



## French crowdfunding platform courts bank partners to gain U.S. foothold

Ulule, a French crowdfunding platform, is looking to make a name for itself in the United States.

The company, which has successfully funded more than 32,000 projects and raised \$208 million in Europe since 2010, is working with the \$101 billion-asset Bank of the West to offer [coaching and support](#) to selected women and minority entrepreneurs planning crowdfunding campaigns.

Ulule's long-term ambition is to work with more banks and credit unions to build a nationwide presence to rival Kickstarter, Indiegogo, GoFundMe and other leading U.S. crowdfunders.

"I like to say that we're the largest crowdfunding platform you haven't heard of," said Thomas Sychterz, Ulule's North American chief operating officer. "As of today, a large amount of our clientele is still in Europe, but we're looking to keep planting the seeds to grow in the U.S. and Canadian markets."

Ulule intended to make a splashier entrance in the U.S. market. Plans for a series of pitch events bringing small businesses and potential investors together across California were curtailed by the coronavirus pandemic.

A spokeswoman for Bank of the West did not respond to a request for comment.

Still, Ulule wants to hit the ground running when the pandemic subsides, and Sychterz says forging more partnerships is critical because working with banks and credit unions would provide his company with instant credibility. Exposure to crowdfunding lets bankers "touch base" with a number of businesses they might otherwise struggle to reach, he said.

"It's such a powerful untapped opportunity for [banks] to connect with their future clients," Sychterz said. "I always say, a Ulule client today is a business banking client in three months."

Ulule hopes to work with banks across the country.

"We're definitely open to connecting with other financial institutions in various states," Sychterz said. "The more partners we can gather, the better for the entrepreneurs."

Ulule is a rewards crowdfunder, which means investors do not benefit financially from backing a campaign. As part of its business model, here and in Europe, Ulule offers coaching and support to businesses that use its platform. It claims more than 3 million members and a 74% success rate.

Capital Bancorp in Rockville, Md., has no links to crowdfunding, but CEO Ed Barry says Ulule's proposition is worth considering.

"Everyone has been exploring alternative data for a long time now ... as a predictor of creditworthiness," Barry said. "The ability to access crowdfunding could be another one of those."

Ulule could "be on to something" if it can help traditional lenders get a better understanding of a potential client's risk, Barry added.

For now, Capital relies largely on Small Business Administration programs to serve early stage businesses.

"We evaluate nontraditional credit sources and work creatively with businesses to secure them loans," Barry said. "We're also flexible in how we use credit enhancements to structure loans."

Sometimes, however, a business is just too green for a bank loan.

In those cases, "we try to help them as an adviser ... whether it's introductions to venture capitalists, other angel investors, accountants, lawyers," Barry said. "That's where some of the community banks really step up and do a good job of helping rightsize folks and tap into the broader local network and maybe find those resources."

More to the point for Ulule, banks like Capital could also serve as sources of referrals.

"Smaller companies go to a bank and ask for a loan, and you talk to them and say, 'A loan might not be the right decision for you given the nature of your business plan,' " Barry said.

"For smaller ventures, crowdfunding may be a way to get some smaller projects off the ground," he added.

At the same time, Ulule and other crowdfunding platforms can serve as a "de-risking" tool for bankers, with a successful campaign demonstrating the viability of a small businesses, Sychterz said.

"I think banks see us as a really interesting partner," he said. "We can vet an entrepreneur and show they have the tools for success."

Not everyone is sold on the concept.

John Fanning, a longtime internet entrepreneur and investor who served as founding chairman and CEO of Napster in 2001, said he was less sure about the potential for synergy between banks and crowdfunders.

"I have never heard of Ulule, but I have heard of Kickstarter, and the idea of banks referring people to Kickstarter seems far-fetched," Fanning said. "If you want to get U.S. customers, you have to do that with digital and traditional marketing. I have no idea who would be willing to provide the capital needed to fund that effort, but it sounds expensive."

Sychterz insists Ulule is benefiting from its year-old ties with Bank of the West parent BNP Paribas.

"We're thrilled with the partnership" with the San Francisco-based Bank of the West, he said. "We're excited to be continuing this journey ... across California, and who knows, perhaps nationally."