

Running a Kickstarter with a Day Job

About Me



- IT Guy by Day
 - 19 years at a Fortune 500 Company in various IT roles (current focus on CRM and mobile applications)
- Maker and electronics enthusiast by Night
- Creator of PIXEL, an interactive LED art display
ledpixelart.com

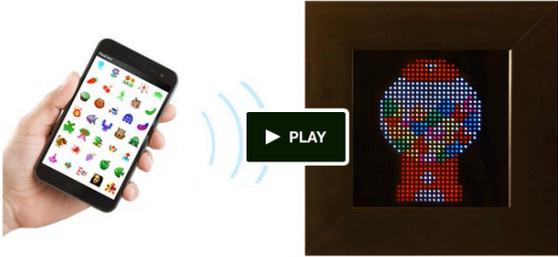
My Crowd Funding Experiences

PIXEL: Interactive LED Art

by Al Linke

Home Updates **20** Backers **303** Comments **87** Santa Clara, CA Hardware

Funded! This project was successfully funded on Mar 9, 2013.



303
backers
\$51,536
pledged of \$8,000 goal
0
seconds to go

Project by
Al Linke
Santa Clara, CA
[Contact me](#)

Droidalyzer - Android Alcohol Detector + Android Dev Kit

by Al Linke

Home Updates **3** Backers **15** Comments **0** Santa Clara, CA Hardware

Funding Unsuccessful This project's funding goal was not reached on July 28 2012.



15
backers
\$667
pledged of \$6,500 goal
0
seconds to go

PIXEL V2: LED ART

by Al Linke

Home Updates **12** Backers **157** Comments **34** Santa Clara, CA Hardware

Funded! This project was successfully funded 7 days ago.

STRETCH GOALS



157
backers
\$32,652
pledged of \$10,000 goal
0
seconds to go

Project by
Al Linke
Santa Clara, CA
[Contact me](#)

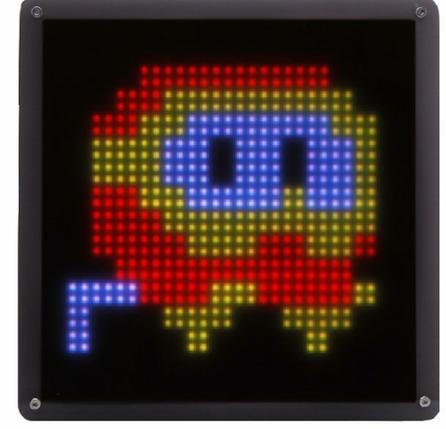
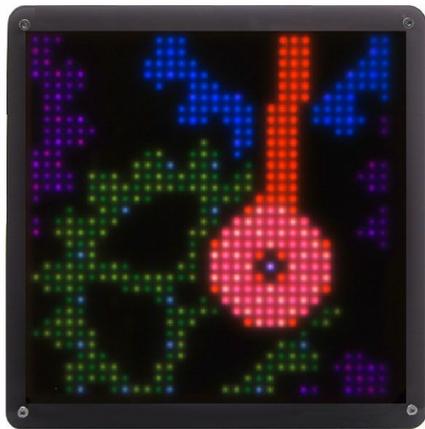
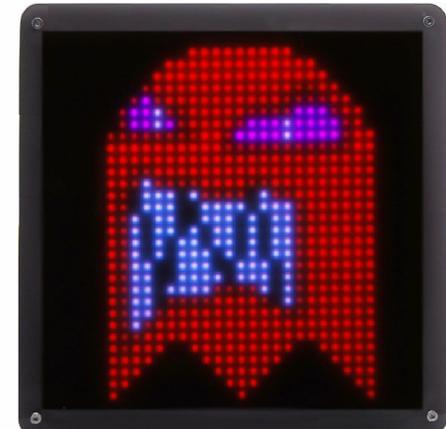
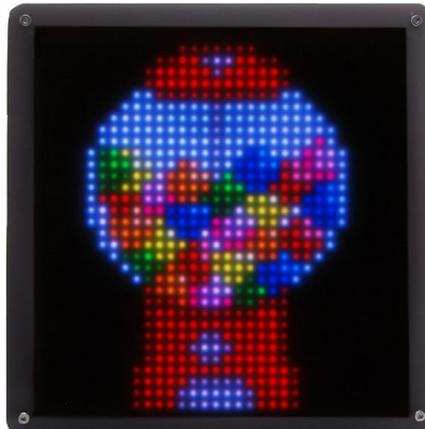
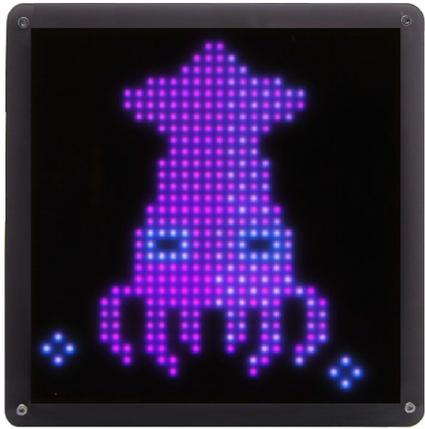
How PIXEL Came to Be

- ~2 years ago, had the idea to create an LED art display controllable from a smart phone
- Created a working prototype partnering with the open source IOIO board creator, Ytai Ben-Tsvi
- Stumbled upon the pixel art genre
- Collaborated with pixel artists all of the world to create PIXEL's content



Pixel Art

"Pixel art is set apart from other digital art forms by its focus on control and precision. The artist has to be in control of the image at the level of the single pixel, and every pixel should be purposefully placed." ---Source: pixeljoint.com



The Challenge

- Turn my prototype into a real end consumer shipping product
- Get PIXEL into an art gallery
- Primary motivation was the experience, not so much the \$\$\$
- Do this while keeping my day job and stay married

Enablers

Crowd Funding
\$\$\$ and Marketing

Small Run Manufacturing
Minimum runs of 100s

Open Source Hardware & Software
Free Plumbing

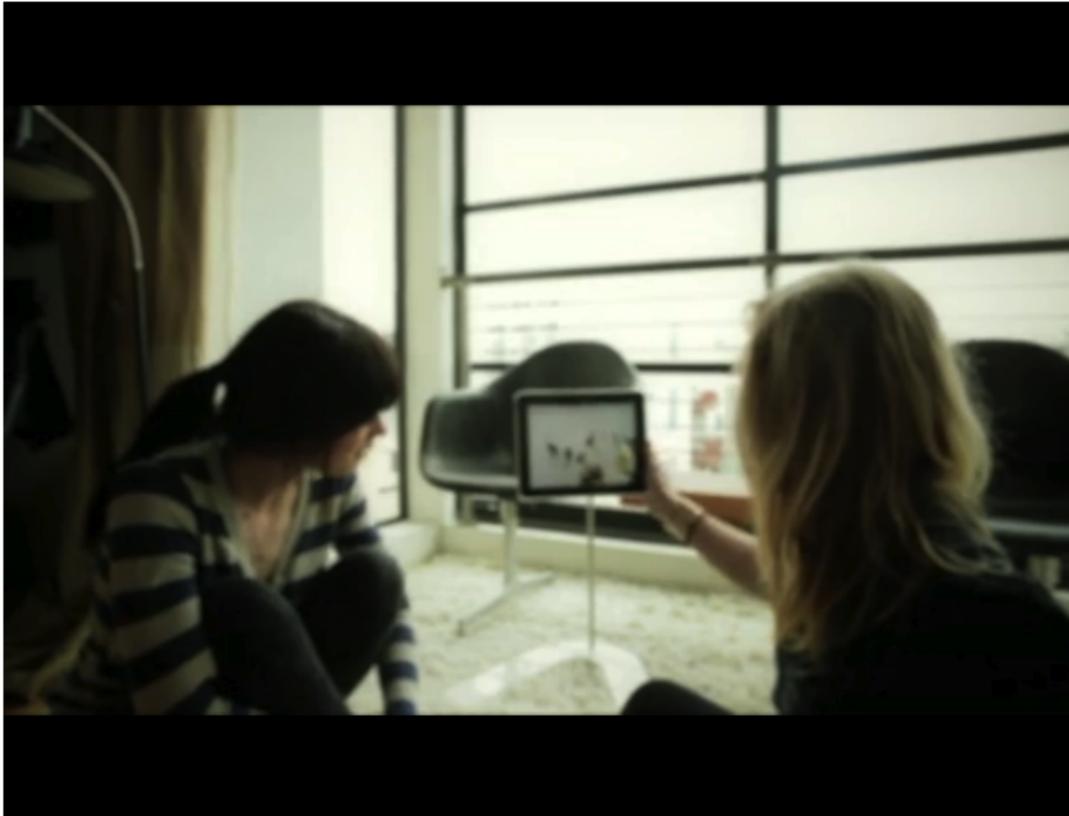
Kickstarter 101 for Hardware Projects

- Kickstarter is the most well known crowd funding platform
- Allows you to test the market with minimal investment
- Kickstarter users choose to back you based on rewards you offer (typically the actual hardware product)
- If funding goal not met, no money changes hands. If funding goal met, Kickstarter takes 5% and Amazon takes between 3-5%.
- A working prototype & production plan is required for hardware products

!!! Proceed with Caution !!!

- A Kickstarter project that doesn't get funded is no big deal
- A successfully funded Kickstarter project can be a **very public failure**

Kickstarter Case Study: Hanfree iPad Stand



Like 1,405 people like this. Be the first of your friends.

Tweet Embed <http://kck.st/e0EMtN>

Imagine reading an eBook or

Launched: Mar 11, 2011
 Funding ended: May 11, 2011

440

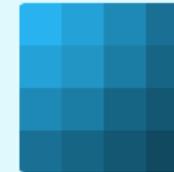
backers

\$35,004

pledged of \$15,000 goal

0

seconds to go



Project by

—
Los Alamos, NM

[Contact me](#)

2 created · 11 backed

Has not connected Facebook

[See full bio](#)

Kickstarter Case Study: Hanfree iPad Stand

Backer comments at end of the project



Yep, I got the bankruptcy letter too. Super confusing for awhile as I had not remembered any "Seth Quest" previously. Anyway, super disappointed in this scam. It was a cool idea. Too bad he gamed the system and stole our money. Well, be careful who and what you back I guess. This is the only Kickstarter project I haven't actually gotten though, on the plus side. Everything else was on the up and up it seems.



Chris on December 24

Seth Richard Quest
Seth Quest Designs
81 Pearl Street #3A
Brooklyn, NY 11201
USA
SSN: xxx-xx-9622

Seth Quest is "discharged and discharged and relieved of said trust," for those who have not received the letter.

Merry Christmas you scammer.



Neil Singh on December 17

I did not. Was too busy. If anyone wants the documentation I secured through my lawsuit that shows how poorly managed this project was, feel free to contact me. Otherwise, I am done with Seth Quest.



Patrick A. on December 14

Any news? Anyone here attended the creditors meeting?

Kickstarter Case Study: Hanfree iPad Stand

- “Later that year, the designer re-located to Brooklyn, but because of the damage to his reputation, he could only find part-time work in what he calls a non-design-related field.” *
- "When you fail on Kickstarter, it's a very public failure," says Quest. "It definitely derailed my career substantially. Your backers can give you massive support, but they can also tear you down if you fail." *

Creating a physical product is a non-trivial endeavor. Work out as many technical challenges and have a relationship with a manufacturer **PRIOR** to launch.

* Source: <http://www.inc.com/eric-markowitz/when-Kickstarter-investors-want-their-money-back.html>

Choose your Manufacturer **Before** Launch

Option 1: Find a Maker friendly company who will do small manufacturing runs (I used Seedstudio). They will manufacture and ship while providing project management and engineering value added services.

Option 2: Buy a plane ticket to Asia and tour factories. Plan on multiple trips to Asia to manage your project.

Option 3: Manufacture and ship everything yourself.

Option 1 is the most viable if you've got a day job and limited time

Marketing your Kickstarter

- Getting featured on Kickstarter is **Gold** but don't count on this as only a few projects are featured. Plan to do all your own marketing.
- Keep your marketing pitch short and sweet. *“If I had more time, I would have written a shorter letter”* --Blaise Pascal
- Find online communities & blogs relevant to your project and send in **personalized** submissions
 - Take the time to research and contact bloggers directly as opposed to submitting to generic tips mail boxes

Marketing = Exposure = \$\$\$

	PIXEL V1	PIXEL V2 - <i>Better Product</i>
Kickstarter Video Plays	35,359	16,371
Backers	303	140
Funding Raised	\$51, 536	\$32,652

A better product with less exposure = less funding

Kickstarter Video - Keep it Short

- Most funded Kickstarters have a well done video
- Keep it short, less than 2 minutes
 - PIXEL V1 video length 3:44 min, 16% watched to completion
 - PIVEL V2 video length 2:25 min, 29% watched to completion

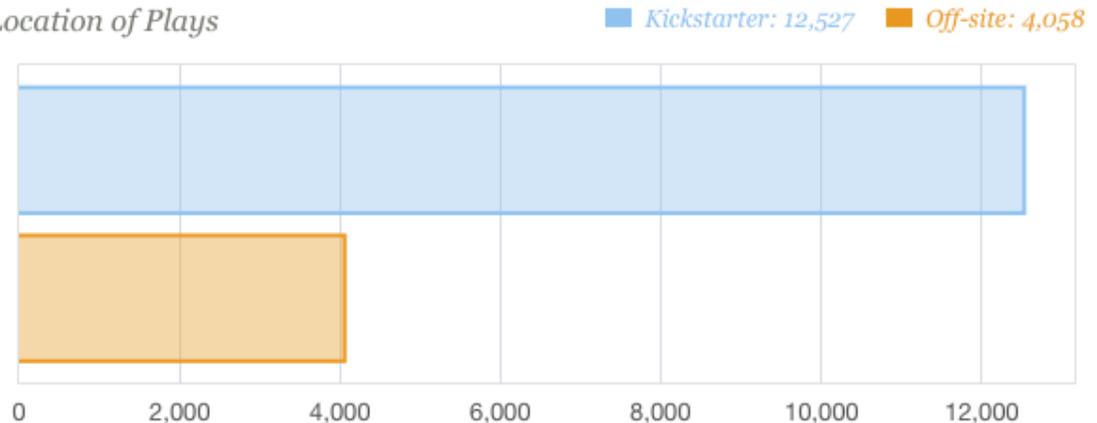
Project Video Stats

Project Video Plays

16,585

29.38% of plays completed

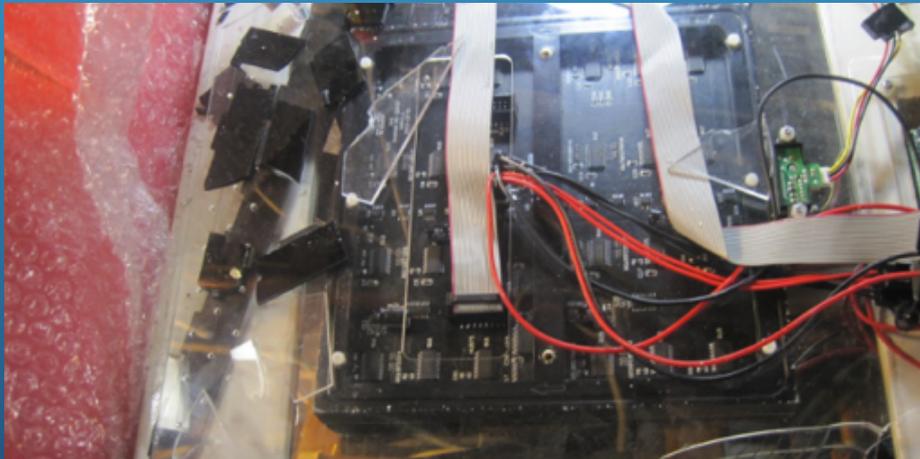
Location of Plays



Setting your Delivery Date

- Manufacturing a physical product (especially offshore) is a complex thing, plan for the unexpected
- 84% of the top 50 Kickstarter projects missed their delivery date *

Add at least 2 months buffer to whatever you think you can do



PIXEL prototype #3 arriving
In pieces

* Source: CNNMoney 2012 Survey

Setting your Price

- General rule of thumb: End user price = 3X BOM (Bill of Materials) cost
- Know and factor in shipping costs from the beginning
- Don't forget about reseller margins post Kickstarter (25%-40%)
- Users will complain about the price irrespective, **don't sell yourself short**

	PIXEL V1	PIXEL V2
End User Selling Price	\$229	\$300
BOM (Bill of Materials) Cost	\$130	\$120
Shipping Costs	\$50	\$40
Kickstarter + Amazon Fees	\$23	\$30
Artists Fees	\$10	\$20
FCC and CE Certification Fees	-	\$20
Profit	\$16	\$70

PIXEL V1 Kickstarter Backer Statistics

- Total Backers: 213
- Backed on average 27 other Kickstarters
- 10 of them backed over 100 Kickstarters
- One of them backed 576 Kickstarters

Kickstarter backers have an appetite for bleeding edge innovation and are not indicative of general consumers

Post Kickstarter

- Kickstarter backers are a different breed and hence post Kickstarter is a different ball game
- More Marketing, More Marketing, More Marketing...
- Post Kickstarter Selling Places
 - Grand Street <http://grandst.com>
 - Amazon

Resources

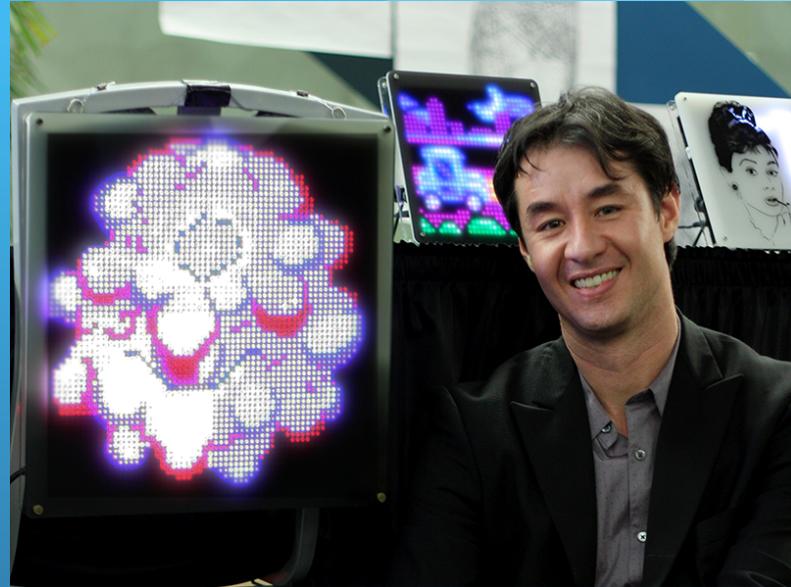
- Kickstarter Online School
 - https://www.kickstarter.com/help/school#defining_your_project
- Get Fresh <http://getfresh.com> - Product reviews and social network promotion in exchange for a chance to win one of your products
- LinkedIn Kickstarter Support Group - Post and get feedback on your project prior to launch
 - <http://www.linkedin.com/groups/KickStarter-Support-Group-4586281/about>

Conclusion

- Fantastic learning experience, met so many creative and interesting people
- Tremendous amount of work, sacrificed too many weekends and nights to count
- Taxing on family life
- Achieved personal goal of getting PIXEL: LED Art into an art gallery
- Financially broke even on PIXEL V1. PIXEL V2 will make a small amount.
 - I would have made more money mowing lawns for which I have no regrets, it was never about the money
- I'd do it again but will be taking a break after PIXEL V2!

Thank You

Q&A



PIXEL: LED ART <http://ledpixelart.com>
al@ledpixelart.com

Manufacturer Used: <http://seedstudio.com>

BACKUP

Kickstarter Tactics for Hardware Products

- Offer Early Birds
 - Offer a limited number items at a discount to backers who get in early
 - Others will jump in after seeing others back your project
 - Some early bird backers will cancel during the course of your Kickstarter
- Offer at least one low dollar reward, remember Kickstarter is an impulse buy
 - Projects without a reward of \$20 or less succeed 28% of the time while projects with a reward of \$20 or less succeed 45% of the time *

PIXEL Features

- Included 150+ works of pixel art from 10 artists
- Apps for Android, PC, Mac, and Raspberry Pi
- Bluetooth and USB Connectivity
- 1024 ultra-bright RGB LEDs
- External sensor ports for expansion
- Software SDK and sample code available for developers
- SUPER PIXEL kit - 4096 LEDs

Options to Raise Funds

- Venture Capital
 - A group of investors who manage a fund, funding is typically for a large amount. Requires a higher amount of ownership in your company.
- Angel Investors
 - Rich person who gives you his/her own personal money in exchange for a piece of ownership in your company. Often found through referrals and networking.
- Bootstrap
 - You self fund, possibly also with friends and family. Dell and Facebook both received their initial funding through bootstrapping.
- Crowd Funding
 - Many people give comparatively small amounts of money to fund an idea. In exchange, funders typically get some form of reward. You maintain 100% company ownership.

Kickstarter Case Study: L8 SmartLight

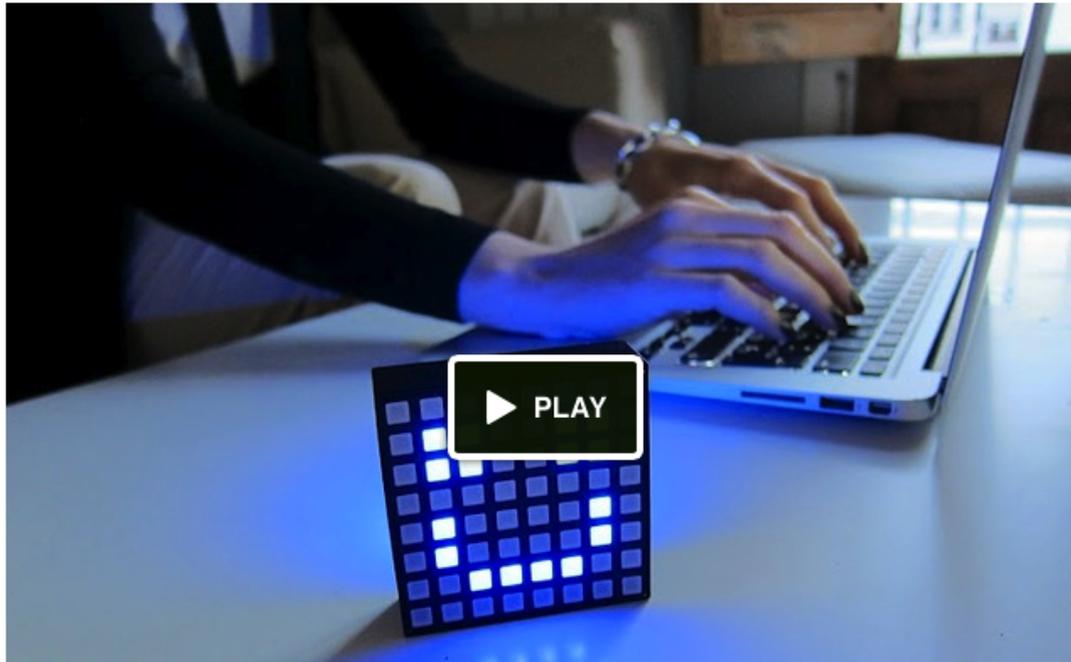
L8 SmartLight :: The SoundLess Speaker :: for Phone/PC

by L8 SmartLight

Home Updates **24** Backers **2,021** Comments **323**

San Diego, CA Technology

Funded! This project successfully raised its funding goal on August 3, 2012.



2,021

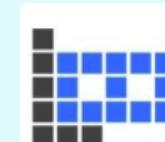
backers

\$203,677

pledged of \$90,000 goal

0

seconds to go



Project by

L8 SmartLight

San Diego, CA

[Contact me](#)

Kickstarter Case Study: L8 SmartLight

- Estimated delivery date: Oct 2012, product not shipped as of March 2014
- Backers' primary dis-satisfaction is not missed shipments but rather lack of communication

Setbacks are inevitable, your backers will appreciate transparent communications and forgive you. They will **CRUCIFY** you if you don't communicate.



Nicky Lewis on September 29

Another here wanting updates please...



MJP on September 28

Aymerick - not sure what ideas you'd like to pull from the Kick? You can do most of what the Kick does, though, as far as brightness goes, unsure.



Aymerick Dupouey on September 28

Somes awesome ideas for the smartlight :

<http://www.kickstarter.com/projects/1918868829/the-kick-a-pocket-sized-lighting-studio-for-photo>



Wouter Snijders on September 28

Update please???



See Wen Loong on September 28

Where Have you guys been ? No Updates ?

BACKING LEVELS

THANK YOU!

\$1



DIFFRACTION GLASSES

\$20



\$25



ALL GONE!
SUPER EARLY BIRD

\$230



EARLY BIRD

\$260



KICKSTARTER
SPECIAL

\$300



MIXED MEDIA PANELS

\$20 each or \$70 for all 6



SENSOR PACK

\$50



KICKSTARTER
SPECIAL

\$400

+ ALL SIX PANELS
+ SENSOR PACK
+ GLASSES



PIXEL V1
UPGRADE KIT

\$70



PIXEL V2
BOARD ONLY

\$70



PIXEL GUTS KIT

\$220



LIMITED CUSTOM INSTALLATION

\$1000



CORPORATE SPONSOR PACKAGE

\$1000



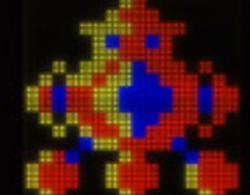
About PIXEL



1,024 RGB LEDS

INTERCHANGEABLE PANELS

OPTIONAL MIXED MEDIA PANEL



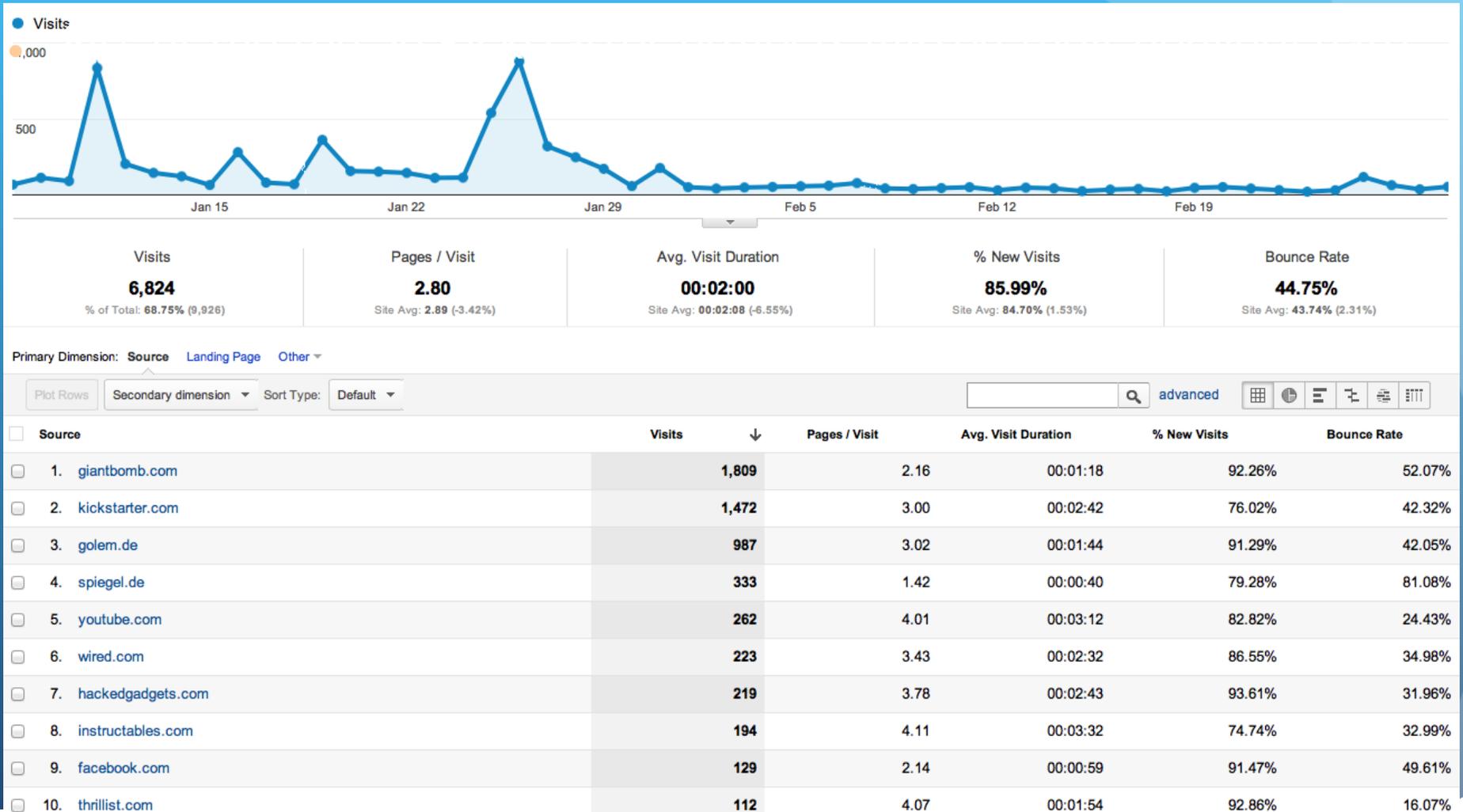
What's your Motivation Going In?

- A. \$\$\$
- B. The experience of turning an idea into a real product
- C. Starting a new company
- D. Meeting new people & communities

B and D were my motivations. But determine yours and plan accordingly.

Establish a Web Site

A web site is a good thing to have in addition to your Kickstarter page



Why do People Back Kickstarter Projects?

- Want to see a creative idea exist in the world
- Supporting friends
- Want something new that no one else has
- For the experience, Kickstarter provides a direct relationship between the consumer and the product creator. Consumers provide feedback and craft the product direction.

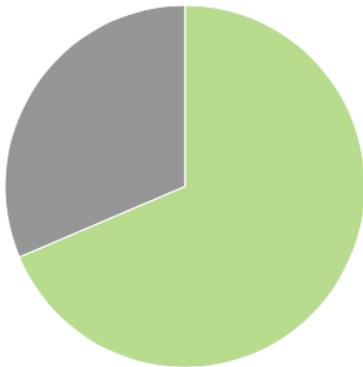
Marketing your Kickstarter

- Look for co-marketing opportunities with complimentary companies and other Kickstarter projects
 - Ex. I partnered with a diffraction glasses company as an accessory for the PIXEL art display
- Do your homework regarding offers from crowd sourcing marketing firms.
 - Some simply email blast a list of known bloggers
 - Counter their fees and propose a percentage model so they have skin in the game
- Leverage & build your social media presence (Facebook, Twitter...)

Exposure Matters

PIXEL V1 - Was Featured on
Kickstarter's Home Page

Referrers



■ via Kickstarter: 69%
■ via External: 31%

Pledged via Kickstarter

\$35,359

Pledged via external referrers

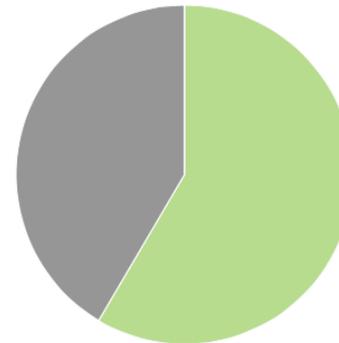
\$16,177

Average pledge amount

\$170

PIXEL V2 - Staff Pick but was not
featured on Kickstarter's Home Page

Referrers



■ via Kickstarter: 59%
■ via External: 41%

Pledged via Kickstarter

\$17,345

Pledged via external referrers

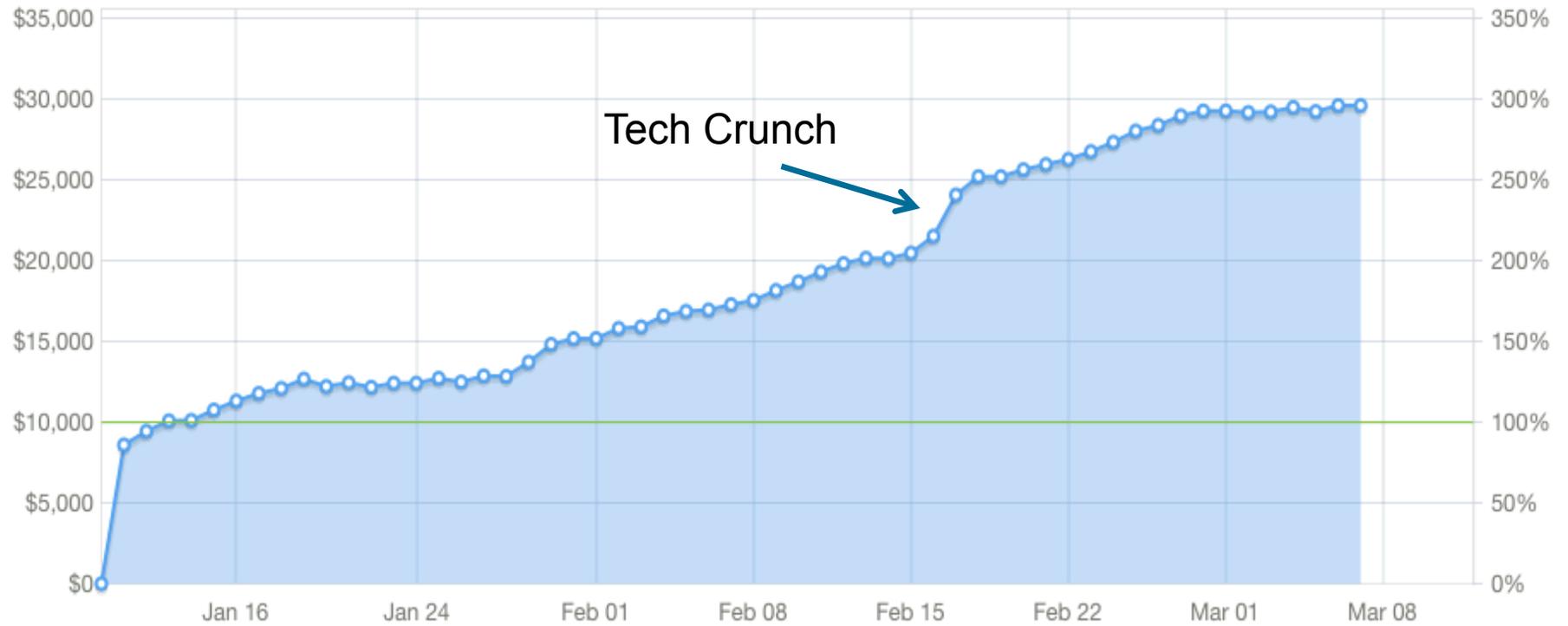
\$12,299

Average pledge amount

\$211

Impact of the Media Big Boys

Funding progress



Shooting your Video on a Budget

- Proper video lighting makes a big difference
- Cheap constructions lights provide good results, diffuse with parchment paper (warning very hot!)
- Get a cheap wired microphone for decent audio - \$25 *



* http://www.bhphotovideo.com/c/product/659062-REG/Pearstone_9111930_OLM_10_Omnidirectional_Lavalier_Microphone.html

Launch Plan

Spend as much time if not more on pre-launch activities and promotion

Target	Pre-Launch	Execute At Launch	Execute Shortly After Launch	Status
Boing Boing	Yes	Tried		Sent email on 1/6
PIXEL V1 Backers	Yes	Done		Sent Kickstarter Update on 1/2
Julius from Codame Event	Yes	Done		Sent email on 1/6
Facebook		Done		Teaser Post on 1/3
Google Plus Community	Yes	Done		Teaser posts on 1/3
Susan Kare	Yes	Tried		Sent proposal email on 1/6
Thunk Magazine Article	Yes	In Process		
Entrepreneur Magazine	Yes	Rejected		Sent email on 1/6
Christian and Spiegel			Sent email	
TedX Talk	Yes			Sent email, no response
GloFX Blog			Sent email	
Minecraft Guy			Yes	
Phillip from Adafruit			Yes	
Hackaday - just the Raspberry Pi Video			Yes	

Mixed Media Overlays



Kickstarter Case Study: Hanfree iPad Stand

Backer comments at beginning of the project



Michael Droth on March 18, 2011

Great / useful idea!



Rainer Roth on March 18, 2011

Hi Seth,
great design! I've just pledged 90\$ (including 40\$ for international shippment), but I could not find a way to specify the iPad 2 option, which I prefer.
Thanks and success!



JP vd Heuvel on March 18, 2011

Hi Seth,
The Hanfree looks really great and a perfect solution for watching movies in bed. The only big thing that is holding me from pre ordering this wonderfull product is the shipping cost for europe. There is even a chance that the customs make it more expensive.. Do you have any idea on this?

Here in the Netherlands your product has been discussed on the biggest ipad website and the readers are enthusiastic!

http://www.ipadclub.nl/17061/hanfree-nieuwe-houder-om-ipad-handsfree-te-gebruiken/#utm_source=rss&utm_medium=rss&utm_campaign=hanfree-nieuwe-houder-om-ipad-handsfree-te-gebruiken

Maybe an idea to also create a way to attach the Hanfree to the back board of a bed (image: <http://bit.ly/g2QyW3>)