

A BLU-RAY DISC originally offered as a reward for the 2014 *Prelude to Axanar* Kickstarter campaign was later offered as merchandise for a \$60 “retroactive donation” in the Axanar Donor Store.

Analysis

What's Up With the Perks?

By Carlos Pedraza

See also: [Axanar Scrambles to Ship Perks](#), [Terry McIntosh Resigns](#) and [Axanar Launches New Fulfillment Platform](#)

Amid reports from donors of unfulfilled perks from the Kickstarter and Indiegogo campaigns, **AxaMonitor** examined [Axanar Productions'](#) fulfillment efforts and spending — and discovered clues about heretofore undisclosed income from its other revenue streams.

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This is one in a series of **AxaMonitor** articles examining Axanar’s crowdfunding efforts, its spending, its goals and how it has reported on those activities. The entire series is [listed here](#).



Perks (as they are called on Indiegogo, are also known as **rewards** on Kickstarter) are items offered as incentives for donors to make contributions to a crowdfunding campaign. They can be as insubstantial as having your name added to a list of contributors or entail packages of goods and services, including DVDs, Blu-rays and walk-on roles in a film.

In each of its [crowdfunding campaigns](#), Axanar has offered a wide variety of perks that proved popular among donors.

Earlier analysis of Axanar’s [Annual Report](#) revealed a pattern of obfuscation both in how the report’s data was compiled and presented, and in how its spending was reported, particularly regarding salaries.



AXANAR MERCHANDISE ready to ship out from its warehouse in Valencia, Calif.

This new analysis of the Annual Report can now add perks to Axanar’s list of issues in which it has failed to provide meaningful detail.

Perk Fulfillment

Like many crowdfunded projects, Axanar’s producers set aside a percentage of the total amount raised to fulfill the rewards selected by backers. This section describes the fulfillment for perks in each crowdfunding round for *Prelude to Axanar* and the feature film, *Axanar*.

Prelude Kickstarter Rewards

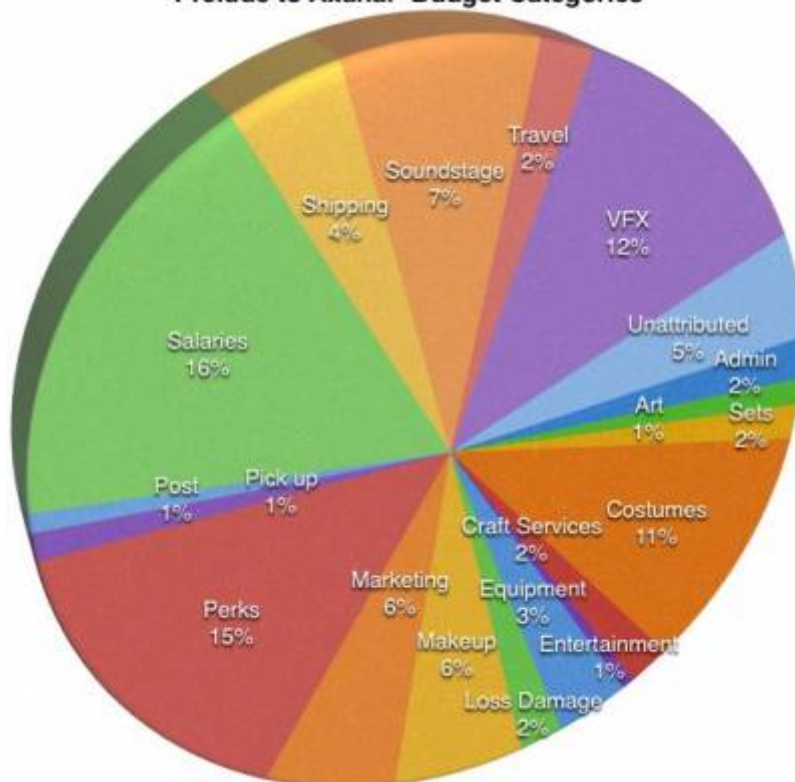


About the Prelude Data The analysis in this section is based on the spreadsheet image labeled *Prelude to Axanar Income and Expenses* on pages 5-6 of the Annual Report. The data has been transcribed into the [Axanar Financials](#) Excel spreadsheet.

By most reports, the rewards offered in the Kickstarter campaign that funded production have

been delivered to donors. The cost of fulfilling these rewards was \$18,516.

Figure 1
'Prelude to Axanar' Budget Categories




Click image to view full size.

The original percentage set aside for fulfilling Kickstarter rewards for *Prelude to Axanar* was 10 percent.¹⁾ The amount eventually spent on rewards made up 15 percent of *Prelude's* spending, **overspending its budget by 50 percent** for this line item.

Axanar's producer who oversees fulfillment, [Terry McIntosh](#), attributed at least part of the overrun to the decision to make multiple shipments of individual items to backers as the rewards became available, rather than waiting until all the rewards were produced and making one shipment to each backer of all his or her expected items. He posted on Facebook:

The price of postage, especially with the recent and significant increase in international postage, just make that cost-prohibitive and we learned a very painful lesson on that with *Prelude to Axanar's* perks that we won't be repeating.²⁾

Axanar Kickstarter Rewards



About the Axanar Kickstarter Data The analysis in this section is based on the chart in the *Axanar Kickstarter* section on pages 9-10 of the Annual Report. The data has been transcribed into the [Axanar Financials](#) Excel spreadsheet.

Looking toward fulfillment of rewards for the second Kickstarter campaign, McIntosh informed backers that increased shipping costs meant they would have to wait until all rewards were produced. Since many of those items depend on production of the film, *Axanar*, McIntosh said

Axanar's ability to deliver would be determined by the outcome of the [lawsuit](#):

It is highly unlikely that we're going to be doing multiple or partial shipments of perks for the feature round [the Axanar Kickstarter], save perhaps sending out patches (since those can be included in a standard letter envelope and don't require more than a stamp). ... If there is 'good news' with the litigation, then we'll proceed with creating the film and then all of the other perks can, of course, be made from it. If there is not 'good news' ...

As of the publication of this article³⁾, the latest update from Axanar's fulfillment director, Diana Kingsbury, stated none of the patches for the Axanar Kickstarter had been shipped, even though they were ready:

NO patches from the AXANAR Kickstarter have shipped out yet! (As soon as our tech specialist, Terry MacIntosh, gives the all-clear, the donors whose donation levels included patches will start receiving them.)⁴⁾

Apart from patches, Kingsbury's blog post on March 14, 2016, confirmed **no other** rewards had been produced or delivered for Axanar Kickstarter backers.⁵⁾ Note that this does not include perks that can be delivered digitally.

Perk Spending

This section reports on Axanar's expenses on the production and delivery of rewards for the Axanar Kickstarter, and the apparent disparity between that spending and what backers have actually received.

Reported Spending



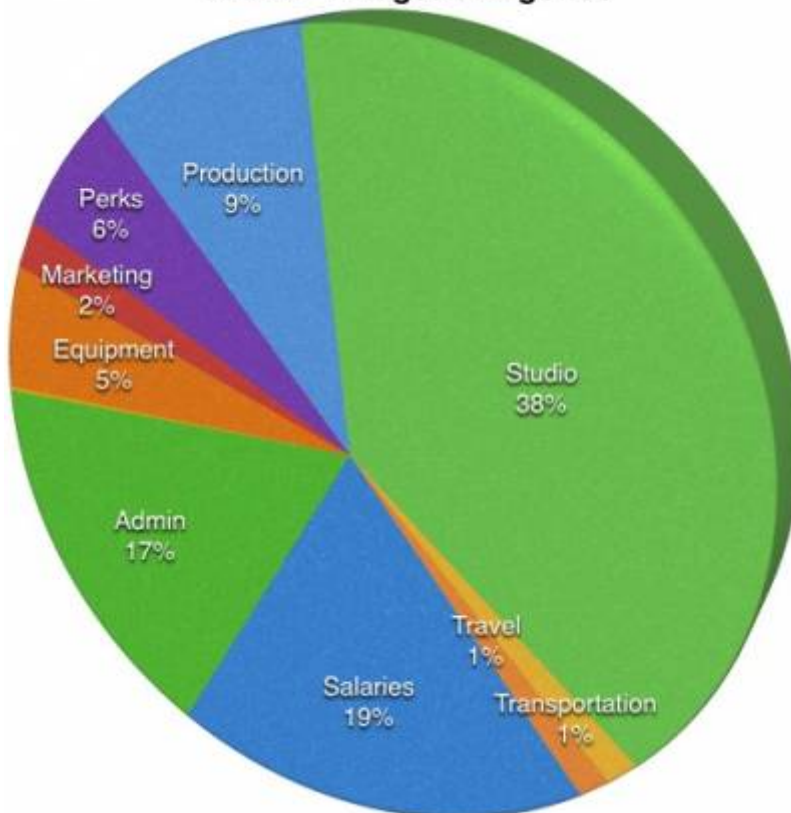
About the Axanar Data The analysis in this section is based on the figures presented on pages 7-10 of the [Annual Report](#) and from the [Axanar Kickstarter](#) campaign page. The data has been transcribed into two Excel spreadsheets:

- [Axanar Financials](#)
- [Kickstarter Rewards](#)

Axanar's revised 2015 Annual Report reported \$25,142 spent on the production of perks and \$12,116.27 spent on supplies and shipping for delivery to donors — a total of \$37,258.30 spent through July 31, 2015. That amounts to 6 percent of the Axanar Kickstarter proceeds spent on perks production and fulfillment, as illustrated below:

Figure 2

'Axanar' Budget Categories



Click image to view full size.

Those expenses seem to indicate underspending of what had been allocated for rewards, according to the Kickstarter page, which pegged that spending at 10 percent of the amount raised.⁶⁾ Here's the trouble with those expenses:



Kickstarter patches began shipping.

UPDATE On October 7, 2016, Axanar's fulfillment director, Diana Kingsbury, notified donors that, two years later, patches promised to Kickstarter backers were finally beginning to ship.

No Perks Have Shipped

Despite the reported spending described in Section II, "Axanar Kickstarter," of Axanar's Annual Report, fulfillment director Diana Kingsbury reported on the Axanar website:

We will begin the massive task of shipping out the tens of thousands of patches from the Axanar Kickstarter (from August 2014) once [Ares Digital](#) is functional. Please note that the patches are the

only thing which will be shipping out, as nothing else has been made, yet.⁷⁾ [emphasis added]

Kingsbury goes further to relate that no perks from Axanar’s third crowdfunding effort, the shuttered [Indiegogo campaign](#), have even been produced yet:

*NO patches from the AXANAR Indiegogo have shipped out... and in fact, have not even been made, yet!

She goes further to address online complaints from donors who have seen Donor Store purchasers receive patches advertised in the crowdfunding campaign while Indiegogo donors are still waiting for their perks:



PROTOTYPE PATCHES offered as perks in Axanar’s Indiegogo effort were up for sale in its online store before the actual patches became available to the campaign’s actual donors.

So, where on earth does all the confusion over these come in? Well, we had two of the ship patches from that campaign — ones for the Ajax and Hercules — designed, and then had a small batch of prototypes made ... they are about 20-30% SMALLER than the final, official patches.

But, rather than let the small number of sample-size Ajax and Hercules patches simply go to waste ... we decided to offer them to our donors, in the “Store” (and for a reduced price, less than the donation amount for all of our official, standard-size patches).⁸⁾

Donor Complaints

Donor complaints about Kickstarter rewards not being delivered, while Donor Store merchandise appears to be constantly shipping, are what led to AxaMonitor’s analysis of perk fulfillment. This comment by user Kelly Lincoln on Axanar’s Kickstarter is typical:

You know since my first contribution to this kickstarter I have not received even one items initially promised. I stopped expecting to a long time ago but frankly it was a waste of my money. I am amazed though that they basically got away with taking the money from people and not fulfilling their promises.⁹⁾



UPDATE On September 9, 2016, Kingsbury announced a new software platform had come online to manage long-delayed shipments to donors. See: [Axanar Launches New Fulfillment Platform](#).

Several days after initial publication of the **AxaMonitor** perks analysis, in his May 5, 2016, "Captain's Log," producer Alec Peters announced that continued delays by **Ares Digital** developer **Terry McIntosh** would no longer prevent shipping of Kickstarter backers' patches:

As to the patches from the first Kickstarter that have been sitting by Diana's desk for 9 months while we have waited for Terry [McIntosh] to finish Ares Digital? Well, we decided that if Ares Digital isn't finished by the end of [May 2016], we will either use BackerKit or use Kickstarter directly to generate the labels to ship these out. I am sure you would all like those patches, and I am VERY tired of them not being sent out. So we will get these to you shortly!¹⁰⁾



PATCHES The languishing Kickstarter backers' patches are the first four pictured above. The fifth is from the Axanar Indiegogo and the Starfleet Disaster Response was available for Axanar's "special events."

Failure to Ship

In a May 27, 2016, blog post, Axanar spokesman Mike Bawden admitted to the problem in shipping available rewards to Kickstarter backers:

The timing, the sense of urgency, and the delivery of perks to a backer is a top priority. That's why we're so focused on getting this thing working at Axanar. We have GOT to get this problem solved.¹¹⁾

Lead Developer Resigns Amid Fulfillment Problems

Main article: [What's Up With the Perks?](#)

See also: [Axanar Scrambles to Ship Perks](#) and [Axanar Launches New Fulfillment Platform](#)



Terry McIntosh

Terry McIntosh was the chief technologist and a co-producer for Axanar Productions, as well as the lead developer of its [Ares Digital](#) perk fulfillment software for crowdfunding projects. He announced his departure from Axanar in a post on his Facebook page on May 16, 2016:

Well, I guess it's almost official, sans some paperwork and for whomever volunteers as their new geek to make some geeky changes. ... I've separated from Axanar.

Today is very bittersweet, and an extremely sad day, but it needed to be done. I will look back on the past two years fondly, because I choose to remember only the good times. My very best wishes to everyone on the team for the future!¹²⁾

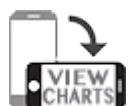
While McIntosh refrained from specifying his reasons for leaving the production, another post on his Facebook page just two days after Peters posted about perks seemed to imply the source of his disappointment:

Had an online friend really screw something up to their detriment and all they can do is blame other people for it on their Facebook posts, when it's clear that they own that one completely. Heck, I've screwed some things up in the last year... but I own that. Sure, it's easier to blame others, but it's flat out dishonest when someone doesn't own up to their mistakes. As you said, learn from it, figure out (honestly) where the mistake(s) were made so that they're not made again, and then work to improve.¹³⁾

In response to how he felt about Peters' criticism about Ares Digital not being able to fulfill perk fulfillment, McIntosh replied:

Thankfully, that's not a problem that I'm going to have to solve any longer.¹⁴⁾

What Can't be Shipped



The charts below are derived from the Axanar [Annual Report](#) and from publicly available data on the Kickstarter platform.¹⁵⁾

Perks That Might Be Fulfilled

Amt.	Reward	Backers	Quantity	Promised	Notes
\$10	Backers' Page	467	8,669	09/30/15	Can be digitally delivered
\$30	Prelude Premiere Program	232	5,485	11/30/14	Digitally delivered
\$35	Starfleet First Fleet patch	811	5,044	11/30/14	
	Fifth Fleet patch	subset of 811		11/30/14	Unknown quantity offered [§]

[§]A variety of other patches were introduced as incentives during the course of the campaign so the total number of patches to fulfill can't be determined with the publicly available data.

Perks That Can't Have Been Fulfilled

Amt.	Reward	Backers	Quantity	Promised	Notes
\$15	Script PDF	56	8,202	07/31/15	
\$20	Illustrated Script PDF	96	8,146	07/31/15	
\$25	Axanar Download	2,565	8,050	07/31/15	
\$50	Ares Challenge coin	209	4,442	12/31/14	According to fulfillment blog, nothing made other than patches
\$65	Special edition Axanar DVD	631	631	12/31/14	
\$75	Special edition Axanar Blu-ray [†]	2,502	3,602	12/31/14	
\$100	Cast photo (signed by 1 star)	475	575	12/31/14	
\$125	Black Ares T-shirt	384	384	12/31/14	
\$200	Signed, bound script	77	77	12/31/14	Signed by writers + David Gerrold
\$250	Casualty list (onscreen)	50	50	03/31/15	
\$350	Casualty list + perks up to \$100 level	100	100	07/31/15	
\$400	Ares tunic	31	31	03/31/15	
\$500	Cast photo (signed by all)	12	12	03/31/15	
\$2,000	Set visit & cast meal	3	3	03/31/15	Choose either NY (Axanar: Heroes) or LA (Axanar)
\$2,500	PA + IMDb credit	4	4	03/31/15	
\$5,000	Name a ship + wallpaper	5	5	07/31/15	Wallpaper features your ship
\$5,000	Featured extra	5	5	03/31/15	Choose either NY (Axanar: Heroes) or LA (Axanar)
\$5,000	Extra at Starfleet HQ	3	3	03/31/15	LA shoot only
\$10,000	Assoc. Producer on set + IMDb credit	4	4	03/31/15	Choose either NY (Axanar: Heroes) or LA (Axanar)
	Director's chair		4	03/31/15	Part of \$10K reward
	Hardcopy shooting script		4	03/31/15	Part of \$10K reward

[†]All levels above \$75 offer choice of DVD or Blu-ray, not both.

What Has Been Shipped?

Since by Axanar's own reports none of the perks promised as part of its Kickstarter and Indiegogo campaigns had yet shipped as of this article's publication,¹⁶⁾ the unanswered question is: **What has the \$37,258.30 reported by Axanar as spent on supplies, shipping and production for perks been spent on?**

Kingsbury's own Axanar Fulfillment Blog offers a clue:

The official First, Second, and Third Fleet patches have been available in the Donors-Only "Store," for set donation amounts ... so that any donor who wants to can get an extra, as well as so those donors who missed out on this campaign and only contributed to a later campaign can still collect all of the ship patches. (The same holds true for the three PRELUDE to AXANAR patches, which are also available to all donors in the "Store".)¹⁷⁾

'While the halt in producing Axanar has frozen fulfillment of its related perks, Axanar's ability to ship products and realize revenue from its Donor Store remains untrammelled.'



STARSHIP MODELS are only one of the full line of merchandise available in Axanar's Donors' Store. Learn more [about the store](#) and its products.

The "Donors-Only 'Store'" is not only the source of patches available to anyone willing to directly donate to Axanar, rather than have gone through either of the [crowdfunding platforms](#), but is where Axanar fans can purchase a full line of [merchandise](#).

While the halt in producing *Axanar* has effectively frozen fulfillment of its related perks, Axanar's ability to ship products and realize revenue directly from its Donor Store remains untrammelled. What producer Alec Peters has remained tight-lipped about, however, was how much business Axanar was doing.

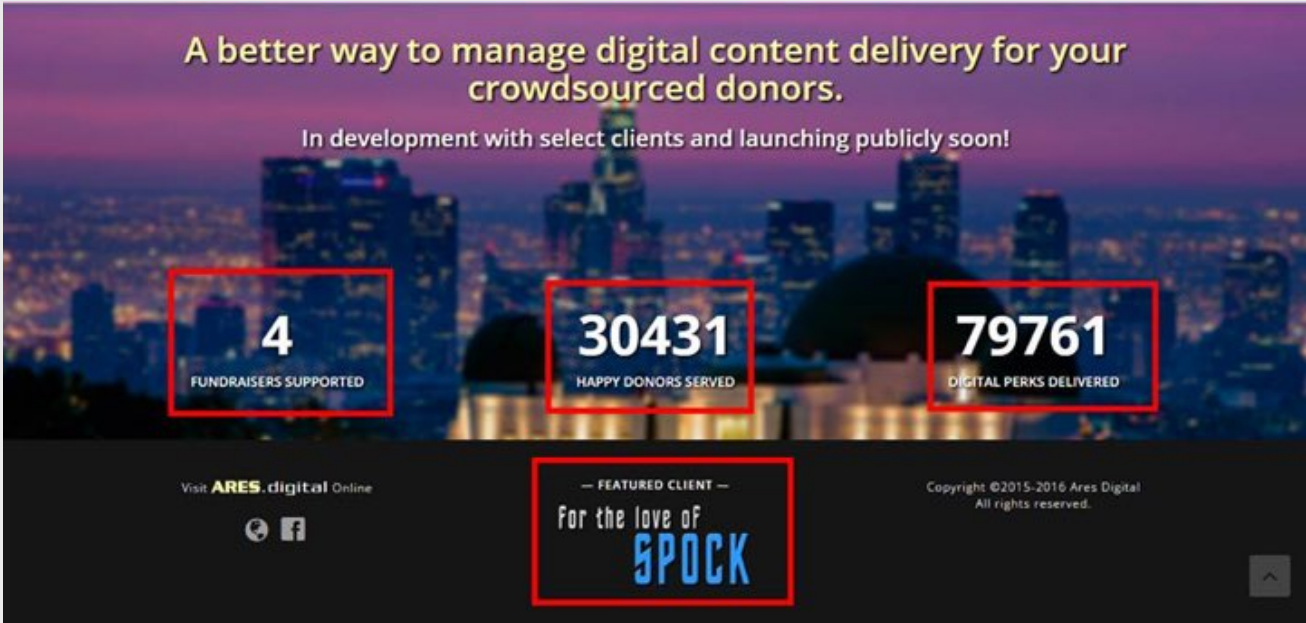
Undisclosed Proceeds

In addition to raising funds on Kickstarter and Indiegogo, Axanar created direct revenue streams through:

- The PayPal link added to its Kickstarter page after the campaign closed.¹⁸⁾
- On its own website.¹⁹⁾
- Via its exclusive [Ares Digital](#) Donor Store, where donors can purchase additional Axanar merchandise.
- “Retroactive donations” that entitle backers to Blu-rays of *Prelude to Axanar*.

In an April 1, 2016, interview Peters refused to state how much had been raised from these sources, saying that information would be released in the future only to donors.²⁰⁾

On September 29, 2016, a [motion to compel discovery](#) filed by Axanar’s lawyers against CBS and Paramount revealed the studios now had the audit that had been performed on Axanar’s books, and that its undisclosed income totaled something like \$200,000, raising the previous \$1.3 million to \$1.5 million.

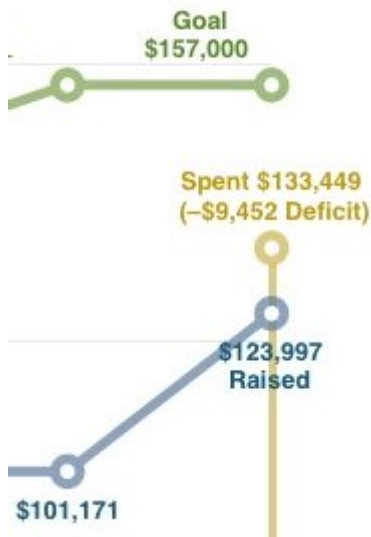


The image is a screenshot of a website banner for Ares Digital. The background is a city skyline at night. The text on the banner reads: "A better way to manage digital content delivery for your crowdsourced donors." followed by "In development with select clients and launching publicly soon!". Below this are three statistics in red-bordered boxes: "4 FUNDRAISERS SUPPORTED", "30431 HAPPY DONORS SERVED", and "79761 DIGITAL PERKS DELIVERED". At the bottom, it says "Visit **ARES.digital** Online" with social media icons, "— FEATURED CLIENT — For the love of **SPOCK**", and "Copyright ©2015-2016 Ares Digital All rights reserved.".

ARES DIGITAL, a proprietary fulfillment platform developed by Axanar Productions for crowdfunding projects, includes its Axanar fulfillment among its accomplishments.

Revenue Clues

Kingsbury’s Fulfillment Blog offers the most concrete indications of Axanar’s merchandise-related revenue streams in this December 5, 2015, post:



ADDITIONAL FUNDS After the formal conclusion of the Prelude Kickstarter, Axanar raised almost \$23,000 more by means not specified in its Annual Report. But its Fulfillment Blog offers some clues.

Prelude to Axanar fulfillment is now considered complete, for starters! (Yes, there will still be a few stragglers out there — accounts with issues, such as missing info; backers the BackerKit system has just plain lost or misfiled, seemingly at random; and the occasional Paypal donor or in-between-platforms donation for which I didn't receive notification.²¹⁾

- **BackerKit** provided fulfillment services for the Prelude Kickstarter, which appears to have handled an [additional \\$22,826](#) in contributions via PayPal.
- **Between-Platforms Donations** — meaning, between the second Kickstarter campaign and the Indiegogo endeavor — were also accepted, either through BackerKit or Axanar's proprietary but not fully operational [Ares Digital](#) platform.

And a final clue regarding Axanar's perk priorities:

And, of course, there are always the "Donors Store" orders... those extra-cool pieces of Axanar that you might have missed from earlier campaigns, or that have been created specifically for the special donors-only area. Getting those out is always a priority, and typically the first thing I work on each morning.²²⁾ *[emphasis added]*

Moving Merchandise

In an interview with the Australian news site, TrekZone, Axanar spokesman Mike Bawden responded to **AxaMonitor** editor [Carlos Pedraza](#)'s questions about fulfilling perks by giving an eyewitness account of seeing boxes of perks ready to be shipped from the Axanar warehouse.²³⁾

Since Kingsbury's blog reports no Axanar crowdfunding campaign perks had yet shipped by that date, it's more likely that the merchandise Bawden saw moving was instead purchases made through the Ares Digital Donor Store. Considering Peters' refusal to account for these proceeds²⁴⁾, the most logical conclusion remaining is that the perks reported as expenses in Axanar's Annual Report have been conflated with merchandise purchased through the Donor Store.




This section, **Tallying Up**, features opinion or informed supposition.

Tallying Up

If indeed Axanar spent \$37,258.30 between April 1, 2014, and July 31, 2015 — a 15-month period accounted for in its Annual Report²⁵⁾ — how much actual revenue might that represent?

Back-of-an-envelope figuring suggests the revenue for those 15 months may have been at least twice that — \$74,516.60. Of course, that number is purely speculative without knowing what kind of profit margin Ares Digital builds into the final price charged to Donor Store customers.

Projecting that average \$5,000-a-month revenue (a possibly conservative estimate since Axanar's notoriety has increased in the wake of the [lawsuit](#)) from August 2014-April 2015, brings in an additional \$45,000, for a total of \$119,516 above what Axanar has publicly reported as its income. 

Keywords

[crowdfunding](#), [commercial](#), [merchandise](#)

1)

["Where the Money Goes" section of Prelude Kickstarter campaign page](#), retrieved 5/2/16.

2)

[View screenshot](#) of Terry McIntosh Facebook post.

3)

This article was drafted May 2, 2016.

4) , 8) , 17)

["Patches — The Definitive Word" post, Axanar Fulfillment Blog](#), Diana Kingsbury, 4/4/16.

5) , 7)

["March\(ing\) Orders" post, Axanar Fulfillment Blog](#), Diana Kingsbury, 3/14/16.

6)

["Kickstarter Financial Basics" section of Axanar Kickstarter campaign page](#), retrieved 5/2/16.

9)

[Kelly Lincoln comment on Kickstarter Update #83, "PATCHES... the Definitive Word"](#), 4/5/16.

10)

[Alec Peters, "Captain's Log – May 5, 2016," Axanar website](#), 5/5/16.

11)

[Alec Peters, quoted in "Fan Film Friday — The Realities of Crowd-Funding, Part 4," by Jonathan Lane](#), 5/27/16.

12)

[Post on Terry McIntosh's Facebook page](#), 5/16/16.

13)

 [Terry McIntosh's Facebook page](#), 5/7/16.

14)

[Facebook post by Terry McIntosh in reply to Sandy Greenburg](#), 5/16/16.

15)

[Axanar Kickstarter campaign page](#), retrieved 3/1/16.

16)

This article was drafted 5/2/16.

18)

["PayPal" section, Prelude to Axanar Kickstarter campaign page](#), retrieved 5/2/16.

19)

[Axanar Donation Page](#), retrieved 5/2/16.

20)

[Alec Peters, TrekZone Spotlight interview](#), 4/2/16.

21)

"The Axanar Wheels Keep on Turnin'!" [post](#), by Diana Kingsbury, 12/5/16.

22)

"The Axanar Wheels Keep on Turnin'!" [post](#), Axanar Fulfillment Blog, Diana Kingsbury, 12/5/16.

23)

[YouTube: TrekZONE Spotlight — Axanar, Part Two](#), interviews with Axanar's Alec Peters and Mike Bawden, and AxaMonitor's Carlos Pedraza, released 4/26/16.

24)

[YouTube: TrekZone Spotlight — Axanar Part One](#), interview with Alec Peters, released 4/3/16.

25)

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