

ICO's, TOKENS & THE HYPE

- Why ICO as a fund-raising tool?
- Use-case methodology
- Security vs Utility Tokens – where the use-case fits the designation
- The hype: why this asset class has a very bright future.

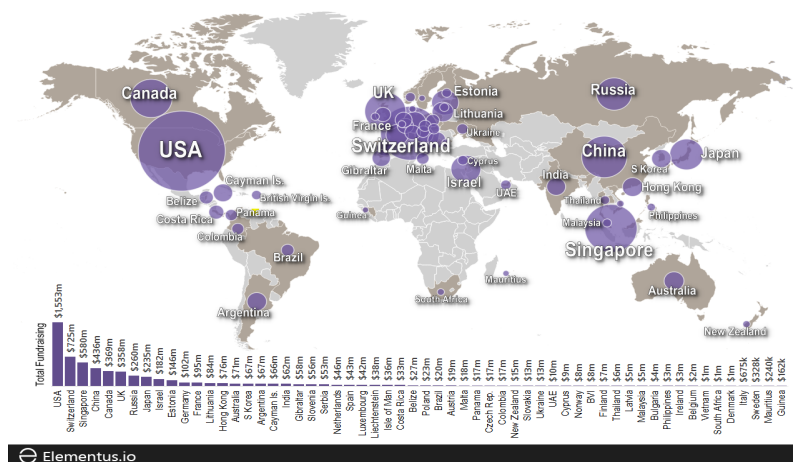
WHY ICO AS A FUND-RAISING TOOL?

- Blockchain technology is fuelled by cryptocurrency as the transaction methodology...but it's not the only reason now are the 2 inextricably interlinked.
- Global access to capital @ the lowest entry level imaginable
- VC / Angel-funding = ownership bear-squeeze trap
 - Angels they are not...
- Equity: you don't have to give up any (unless you want)!

	Traditional VC funding	Hybrid funding	Pure ICO funding
Funding rounds & collected funding	Seed Series A Series B Series C IPO Relative funding amount per round	Seed Series A optional ICO Relative funding amount per round	ICO Add. ICO Add. ICO optional optional Relative funding amount per round
Funding rationale	Receive initial funding after business plan, prototype and team validation	Receive initial funding after business plan, prototype and team validation – ICO funding to grow business further & raise more funds	Receive funding based on whitepaper, founder team and idea – additional 'ICO' only if necessary (rare)
Pros & cons	+ Investors cautiously validate ideas before committing funds + Founders cautious with spending money – Founders often focused on next funding round (hinders innovation)	+ Founders get "smart money" as well as crowd support (first customers) + VCs validate seriousness of business, crowd validates idea & market potential + Founders are free to innovate – Potential conflicts between shareholders and token holders	+ Founders get crowd support + Founders are free to innovate – Governance risks if no framework – Transparency risks on use of proceeds and product development
Initial Investors	Business Angels Venture capitalists	Business Angels Venture capitalists Tech-savvy BC/ crypto-community	Tech-savvy BC/ crypto-community

- Low-regulation environments are screaming for this opportunity
- Poor fundraising capabilities, due to geographies and historical imbalance are perfect playgrounds

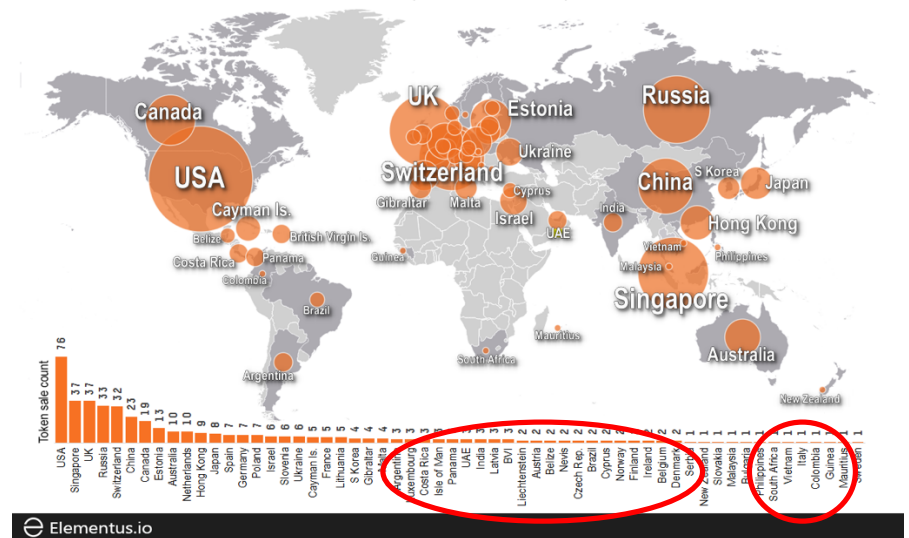
Token Sale Fundraising by Country
Dollar amount raised via token sales, Jan '14 - Nov '17



- 3 lonely token sales in Africa in the small red circle
- Large diverse economies, and small focussed economies lag as well

Top Countries for Token Sales

Number of token sales, Jan '14 - Nov '17 (min raise: \$100k)



USE-CASE METHODOLOGY

Q: Do you even need Blockchain?

A: Definitely

Some of my favourites:

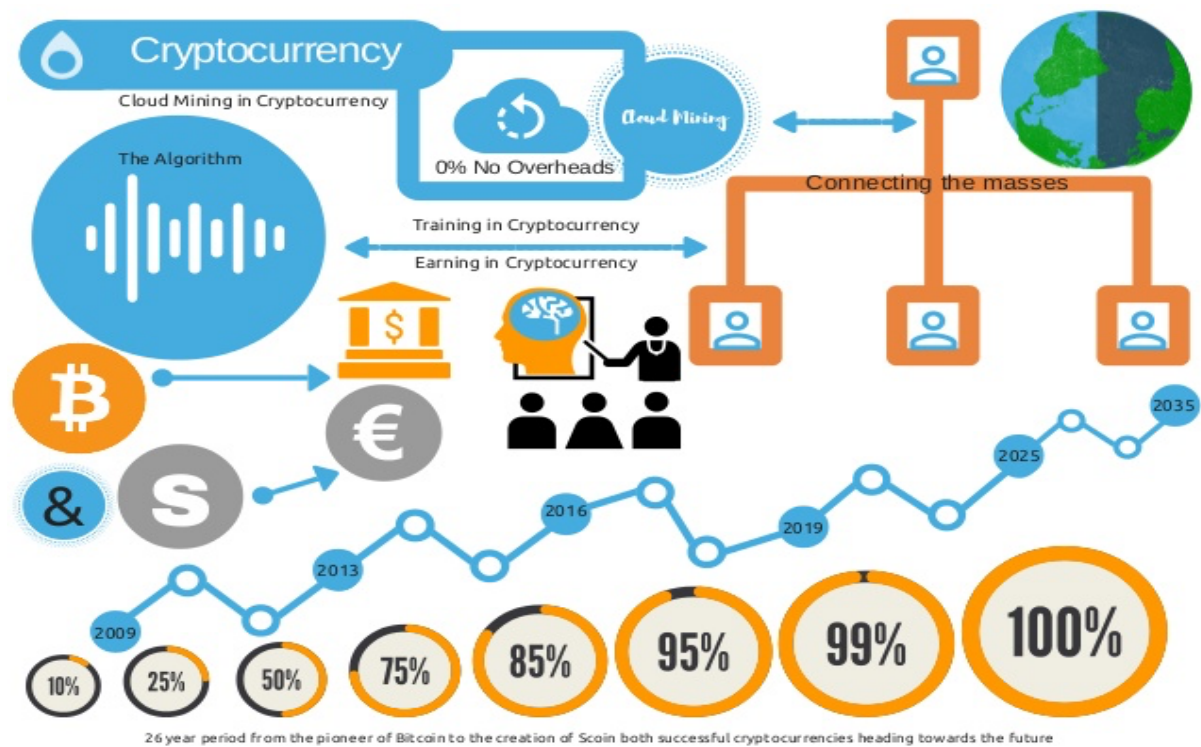
1. Government - a quote: "The (tax collection) system as you define it is controlled by a centralised entity whose motives are suspicious. Undoubtedly a country would be spared ANY plundering if the flow of funds was transparent to everyone in the ecosystem and not controlled by a centralised entity such as National Treasury or an SOE's corrupt board." P.S., in a LinkedIn debate
2. Financial Services: Did you know there are 13 intermediaries in the chain when you buy 1 share on the Johannesburg Stock Exchange? Rent-seeking behaviour? Overregulation? **YES AND YES!!**
3. Energy Management: Imagine a world where peer-to-peer energy trading with a superficial connection to the grid is possible...or even when there is no grid? And you can track every last kWh you utilise in real time, it's cost, and own your own data...

UTILITY vs SECURITY TOKENS

Where the use-case fits the designation...

- Utility Token: your token is used directly in the acquisition of your product or service, within your own ecosystem
- Security Token: simply, your token is backed by a security of some type, ranging from coins redeemable for precious metals to tokens backed by real estate (by far the most popular).
- Why is the distinction important? Use-case is key...

THE HYPE



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