



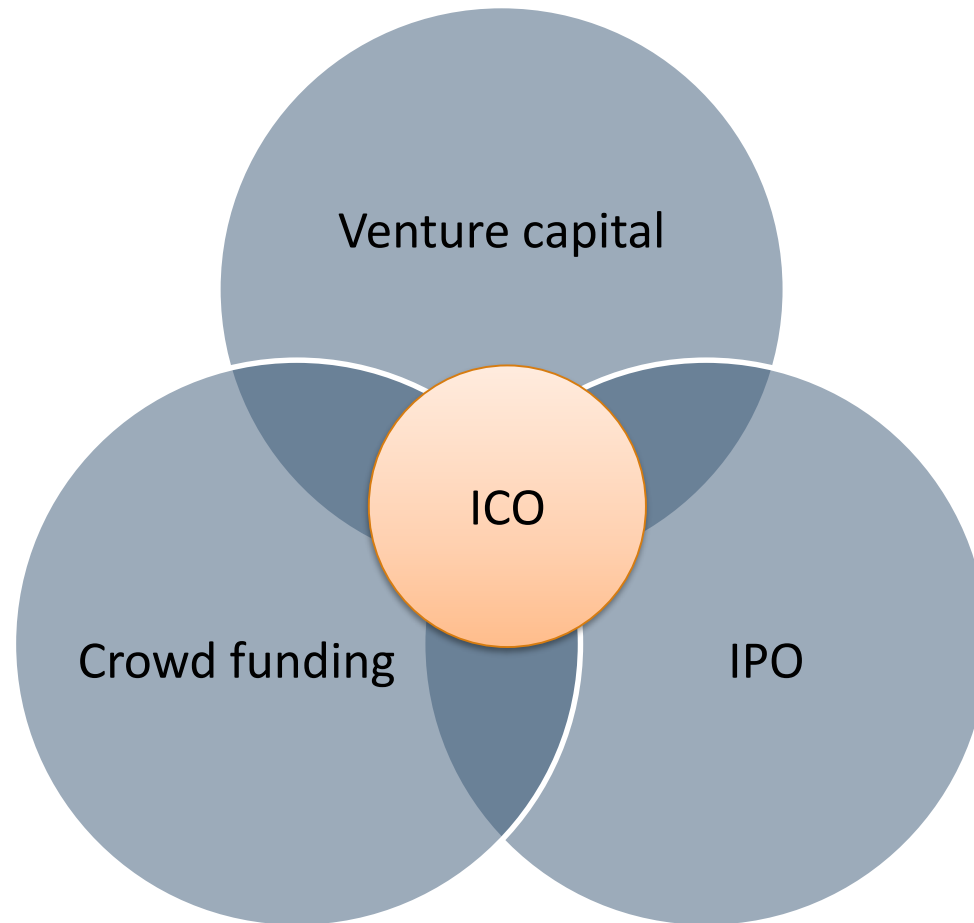
ICO

FUNDING THE FUTURE OR SCAMMING THE FOOLS?



What's an ICO?

Initial coin offering (ICO) is a hybrid between 3 **funding methods**



There are 3 main types of coins, and thereby ICO's

New **independent** blockchain

New **smart contract**, running on a blockchain and defining a new coin



New platform **anchoring** in another blockchain

New tokens representing existing assets such as gold, stocks, diamonds etc.



Advantages of ICO:

- Global market – «everyone» can buy
- Ownership amongst potential users/customers
- Global second hand markets increase liquidity
- Cheap
- Unregulated

Disadvantages of ICO:

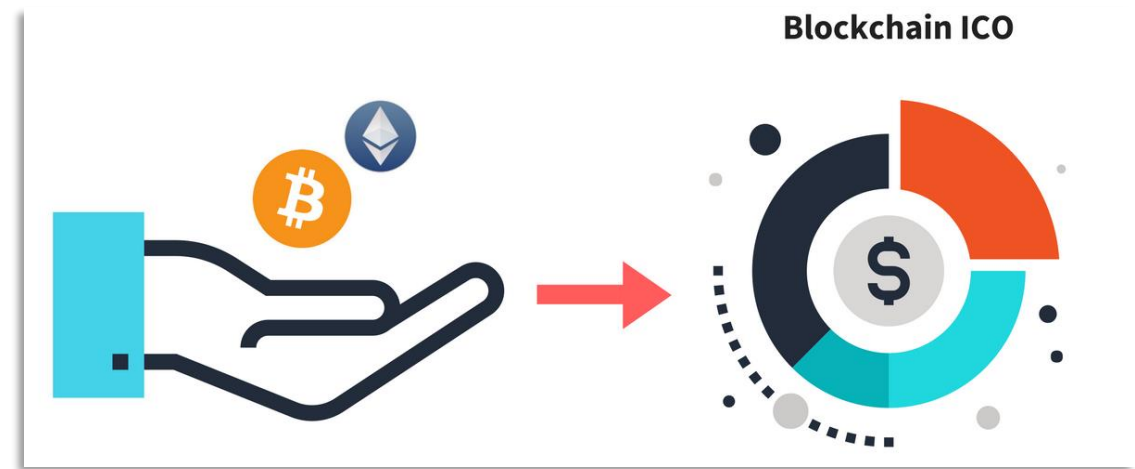
- Regulatory risk
- Difficult to differentiate between:
the good, the bad and the ugly
- Vulnerable to market manipulation
- Exchange rate risk related to the funding currency
- May undermine the growth potential of the platform
 - Unnecessary barrier to onboarding
 - Unnecessary exchange rate risk

How do you do an ICO?

These are the (normal) steps of an ICO:

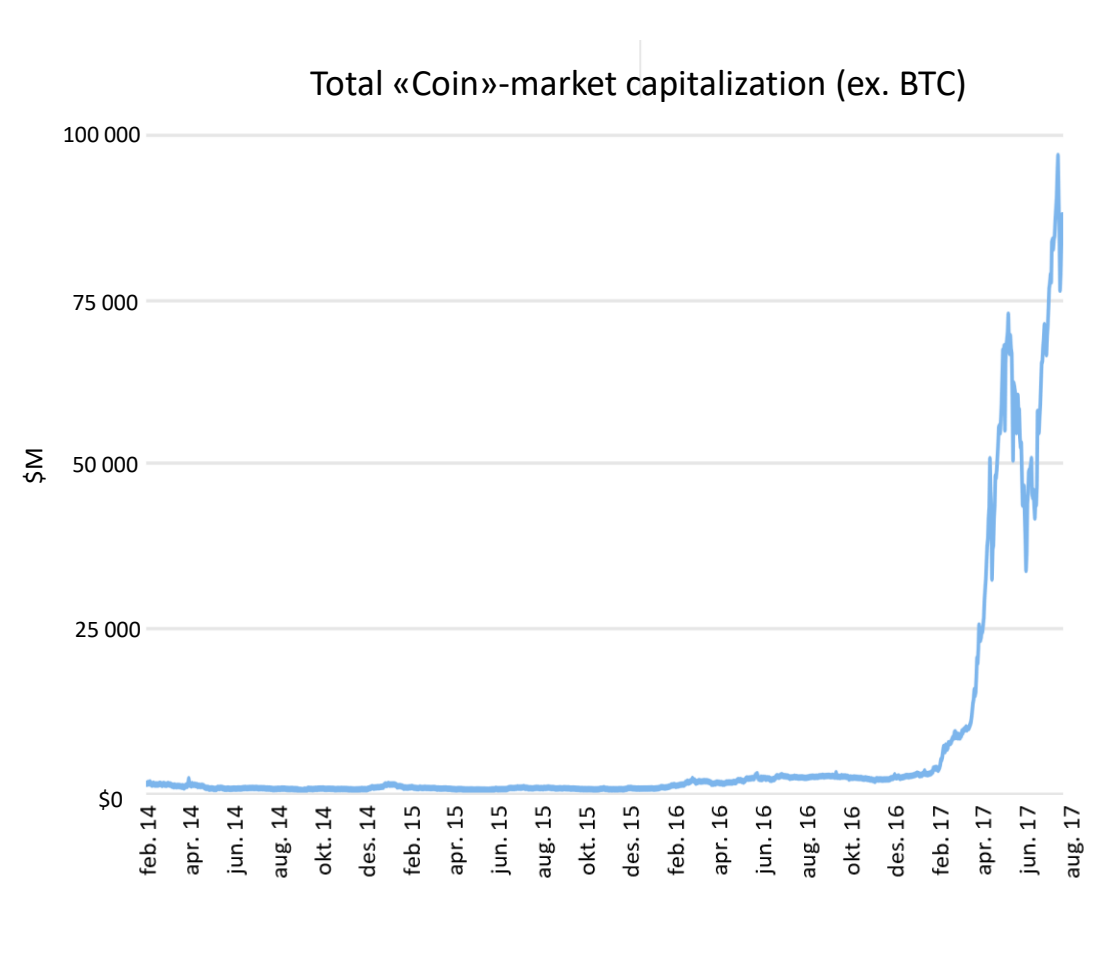
1. You start with an **idea**
2. You describe it in a «**white paper**» and put together a project team
3. You use a smart contract to create a **new coin**/token
 - In the beginning it has no function
 - In the future it's supposed to be used to access the system you are developing
4. You **auction** off the new coin/token
 - Fixed exchange rate and unlimited amount
 - Price increasing over time
 - Given quantity and price => first come, first served
 - Dutch auction (falling price until all are sold, everyone pay the same)
5. Cryptocurrency is sent to the smart contract by **investors**
6. The project can **start**
 - The project has received the funding currency
 - The investor receives the coin/token
 - The coin/token is listed on exchanges

ETH is the most common funding currency for ICOs

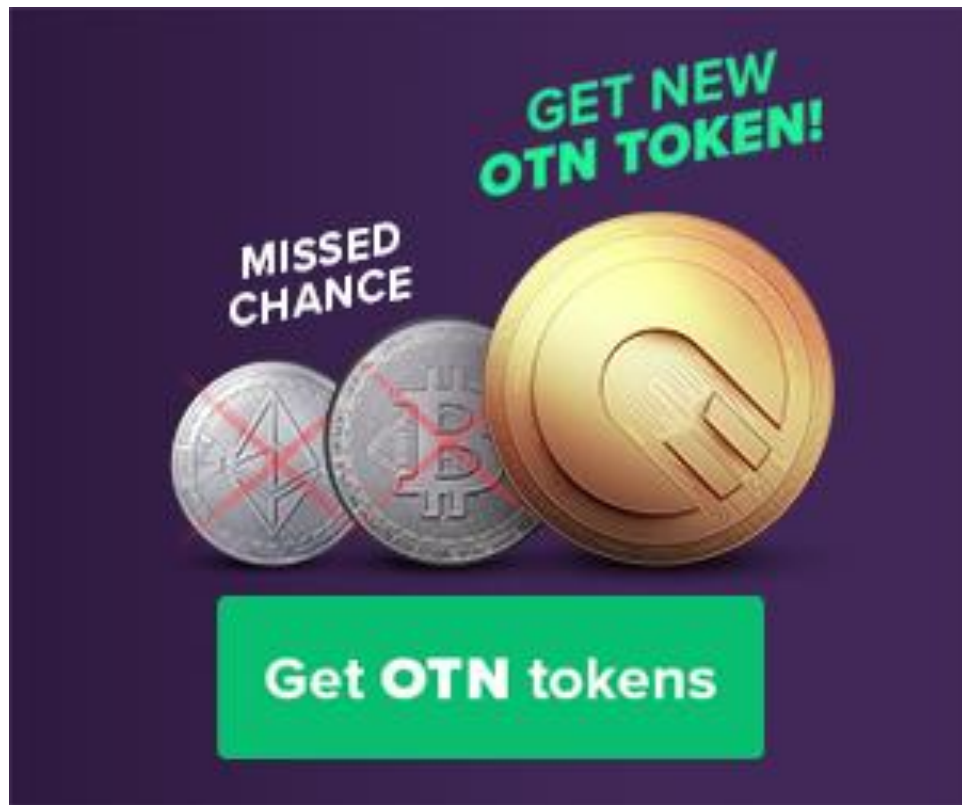


The development in the ICO-market

The demand for new coins and tokens has **exploded**



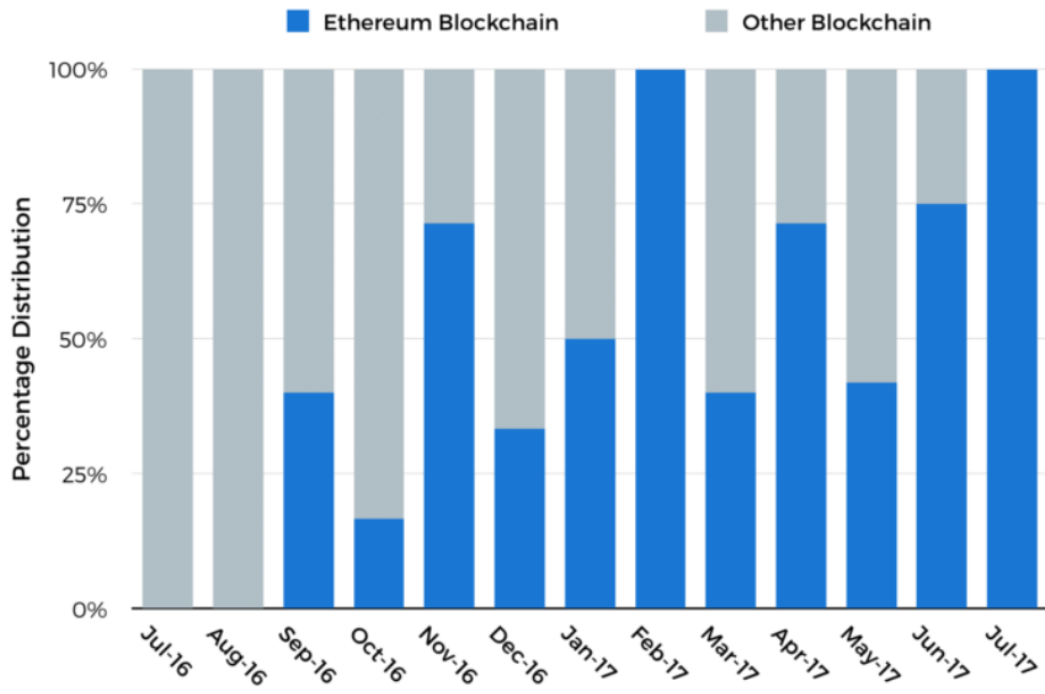
What's **driving** the growth?



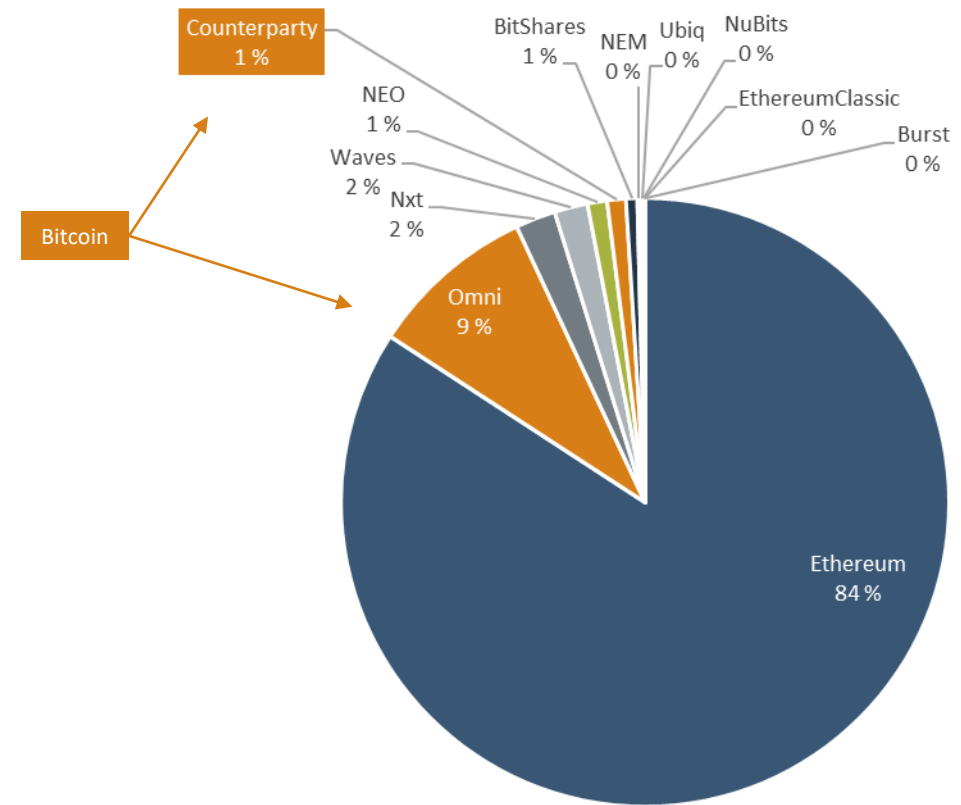
Ethereum has become the dominant platform for ICOs

Share Of ICO'd Assets Built on The Ethereum Blockchain

Based on Data Published On TokenMarket.net/ICO-Calendar



Share of token-value by underlying platform



The evolution of cryptocurrency launches

2008: Let's build this thing and change the world!



Bitcoin P2P e-cash paper

Satoshi Nakamoto [satoshi at vistomail.com](mailto:satoshi@vistomail.com)
Fri Oct 31 14:10:00 EDT 2008

- Previous message: [Fw: SHA-3 lounge](#)
- Messages sorted by: [\[date\]](#) [\[thread\]](#) [\[subject\]](#) [\[author\]](#)

I've been working on a new electronic cash system that's fully peer-to-peer, with no trusted third party.

The paper is available at:
<http://www.bitcoin.org/bitcoin.pdf>

The main properties:
Double-spending is prevented with a peer-to-peer network.
No mint or other trusted parties.
Participants can be anonymous.
New coins are made from Hashcash style proof-of-work.
The proof-of-work for new coin generation also powers the network to prevent double-spending.

Bitcoin: A Peer-to-Peer Electronic Cash System

Abstract. A purely peer-to-peer version of electronic cash would allow online payments to be sent directly from one party to another without the burdens of going through a financial institution. Digital signatures provide part of the solution, but the main benefits are lost if a trusted party is still required to prevent double-spending. We propose a solution to the double-spending problem using a peer-to-peer network. The network timestamps transactions by hashing them into an ongoing chain of hash-based proof-of-work, forming a record that cannot be changed without redoing the proof-of-work. The longest chain not only serves as proof of the sequence of events witnessed, but proof that it came from the largest pool of CPU power. As long as honest nodes control the most CPU power on the network, they can generate the longest chain and outpace any attackers. The network itself requires minimal structure. Messages are broadcasted on a best effort basis, and nodes can leave and rejoin the network at will, accepting the longest proof-of-work chain as proof of what happened while they were gone.

Full paper at:
<http://www.bitcoin.org/bitcoin.pdf>

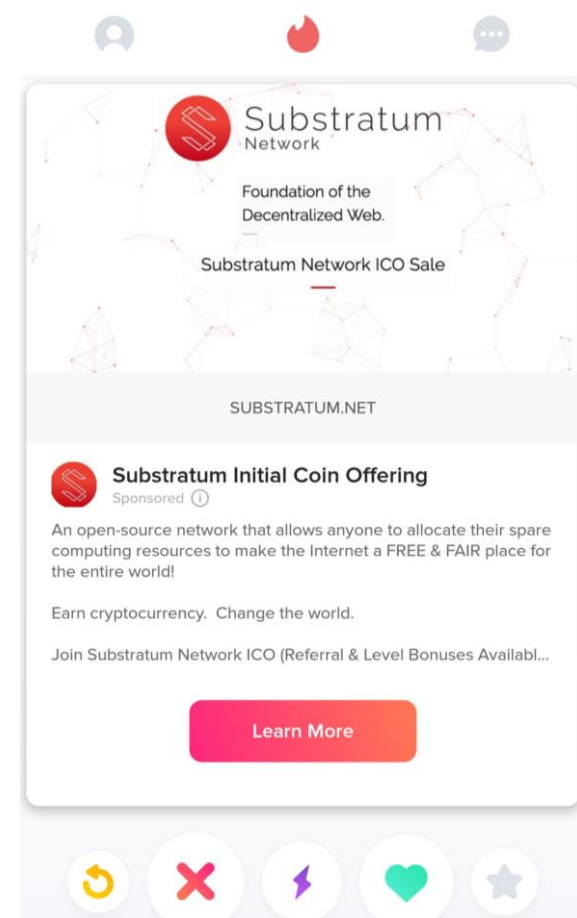
Satoshi Nakamoto

The Cryptography Mailing List
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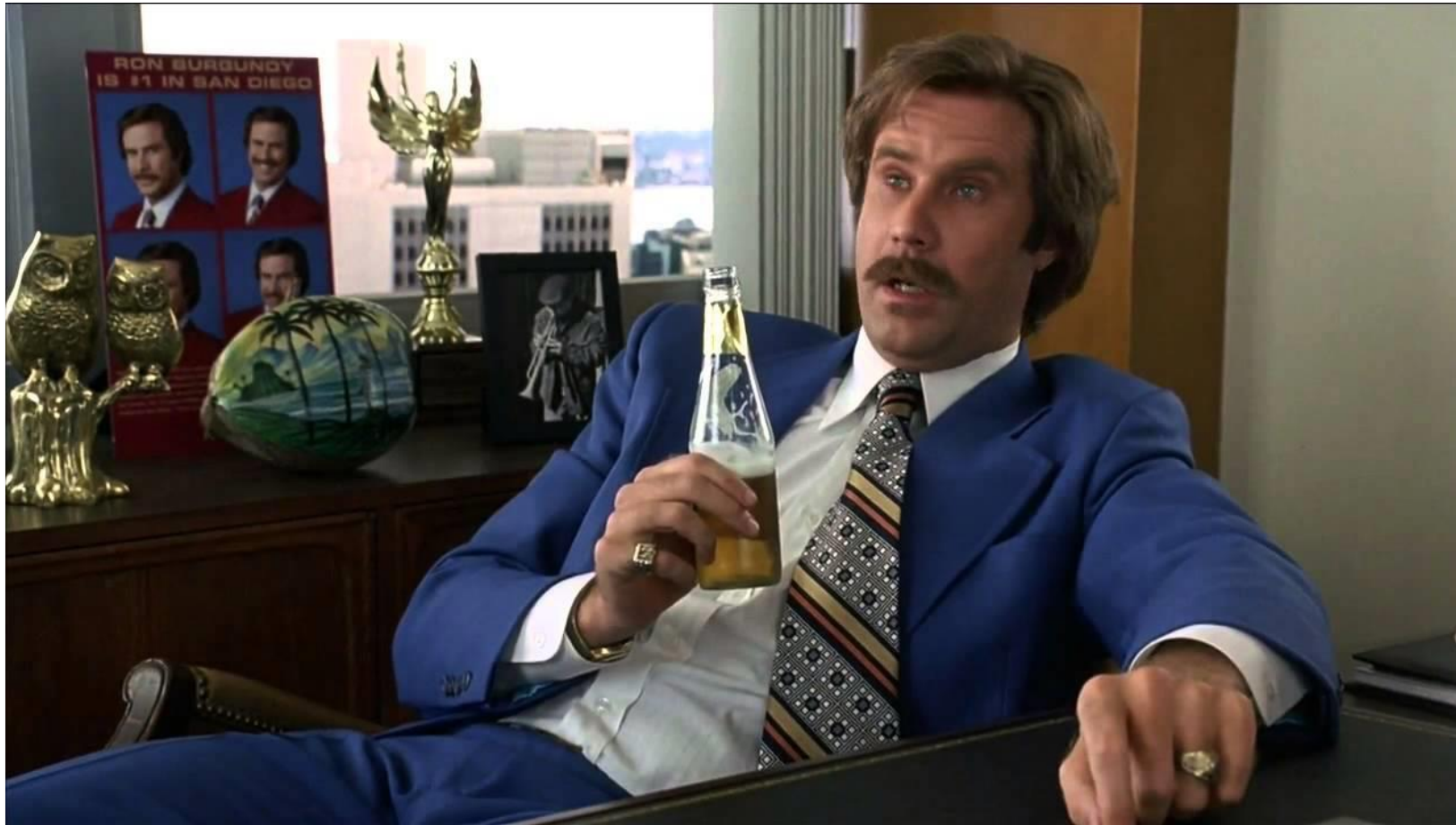
2014: Fund me, so we can build this thing and change the world!



2017: Fund me, I know a celebrity (and want to get rich)



Boy, that escalated quickly!!

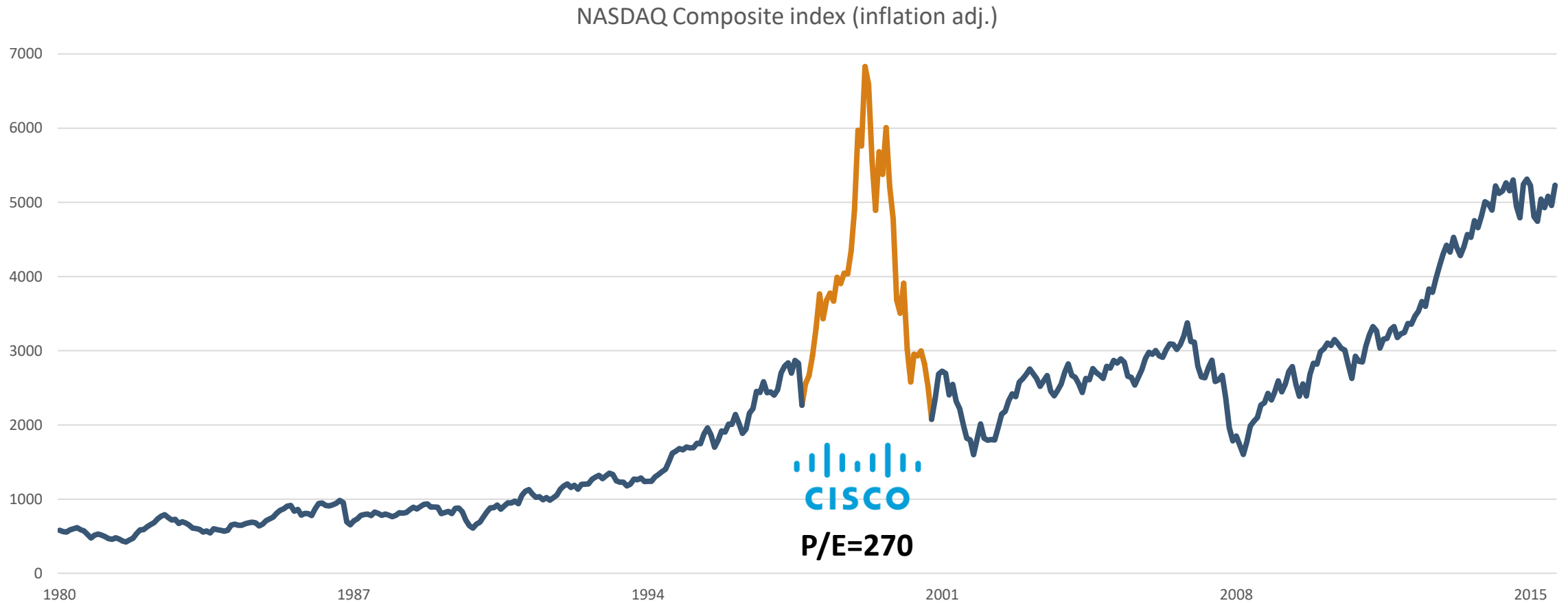




TIME | History

Companies were going to market with ~~IPOs~~ ICOs and fetching huge prices, with stocks sometimes doubling on the first day. It was a seeming wonderland where anyone with an idea could start making money.

The Internet was the future, **but not at any value**



**ICOs are funding the future,
but scamming fools on its way**

Governments will stop the **unregulated ICO-bonanza**

SEC Weighs In on ICO Tokens as Securities; Ether Still Labeled “Currency”



After Crackdown, Nearly Every Chinese ICO Returns Cash To Investors



The ICO-market will benefit from regulation, **in the long run**

Less regulatory uncertainty

More transparency

Thank you for your time!

Torbjørn Bull Jensen
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