

## Inside of String Transport: How the Project is Financed?

*Everything new frightens at first, and it's normal. People did not want to use bank cards, then they were afraid to order things from Chinese online stores. Now there is bitcoin, crowdfunding and many other obscure words that we will somehow have to meet.*



Crowdfunding model of Skyway funding is such a frightening thing, which caused a large wave of discontent and misunderstanding in the media and the Internet community. To cotton to crowdfunding, we need to figure out what's what.

Skyway is a transport technology. The goal of the SkyWay engineers is to create a "green" and more efficient alternative to conventional transportation. For more technical details please visit the official website. The project has already been recognized, for example, by Moscow State University of Railway Engineering, Minister of Urban Development of the Indian State of Himachal Pradesh and many others.

*Unibus and unibike are two types of rolling stock that could be observed at transport exhibitions in Germany, India, Russia, Belarus and other countries.*

The team that develops the transport system – SkyWay Technologies Co. – is headquartered in Minsk, as well as its production facility. The test site, called EcoTechnoPark, is located in town of Maryina Gorka. During the time that the Company operates in Belarus, its staff has grown to more than 400 people; industrial designs of the transport system were created and the contacts with potential clients from Australia, India, Indonesia and other countries were established.



*Pilot production facility in Shabany district of Minsk assembles rolling stock units, which are then tested in EcoTechnoPark*



SkyWay Technologies Co. is financed by a foreign company Global Transport Investments Inc., in which the investments are accumulated through a network of business angels to develop the technology. Investments come to Global Transport Investments Inc. from investors from more than 200 countries either directly or by crowdfunding model.



*New units of the rolling stock are already on the way. An 18-passenger unicar was presented at the exhibition "Transport and Logistics-2017" in September.*



*The string transport has advantages over the conventional modes of transport in its very principle*

### Why do we need crowdfunding?

In order to run the project, you need money. Financing is required for the office, salaries for engineers, research and testing.

In different areas, various sums are required. In fact, in IT, for example, test sites are not needed, and, in retail, expensive modern technologies and complex equipment are not usually purchased. Therefore, each young business chooses ways of collecting money in accordance with its goals and opportunities.

For example, venture investments, which are so popular among IT start-ups, are not enough for large projects. According to the annual review of the Russian venture capital industry "MoneyTreeTM: The Navigator of the Venture Market" for 2016, published by PwC and RVC, the Russian venture transactions market decreased by 29% in US dollar terms in 2016 against 2015 and amounted to 165.2 million US dollars. In the case of Skyway technology, by the way, about 250 million US dollars is required for the development, and this is much more than the entire annual venture capital market in Russia.

But even if a company had set a task of getting all business angels and venture capitalists, it would hardly have done it. The reason why venture investors are not interested in long-term strategic projects is that the goal of investors is to buy a share of business on the fall and sell it on the rise, and do it as quickly as possible. Because in addition to money, it also needs time.

But there are new funding opportunities for innovative projects, such as the crowdfunding chosen by SkyWay. The capabilities of this model are highly appreciated, and the trend towards "people's investment" is best seen in the digital economy.

There are so much talks about ICO and crypto-currencies in the news. According to Forbes, on Techcrunch Disrupt event in San Francisco, the head of Y Combinator venture fund Sam Altman was very inspired by the fact that ICO gives opportunities for people with little money to invest in start-ups, just like it is done on Kickstarter.

He said: "I am greatly concerned that the wealth that we create in Silicon Valley is becoming less and less accessible to the rest of society. Technologies that in practice can democratize this field are a great thing".

The high thresholds of entering an investment business are not only unfair to people, but also ineffective for companies, so the development of public finance is mutually beneficial.

The real steps are made here today: the National Bank of Belarus has announced the creation of legal conditions for the introduction of financial instruments of crowdeconomy in the country. It states that within the framework of the implementation of the strategic project for the identification of new financial products and implementation organizations in the microfinance market, the National Bank is developing a draft regulation on the issues of crowdfunding activities of financial online platforms offering services for the attraction and provision of loans between individuals (P2P), as well as from individuals to legal entities and individual entrepreneurs to finance business projects (P2B).

This means that soon there will be a legal instrument through which companies can borrow from individuals and they will not necessarily have to use obsolete and inflexible bank loans or hope for the favor of venture funds.

Similar principles already work on the "gray" crypto-currency market, and we see how this has affected it – ICO collects record amounts, and the entire market is estimated at hundreds of billions of US dollars. In the meantime, the situation in the legally-based crowdeconomy is not very good. For example, the law does not allow Belarusians to invest in foreign companies without the permission of the Central Bank, and this seriously limits both investors and companies that are aimed at "people's funding".

Today, the crypto-currencies and the new economy have one serious disadvantage: the rather complicated technical process and low level of elaboration of the legal framework. Steps towards the brighter crypto-currency and crowdfunding future are already being undertaken: relevant regulations are considered in Belarus and Russia. In the USA, legalization procedure of new ways of financing have already reached the final stage. Today the first successes are achieved by companies that have switched to new financing models, crowd-platforms are growing and attracting more and more money. An example of such a success is the string transport, being created with money collected using crowdfunding.



*In addition to eighteen supports and a garden, EcoTechnoPark now has test sections of three types of tracks, anchor supports of the light and cargo tracks and a transport and logistics hub. All this was built in 2 years.*