

How to Choose an Equity Crowdfunding Platform for Your Startup

When I started my first company back in 2015, raising money felt like a closed club. You pitched to a handful of angel investors, crossed your fingers, and hoped someone wrote a cheque before you ran out of cash. Equity crowdfunding changed that dynamic for a lot of founders, but only if you pick the right partner. The wrong equity crowdfunding platform can leave you with a half-funded round and a lot of wasted time.

I have worked with a dozen startups that used equity crowdfunding to close their seed rounds. Some succeeded, some did not. The difference was rarely about the quality of the business. It was about how well the founder understood the platform's mechanics, audience, and fee structure before they launched. Let me walk you through what I have learned.

What Equity Crowdfunding Actually Is

Equity crowdfunding lets a large number of people invest small amounts of money in a private company in exchange for shares. Unlike reward-based crowdfunding, where backers get a T-shirt or early access, equity crowdfunding investors become shareholders. They own a piece of your business and expect a return if you exit or pay dividends.

This changes the relationship. You are not just building a community of fans; you are building a cap table. Every investor who puts in money gets voting rights, information rights, and a stake in your future decisions. That makes platform choice more important than most founders realise.

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Why the Platform Matters More Than You Think

An [equity crowdfunding platform](#) does more than process payments. It vets your offering, handles compliance with securities regulators, and connects you to a pool of accredited or non-accredited investors depending on your jurisdiction. Each platform has its own investor base, and that base has its own risk appetite.

One platform I worked with heavily promoted biotech and deep-tech startups. Another focused on consumer goods and local businesses. If you are a SaaS company pitching on a platform that attracts real-estate investors, your campaign will feel like shouting into a canyon. You need to match your vertical to the platform's typical deal flow.

Beyond audience, look at fee structures. Most platforms charge a success fee between 5% and 10% of funds raised. Some also charge a flat listing fee. A few take equity in your company on top of cash. I have seen founders agree to a 7% fee plus 2% equity, only to realise later that the equity piece diluted them more than a higher cash fee would have. Run the numbers both ways before you sign.

Regulatory Hurdles and How Platforms Handle Them

Securities law governs every equity crowdfunding campaign. In the United States, Regulation Crowdfunding under the JOBS Act sets limits on how much a company can raise and how much an individual can invest. In Australia, the Corporations Act was amended in 2018 to allow equity crowdfunding through licensed intermediaries. Europe has its own patchwork of national laws plus the European Crowdfunding Service Provider regulation.

A good equity crowdfunding platform handles compliance for you. That includes preparing the offering document, checking investor accreditation, and filing the necessary forms with the regulator. But the platform's legal team is not your lawyer. I recommend you have your own counsel review the offering document before it goes live. I have seen one campaign get suspended for three weeks because the platform's boilerplate disclosure did not match the company's share structure.

Ask the platform how they handle oversubscription. If you raise more than your target, do you have to turn money away, or can you accept it? Some platforms allow you to increase the target after launch, others do not. You want the one that gives you flexibility without creating legal risk.

What a Good Campaign Looks Like

A strong campaign on any equity crowdfunding platform shares a few traits. First, the pitch video is short and specific. Two minutes max. Show the problem, your solution, and why you are the right team. Do not spend thirty seconds on stock footage of people typing on laptops.

Second, the financials are transparent. Investors want to see your revenue, your burn rate, and your use of funds. Vague statements like "we will use the money to grow" hurt your credibility. Break it down: 40% to product development, 30% to sales, 20% to operations, 10% to legal and accounting. Real numbers show you have thought through the plan.

Third, you need social proof before the campaign goes live. I advise founders to pre-sell the round to a handful of trusted investors or industry insiders. When the campaign opens, those first commitments show momentum. Platforms rank campaigns partly by how fast they hit their initial target. A slow start kills visibility.

Common Mistakes Founders Make

I have seen founders treat equity crowdfunding like a passive fundraise. They launch the campaign and wait for money to roll in. That does not work. You have to actively market the campaign to your network, your email list, and your social media followers. The platform brings some traffic, but not enough to close a round on its own.

Another mistake is underpricing the equity. Founders sometimes offer too large a discount to attract investors, which undervalues the company and creates problems in later rounds. Work with a valuation expert or use a standard method like the Berkus Method or scorecard valuation. Price the round realistically, not desperately.

Also, do not ignore the update log. After the campaign closes, you have a legal obligation to keep investors informed. Some platforms require quarterly updates. Others let you set your own schedule. Pick a platform that matches your communication style. If you hate writing reports, choose one with a lighter update requirement. But do not skip updates. Angry investors can cause regulatory trouble.

How to Evaluate a Platform Before You Commit

Start by looking at the platform's track record. How many campaigns have they hosted? What is their average raise? What percentage of campaigns reach their target? A platform with a 90% success rate likely vets companies carefully and supports them well. A platform with a 30% success rate may take anyone who applies and let them sink.

Talk to founders who have run campaigns on that platform. Ask them about the platform's support team, the quality of investor leads, and any hidden costs. I called three references before choosing a platform for my last client. Two gave glowing reviews. One warned me about slow payout processing, which turned out to be accurate. That single call saved the client from a month of cash-flow stress.

Check the platform's investor base. Do they attract accredited investors only, or do they allow retail investors? Accredited investors bring larger cheques but fewer of them. Retail investors bring smaller cheques but more of them. The right mix depends on your raise size and your investor relations capacity.

Finally, read the platform's terms carefully. Some platforms take a right of first refusal on your next round. Others require you to use their legal templates for future raises. These lock-in clauses can limit your options later. If you cannot find the terms on the website, ask for them before you start the application process.

Putting It All Together

Equity crowdfunding is not a shortcut. It is a structured fundraising method that works well for certain companies at certain stages. The key is to treat the platform as a partner, not a service provider. Do your homework, talk to references, and match your business to the right audience.

Wanna Finance, located at 42 Ferguson St, Wannanup, phone 0413 999 286, has helped several early-stage companies navigate this exact process and can offer practical guidance if you are considering equity crowdfunding.