? Who owns the results of crowdfunded research. The framework should also cover the return of investment criteria, for example do bigger donors own a larger slice of the results, if at all? All these questions and more will be addressed in parallel with the development of the business model.

Interest of the partner institutions

Cooperation is an expected aspect of academic research. The authors argue on the assumption that building and operating a crowdfunding platform meets the strategic aims in terms of a service oriented university. The research and idea mentioned in this proposal is in the very early stages of conception. However it builds on existing research from the partners and institutions already underway including:

Prof. Dr. Arne Scheuermann, BUA

The BUA research unit Communication Design is interested in a vivid discussion and creative exploration of ways to finance design research. Its Design Research projects are contributing to the Swiss discourse on Design Research standards, methods and qualities. One of the BUA's accredited research strategies is dedicated to the Research Unit Communication Design. The proposed research infrastructure sits well with the issues of that research unit.

ZHdK

Prof. Dr. Gerhard M. Buurman

The research activity and main research interest of Gerhard M. Buurman is the emergence of a new culture of social participation and the associated systems and infrastructures, which enable new forms of participation. His work focuses in particular on present-day money culture and the manifold forms of new economic practices in society.

Prof. Dr. Pietro Morandi

ZHdK is establishing 'cultural entrepreneurship', One example of this is the Cultural Entrepreneurship incubator organized by Pietro Morandi. This incubator has been operational as a pilot since 2013, and the ZHdK see this new crowdfunding Research infrastructure as a contribution to this mission.

Prof. Dr. Claudia Mareis, FHNW

Research at the Academy of Art and Design FHNW revolves around analyzing, critiquing and putting art, design and media practices, processes and artifacts to the test. Our evaluations especially occur in the context of cutting-edge media technologies and current lines of questioning in the field of practice-based, interdisciplinary mode-2 knowledge generation. Research foci include design studies, aesthetic practices, and experimental creative cultures. Furthermore also the aspects of cultural entrepreneurship and social sustainability are essential to our work.

Dr. Massimo Botta SUPSI

The research activity of Massimo Botta focuses on the field of interaction design, the integration between the technological development and the design of new products, systems and services, user centered interfaces (GUI, TUI, PUI), interaction modalities and techniques, knowledge organisation and information visualisation. The Interaction Design Lab at SUPSI, covers applied research projects in the field of ambient intelligence, interaction design, user interfaces, web and mobile services and applications, digital archives, information visualization systems, software design and domotic systems.

Prof. Dr. Anne-Catherina Sutermeister, HEAD

The research activity of HEAD focuses on the dissemination of digital technologies and their diverse uses modify design production practices and research and make it possible to discover new fields of application. Design and interactivity thus contribute jointly and significantly to the evolution of the forms, objects, messages and services that characterise the era of technoculture.

Execution and financial plan

Execution and operation

The project is still in its conception but discussions with legal experts, banks and financial advisors have begun, however there has been no technical solutions resolved as yet. All participating institutions have similar questions and needs. The initiative highlights the synergy of such an infrastructure on a national level which also indicates Art and Design as a core Swiss research competence on a new level.

Financial plan

In the initial version/edition (with existing software) the costs would be completely covered but with each next generation of the platform these are not. However through the nature of the infrastructure there is possibility to generate finance for future developments.

The organising institutes contribute staffing, which needs to be developed strategically and logistically between the participating institutes in the further development of the proposal.

The financial plan was developed under the authority of the Fachstelle Forschung ZHdK. Please refer to the annex for more details.

Annex

(1) Financial plan

Financial Plan

Phases	Description	Function	Quantity	Rates			Working hours*	Costs	
				Duration (month)	Percentage (%)	Annual Working Hours		per Person	Total
Concept	General Researcher	Project leader	1	9	100	1.722	1.291,50	142.065,00	142.065,00
	[Web Service Professional] Service-Design-Researcher	Assistant	1	9	50	1.722	645,75	48.431,25	48.431,25
	Interaction Designer	Assistant	1	9	50	1.722	645,75	48.431,25	48.431,25
	Adviser [science, legal, financial issues]	Consultant	1	9	30	1.722	387,45	42.619,50	42.619,50
	Total						2.970,45	281.547,00	281.547,00
Development	General Researcher	Project leader	1	9	100	1.722	1.291,50	142.065,00	142.065,00
	[Web Service Professional] Programmer [Agile software development]	Senior/ Assistant	2	9	80	1.722	1.033,20	113.652,00	227.304,00
	Interface Designer	Assistant	1	9	80	1.722	1.033,20	77.490,00	77.490,00
	Copy editor	Assistant	1	9	50	1.722	645,75	48.431,25	48.431,25
	Communication Designer	Liaison Manager	1	9	50	1.722	645,75	48.431,25	48.431,25
Total						4.649,40	430.069,50	543.721,50	
Operation	Project Manager	Coordinator	1	12	25	1.722	430,50	32.287,50	32.287,50
	Institute Representatives	Expertes	6	12	10	1.722	172,20	18.942,00	113.652,00
	Legal adviser	Expert	1	12	10	1.722	172,20	18.942,00	18.942,00
	Technical Services and Maintenance	Operator	1	12	5	1.868	93,40	6.071,00	6.071,00
	Content Management	Operator	1	12	2	1.722	34,44	2.583,00	2.583,00
Total						902,74	78.825,50	173.535,50	

The expected costs of infrastructure, hardware and general IT service is about 10% of the yearly operation costs.

*The Working hours are per duration and percentage