

# Crowdcube's 10th birthday: An interview with cofounder Luke Lang

If you're reading this on the day of publication, it's exactly a decade since Crowdcube, the UK crowdfunding platform, launched. Since then, it has accrued over 1M members and has helped businesses raise a total of more than £1B. Not bad, right?

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Cofounder Luke Lang doesn't come from a finance background. After studying marketing at university, he went on to work at his brother's startup. The business was an Internet service provider launched back in the mid 90s when dial up was just starting to emerge. Luke joined as Broadband was starting to take off, giving him his first experience of the rollercoaster ride that comes with emerging technology.

"I got real insight into working for an ambitious startup," said Luke. "It sowed the seeds of entrepreneurialism and what it is to work in in a fast-paced, young and ambitious company. It was a really thrilling time."

When Darren Westlake – now cofounder and CEO of Crowdcube – joined the company and sat beside Luke, the pair instantly clicked.

"We got on going really, really well," said Luke. "He was a product manager and I was the marketing manager, and we had a great working relationship. Darren came in one day with this crazy idea for Crowdcube and from then on, we never really looked back."

“We were both looking for a new adventure and a new challenge. While we should have been working, we were plotting Crowdcube, thinking about how it might work and researching the market and the industry.

“My skills around communications, marketing and sales dovetailed really nicely with Darren’s, who is the more technical of the two of us with his product experience. Interestingly, neither of us had a background in financial services. We’ve experienced first hand how difficult it was to raise finance, but we’re not from a financial services background, which I think I think gave us a unique perspective.

*“Sometimes, it takes an outsider to come in and challenge the status quo and have that naivety to believe that you can make a difference and you can change the way it’s always been done.*

“Darren and I were recently discussing how it’s always been part of our DNA to make sure that we’re not overcomplicating things. It would have been very easy for someone to come in and do what we’re doing and throw lots of financial jargon around to make yourself appear credible, but we very much didn’t want to do that. We wanted to be a bit contrary on that front and just talk in plain English.”

## The official launch of Crowdcube

After coming up with the idea in 2007 and finessing the idea for many years, Crowdcube officially launched on February 15, 2011 with four pitches.

“It took a long time to fund our first pitch,” said Luke. “It took well over five months for one business to raise £75,000 from about 80 people. That was a long first six months of launch – lots of pitches going live, lots of failed attempts, lots of barriers to overcome. Entrepreneurs were fearful of putting their business plan or their idea online in the public domain. It took us a while to convince lots of people that ideas are two a penny, and it’s all about execution and having the skill and the expertise.”

Getting investors to back businesses that they’d never heard of before was a

key challenge in the early days of Crowdcube. The business was initially buoyed by people willing to back and invest in exciting businesses.

But that nervousness was soon quashed by the excitement and intrigue associated with the new platform. After the first pitch funded £75,000, the third pitch reached £180,000 and the fifth pitch raised £1M. Very quickly, Luke went from being unsure as to whether Crowdcube could work, to having solid proof of concept.

“We saw that if you get the right business with the right audience, our model could be a really powerful way for raising finance,” said Luke. “That gave us the encouragement in year one that we were really onto something.

“We raised our first round on Crowdcube at the end of 2011 from our own community. That gave us the money to really start investing in the team and the product. The platform itself was pretty basic, but if you go back and look at the early web pages, I’m always struck by how the core essence of Crowdcube hasn’t changed at all.

“Things have evolved and the messages have been refined, but essentially we’re about helping businesses raise funding and making investment into those businesses as accessible as possible. I think that’s testament to the core of the idea. We’ve refined and tinkered over the years, but the essence of what we’re about hasn’t changed, and the drive and the motivation hasn’t changed either.

“We want to fuel these ambitious entrepreneurial companies so that they can go on to make a difference, leave that mark on the world and have a positive impact. I think that’s something that inspired us the day we launched and that still inspires the team today.”

## Pitching with Crowdcube

Just a quick browse of the Crowdcube website gives you a feel for how successful pitches on there can be. Luke and his team are selective about the pitches that go on Crowdcube, with around one in 10 businesses that apply being chosen to go live on the site.

“One thing we’ve got a lot better at over the years is coaching; educating the businesses on how to tell their story better, stressing the mission that they’re on, telling that human story behind what they’re doing, making sure that they’re communicating the market opportunity, and showing that they have right team in place to be able to execute their plan.

“We’ve improved with educating the companies on how to communicate this

back to their communities. It's been a key thread that we've seen over the years, where businesses have really woken up to the benefits of bringing their customers and their broader communities on board with their business.

"When we launched it, Darren and I were thinking much more about raising capital. Now, this has evolved into Crowdcube helping businesses to raise capital. We've funded more businesses and more investment than any other platform in the world. But there are these hidden benefits that we've really started to unpick and understand and entrepreneurs have woken up to in terms of engaging their community and their customers on that journey with them. It's been really powerful."

Although being pleased that any business would want to crowdfund with Crowdcube, Luke admits that he has a soft spot for fintech – as a fintech company cofounder – and any business that has a real human angle to the idea.

"It could be tackling climate change, the challenges we face with the environment, or looking at more social impacts," said Luke. "I'm a massive fan of businesses that are trying to make a positive impact and do good things."

"We've certainly seen that over the years; those businesses with that sort of purpose behind them tend to do very, very well. They tend to already have a passionate customer base who believe in what they're doing. It can be a really powerful foundation to then turn those customers into investors and thousands, or sometimes tens of thousands of pounds."

"This is something that we've really started to understand recently. Back in the beginning – to some degree – having a community or several hundred shareholders on your cap table was seen as a hassle or inconvenience. Now, it's seen as an advantage."

## Regulatory hurdles

From the very beginning, Luke was always optimistic that Crowdcube had the potential to be a huge success and transform the lives and livelihoods of entrepreneurs around the world. He had followed some of the early success stories of Kickstarter and Indiegogo in the US, and felt Crowdcube provided a natural evolution from giving away t-shirts in exchange for a donation to swapping equity for an investment.

"When you're two outsiders that come in and try to disrupt and shake up the status quo, that's not easy," said Luke. "There were lots of naysayers and perceived wisdoms that we needed to change and overcome. Disrupting a

market and creating a new avenue is tough, particularly on a relatively small budget. But, like the entrepreneurs that we love to fund, we were dogged, determined and there was the ambition that really fuelled us through those difficult times.

“The regulatory environment was a particular challenge. The environment here in the UK wasn’t set up in the way that we wanted, and it took several years before the FCA finally – through collaboration and cooperation between us and the wider industry – adopted new regulations to help facilitate ordinary, everyday people to be able to back businesses.

*“That was a real breakthrough moment – I think once what you do changes the regulatory landscape, you know you’re onto something important.*

“When the new regulations were brought in in 2014, it was a really big milestone – not just for us – but for the industry. It gave more confidence to entrepreneurs, investors and the wider VC community. It was at that point that we started seeing VC-backed businesses raising on Crowdcube, which was another real breakthrough in how we can collaborate and work together for the benefit of those businesses.”

The UK has got a good regulatory environment that encourages innovation, growth and competition within their markets, and Luke credits the regulatory environment here as something that has helped fuel growth overseas. However, it’s been more of a challenge in Europe.

“Individual countries have taken different approaches over the years and diverged in how they do it, so there’s a lot more restrictions in place. The UK leads the world in equity crowdfunding, and part of the reason for that is the regulatory framework that’s in place here.

“After years of lobbying, it’s a real breakthrough that the EU has finally announced a new regulatory framework that’s being brought into effect this year. It seeks to harmonise regulations across the EU, bringing them more in line with what we do here in the UK. This presents a massive opportunity for us.”

# Milestones, adversity and trends

The year 2020 will be memorable for a whole host of troubling reasons, but Crowdcube is one of the few businesses that reached new heights during the pandemic. Last year, the business reached 1M members and then just a few weeks later, hit £1B total investment in Crowdcube investments since launch. The magnitude of reaching such significant milestones during a time of heightened social and economic uncertainty isn't lost on Luke.

"These achievements give you some sense of how Crowdcube has accelerated over the past few years," he said. "If you look at last year alone, there was over £200M invested into campaigns listed on Crowdcube. We funded more businesses in 2020 that successfully raised more money from more people than ever before. It's a real delight to be able to say that we were able to support and help more businesses. It's not us helping them as well; it's the people that are rallying around them and supporting them, and in record numbers too, which is really inspiring.

"The pandemic has made people more mindful of where they invest their money, the environment, their health and what's important to them. I think that translates to their behaviour; both the shopping habits and investment behaviour. They are seeking out to support businesses that they genuinely believe in.

"There was already a trend towards conscious consumers and people looking to buy from businesses that reflect their views and values of the world in a more ethical and sustainable way. This is without a doubt transcending to conscious investing as well, as we see the rise of ESG (environmental, social and governance) investing.

"I believe around 50% of all assets for private investors are set to be within ESG by 2025. That is driven by a millennial generation that seems to have supporting these kinds of businesses ingrained into their DNA."

## Happy birthday, Crowdcube!

With ten years of success stories under their belts, highlights aren't hard to come by for Luke.

"Some of my highlights are intrinsically linked to the businesses that raise with us," he said. "The likes of Monzo raising £1M in 96 seconds was mind blowing at the time. They had money from a VC on the table, but they were determined to carve out a piece of their company for their customers. It was a tremendous

moment. The first VC-backed business to raise on Crowdcube was JustPark. They were backed by Index Ventures and went on to raise £4M, which was hugely exciting.

“Last year, too, Freetrade raised £7M right in the heart of lockdown when there was so much uncertainty. They had the courage, bravery and determination to carry on with that raise and ended up raising £7M from over 8,000 people. Stuff like that is of legend and is genuinely really inspiring.

“The impact that we’ve had on diversity is also very important to me. There was a report at the beginning of 2020 that highlighted how Crowdcube was the number one source of finance for female-founded businesses. It’s a source of great pride that we’re able to break down those sorts of barriers – similarly, too, with founders from an ethnic background. I look at some of the statistics that come out from VCs and the number of ethnically diverse founders that they back. It’s appalling. I’m really proud that Crowdcube is at the vanguard leading the charge to try and address some of those imbalances in society.”

Despite the ongoing uncertainty of current times, Luke is optimistic about the year ahead. The changes in Europe’s regulations presents a huge opportunity for Crowdcube to help more European-founded businesses. Elsewhere, Crowdcube’s merger with Seedrs is due to happen in Spring, which Luke believes will help accelerate its growth both in the UK and overseas.

“We just love funding businesses, particularly those that have a real sense of purpose and the difference they want to make,” concludes Luke. “We’re focusing all of our energy and stressing every sinew to improve our process and the experience for entrepreneurs and investors so that we can fund more businesses than ever before.”

*Luke Lang is cofounder and chief marketing officer at Crowdcube.*