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OurCrowd Raises \$72M for Crowdfunding Gambit

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Equity crowdfunding platform **OurCrowd** has raised a \$72 million Series C round, much of it backed by investors from Asia, according to Chief Executive Jon Medved.

The investment in **OurCrowd** is another example of Asia-based interest in startup investing globally. It follows China-based CSC Venture Capital's setting up a \$400 million fund last year to co-invest in startups raising capital on U.S.-based crowdfunding platform, AngelList. HNA Group, a Chinese holding company, invested \$336 million into Silicon Valley-based accelerator RocketSpace. "This week I saw my seventh Chinese delegation," Mr. Medved said on Wednesday, speaking by phone from Israel, where **OurCrowd** has headquarters. "You have no idea. It's gotten to the point that I want to be like Mark Zuckerberg and learn Mandarin."

Mr. Medved estimated that about 40% of the company's new round came from Asia. Most of its investors are individuals, as well as family offices, he said. UOB Group, a Singapore bank, is one of its investors. Mr. Medved declined to name others.

About half of the capital will be used to invest in **OurCrowd**'s operations, such as its numerous offices world-wide. And about half will be used to co-invest into deals on its platform. **OurCrowd** invests about 4% on average in each deal, Mr. Medved said.

OurCrowd sources deals like a conventional venture-capital firm. Then it pools capital from accredited investors into special purpose vehicles set up for each deal. **OurCrowd** SPVs invest alongside other investors, such as venture capitalists and corporations, into companies' preferred equity rounds, from seed to late-stage. **OurCrowd** often takes board seats, unlike most other crowdfunding platforms.

It has co-invested together with companies like General Electric Co., and HTC Corp., as well as with venture investors like Battery Ventures and Spark Capital.

OurCrowd expects its companies, most of them based in Israel, to raise \$180 million on its platform this year, up from \$95 million last year, Mr. Medved said. To date about a 100 companies have raised \$300 million on **OurCrowd**.

OurCrowd charges investors a 2% annual management fee for the first four years of an SPV's existence, as well as a 4% administrative fee. It also takes a 20% carried interest. Mr. Medved said that its fee structure is similar to that of venture-capital firms.

"12%, all in all, is a very small venture bite," Mr. Medved said.

But its fees are higher than those of some other crowdfunding sites. AngelList, for example, doesn't charge management fees for its syndicate deals.

Based on all the deals that raised money on **OurCrowd** to date, the group has aggregate investment rate of return of just under 10%, Mr. Medved said. "It's fine, we are very early days," he said. Two of its companies went public and seven were acquired. One ceased operations.