



**Interview with Roi Villar Vázquez,
Head of Communication at Capital Cell –
one the new equity-based crowdfunding sites in Europe.**

by Pascal Lardier, International Director at [Health 2.0](#)
for the [EU funded GET Project](#).

Capital Cell in Spain, Aescuvest in Germany, WellFundr in France - A new source of funding for digital health is now available in Europe: 'equity-based crowdfunding'. What's the difference with other crowdfunding sites? Is it for every digital health startups? How does it work and what's involved? Capital Cell is answering our questions.

Pascal Lardier: *Roi, Capital Cell is one of the new equity-based crowdfunding sites in Europe specializing in life sciences with a strong focus on digital health. Can you describe what your company does exactly?*

Roi Villar: As the reader may know, most of innovative companies depend on the contributions of private or angel investors, sometimes becoming brilliant financial operations but usually conceived as kind of philanthropic activity. These contributions have fallen sharply because of the financial crisis. In order to fuel these exhausted innovation ecosystem, we created Capital Cell. Capital Cell allows anyone to invest in these spin-offs or health start-ups, gathering hundreds of "citizen-investors" supporting a company. As a result, investors get stock options from the company, in a similar way stock exchange works. Allowing for collective investment in health care companies, Capital Cell Founders aim to strengthen after-crisis financial flow and enhance our knowledge-based economy.

PL: *How does it work and what's the process for entrepreneurs?*

RV: Capital Cell is a crowd-investing site devoted to health and biotechnology projects. After approval of your funding submission in any equity crowdfunding agency or platform, they will work closely with you to design your fundraising campaign. This should include services like due-diligence or risk rating, which will provide confidence to individual investors. For an optimal campaign performance you should have a detailed communication plan and senior business plan revision. Most important, your company needs to be evaluated, determining stock sale conditions. Once ready, your company will be showcased onto a crowdfunding marketplace, check [capitalcell.net](#) for an example. There, your project and business proposal will be attractively explained, while getting visibility and funds. Nevertheless, you should know your fundraising strategy does not suffice with an online campaign, but we will talk later about this.

One point not to be missed: Citizen investors acquiring stock options through Capital Cell will get silent equity. This means your decision power over the company won't be affected because this equity does not confer voting rights. Nevertheless, investors are entitled to receive part of the profits that these companies generate, proportional to their owned percentage. Depending on each deal contract, you can confer rights of drag along, tag along or keep "derecho de recompra preferente"

PL: *Are there specific criteria in order to use this service? Or is it for every digital health solutions?*

RV: We are looking for R&D and emerging entrepreneurial projects which will change tomorrow's health care. It's not a big matter if you're not an experienced entrepreneur. There are some requirements for a project to enter the crowd investment space due to its nature. Entrepreneurs leading a fundraising campaign need to be open and transparent, without fear to communicate about their project. Vishal Gulati said at Health 2.0 Europe 2015 that no VC would sign a NDA to check your project, well, neither will citizen investors. Your project needs a good storytelling as media impacts will be converted into investments to your project, especially if you make it heart-touchy. Crowdfunding changes roles and decision power, now these entrepreneurs have great power on company value and fundraising timeframe. That's why they ought to have a clear focus of their needs and aspirations.

PL: *Is it really working? Are there any success stories?*

RV: Investment Crowdfunding is one way to get funding for our company that has demonstrated different successes within and outside our borders. Cell Therapy, a UK based company devoted to cardiac regeneration, was able to raise around 1M€ (£691,000) in a two weeks campaign. Their CEO Ajan Reginald said "We have spent 5 percent of our time on fundraising, which enabled me to spend 95 percent of my time on the business". Capital Cell has showcased the two biggest crowdfunding scientific campaigns in Spain. In 2014, small biotech company Iproteos, raised 100k from investors. The Crowdfunding platform lasted during 6 months. Back in 2015, it took only 88 days for ZeClinics to reach the same amount from 62 investors showing how collective co-investment strengthens as a financial trend in Spain.

62 small investors could be a real problem unless they are under silent equity or syndicated.

PL: *Any horror stories?*

RV: However, apart from success stories there are many failures not becoming news. Behind these failures often we can find desperate entrepreneurs. They are staring at counter as days go by without increasing their funding. This is one of the most uncomfortable situations which faces the entrepreneur team, who see how their crowdfunding does not receive traffic, or worse, despite of receiving many visits, these do not convert into investments.

This is when the entrepreneurial team should implement a communication strategy to confer dissemination and reputation to the project.

The purpose of dissemination is to increase web traffic to our campaign, while reputation refers to improve confidence from the web-surfer in our campaign. In other words a good reputation aims to improve traffic conversion to investments in our campaign. Much is written on different blogs about online techniques to achieve both, although maybe not all tactics are appropriate for our startup or project. It is important to ensure that our crowdfunding platform will provide us advice so that these efforts do not fall on deaf ears.

With the online revolution, almost everyone focuses his efforts online. However, there is nothing more effective than a conversation face to face. For this reason, it is highly recommended to add offline methods of communication that allow us to interact with potential investors. Of course, the simplest implementation lies in the events or soirees. During the events, we will have the opportunity to speak from a podium before a large number of people. This situation we already provide elements of reputation, generating confidence in the auditorium. A key part of the events is the networking, where we can resolve the doubts of potential investors. If we are able to dispel their doubts, we will have won a lot of investors.

PL: *What makes Capital Cell different from other equity-based crowdfunding sites?*

RV: Our focus on health care reflects investment ecosystem in an online manner. As a consequence we bring all health care stakeholders to the web and put them in contact with the crowd. Consequently we assess their risk, perform a due diligence and evaluate companies showcased on our stock marketplace. We know investors need reliability for health care financial plans, and this is the main reason why after evaluation and selection, Capital Cell charges their services in form of a slight part of offered equity, instead of charging a percentage as most crowdfunding platforms do. From our deep knowledge of health care and life sciences industry, we provide every entrepreneur with a basic scientific communication plan and help them pitch in front of other fundraising sources, such as BA's, VC's and FO's. Not exclusive, highly communicative, and free for entrepreneurs. That's how Capital Cell thinks crowdfunding.

PL: *Thank you, Roi!*

**Looking for funding?
EC to VC is for you. Next edition on September 18th, 2015 in Munich**

This event is part of the [GET Funded service](#) of the EU-funded GET Project, designed to provide health SMEs looking for Series A or follow-up funding (typically between 0.5-2M€) with training, resources, and networking opportunities with investors at the European level.

If you are an investor and would like to receive an invitation, please get in touch with Pascal Lardier via pascal@health2con.com. If you are an SME looking for funding and would like to join the GET Funded service, please check our [investors' criteria here](#).

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