

# ICOs for beginners

Now you can be a VC too...

Disclaimer: Not an investment advisor  
Not an investment advice

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# What is an ICO ?



- ICO stands for Initial Coin Offering
- Also called ITO Initial Token Offering
- A new age way to raise funds for a business **idea** on **blockchain**. The idea is the token/coin is central to participate in the business.
- High Risk – Could **lose all** your investments as you are investing in the very initial stage. On an idea. Many times on just a whitepaper. Lots of scam ICOs & scammed ICOs.
- High Reward – **If** the idea clicks, and is well executed by team and adopted by masses – it could be a doorway to immense wealth

# What's an IPO, FPO, OFS ?

- These are traditional instruments of raising funds
- IPO = Initial Public Offering [Final fixed price]
- FPO = Follow on Public Offering [Final fixed price]
- OFS = Offer for sale [Differential Final price]
- By participating in these, you **own** a share (a part) of the business. But not entitled to **utilize** the business product/service.
- E.g., Owning Maruti shares does not entitle you to go and drive a Maruti car from their showroom without paying for the car itself.

# Types of Tokens: Utility vs Security

- Utility Token – A token to access e business product/service in future. Not an investment vehicle.
- Security Token – An investment vehicle. A token backed by something like, gold, real estate, etc. or at times a token that promises or generates returns based on the profitability of the business.

# Differences: Tokens vs Security

- Token – Required to participate in business product/service. Not an investment vehicle. No ownership in business. Business goes bust – you get nothing for the tokens.
- Security – An investment vehicle. Ownership of business. Does not entitle you to business product/services. If business goes bust, on liquidation you are entitled to the spoils.

	<b>Token</b>	<b>Security</b>
Investment Vehicle	NO	YES
Ownership of Business	NO	YES
Required to utilize product/service	YES	NO
Share in Business Profit	NO	YES
Entitled to the Proceeds of spoils from liquidation	NO	YES

# Currencies in Crowdfunding

- Currencies used by start-ups during crowdsale for their tokens
  - Fiat
    - USD, EURO
  - Cryptos
    - ETH most popular
    - BTC
    - LTC
    - NEO becoming very popular
    - EOS
    - DRGN
    - QTUM
    - XLM

# Pre-requisites

- ETH
- ETH public key or public address
- ETH private key (never share)
- ETH Wallet [Myetherwallet (MEW), metamask, imtoken, nano ledger s, mist, parity]
- KYC details
- Selfie
- ID
- Selfie holding ID & a paper with date and name of ICO (Sometimes)

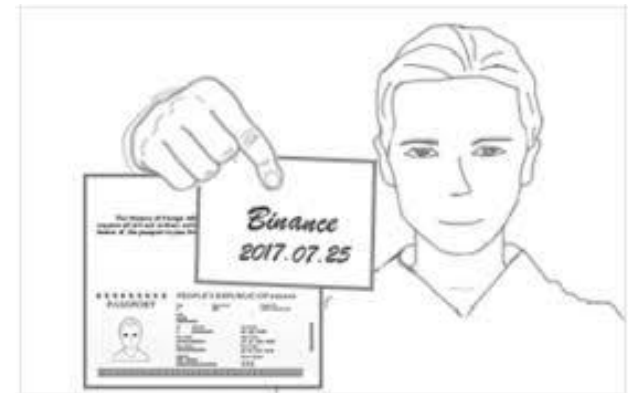


Image: courtesy binance

# Ethereum

- First blockchain with smart contracts capability
- Pioneers of ICO
- Over 80% of the top 100 coins are built on Ethereum (ERC-20)
- Ether (ETH) is native token of Ethereum blockchain
- GWEI (Gas price): Higher the gwei, quicker the transaction time
- GAS (limit): for ether its currently 21000; higher for token; highest for contract. Unused gas is generally returned. If a lesser Gas than the required Gas is used, the transaction will fail. You will also lose transaction fee.
- Transaction Fee:  $GWEI * GAS$  (paid in ether)
- E.g., 20 gwei and 21000 gas = 0.00042 ETH
- DATA: A set of instructions in the transaction (advanced feature. Commonly not required)



# Explorer

- <https://etherscan.io/>
- Track transaction status – pending, confirmed
- Gwei, gas, transaction cost, block height
- Can track both ether & ERC-20 tokens
- Transaction chain
- Contract code
- Total pending transactions
- Public address balance (ETH & ERC-20)

# Etherscan: Confirmed transaction

Overview

Comments

## Transaction Information


TxHash:	0xa2a9e84b70ac8c0daebad852e4b8de9e5410a1738d535f189fba2357177108e3
TxReceipt Status:	Success
Block Height:	5047065 (38 block confirmations)
TimeStamp:	9 mins ago (Feb-07-2018 12:36:58 PM +UTC)
From:	0xd551234ae421e3bcba99a0da6d736074f22192ff
To:	0x915bc0b223b6e2fb33bee146ddb563935b91cad5
Value:	0.141848 Ether (\$117.80)
Gas Limit:	21000
Gas Used By Txn:	21000
Gas Price:	0.00000009 Ether (90 Gwei)
Actual Tx Cost/Fee:	0.00189 Ether (\$1.57)
Cumulative Gas Used:	7977182
Nonce:	289729

Image: courtesy etherscan.io

# Etherscan: Wallet Balance

 Address [0xD551234Ae421e3BCBA99A0Da6d736074f22192FF](#)

[Home](#) / [Normal Accounts](#) / [Address](#)

Sponsored Link:  [ConnectJob App, the Uber of Service, launches its awesome ICO.](#)

## Overview



ETH Balance: 12,939.074159028598288246 Ether

ETH USD Value: \$10,731,279.94 (@ \$829.37/ETH)

No Of Transactions: 288847 txns

## Misc



More Options 

Address Watch

[Add To Watch List](#)

Token Tracker

[View Tokens \( \\$78,093,553.90 \)](#)

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## Transactions


Internal Transactions

Token Transfers

Comments

🔍 Latest 25 txns from a total Of 288847 transactions (+4 PendingTxns)

[View All](#)

TxHash	Block	Age	From		To	Value	[TxFee]
<a href="#">0xf6bb849ec88cfd...</a>	<i>(pending)</i>	6 secs ago	<a href="#">0xd551234ae421e3...</a>	<b>OUT</b>	<a href="#">0x1f573d6fb3f13d68...</a>	0 Ether	<i>(pending)</i>
<a href="#">0x787a80115dea17...</a>	<i>(pending)</i>	13 secs ago	<a href="#">0xd551234ae421e3...</a>	<b>OUT</b>	<a href="#">0x4e31690fea3ed68...</a>	0.1205266 Ether	<i>(pending)</i>
<a href="#">0x63fef8d01644fabb...</a>	<i>(pending)</i>	14 secs ago	<a href="#">0xd551234ae421e3...</a>	<b>OUT</b>	<a href="#">0x0da239e2df919aa...</a>	36.54193028 Ether	<i>(pending)</i>
<a href="#">0x8081022b7ef1e0d...</a>	<i>(pending)</i>	21 secs ago	<a href="#">0xd551234ae421e3...</a>	<b>OUT</b>	<a href="#">0x23dea79116f2a55...</a>	35.30719614 Ether	<i>(pending)</i>
<a href="#">0x6bd076f77a38117...</a>	5047117	35 secs ago	<a href="#">0xd551234ae421e3...</a>	<b>OUT</b>	 <a href="#">OmiseGoToken</a>	0 Ether	0.00334998

# ETH Wallets for participating ICOs

- Do not use ETH wallet addresses from exchanges. Never.
- Only uses wallets where you control the private keys to the wallet addresses.
- **Hardware Wallet:** Nano Ledger S
- **Web Wallets:** MyEtherWallet [the most popular] + Metamask
- **App Wallets:** Mist, Parity
- **Mobile App Wallet:** IMToken



Adobe Acrobat  
Document

# ERC-20 Tokens

- Ethereum allows creation of addition of ERC-20 tokens apart from the native token Ether on its blockchain
- The single most used use case of Ethereum blockchain has been to raise funds by various businesses by issuing their ERC-20 tokens for the funds raised in Ether.
- Once an ERC-20 token has been issued by the ICO, you may need to manually add it to your wallet. You would need the following three details to add a custom token to your wallet.
  - Contract Address
  - Token Symbol
  - Decimals

Token Holder: [0x77856d50941e1b5b29e291b083740e05e800883a](#)

Value per Token: \$0.00

Token Balance: 407,862,768.64884336675834145 BEE

Token Value: \$0.00 (81.5726%)

Contract Address: [0x4d8fc1453a0f359e99c9675954e656d80d996fbf](#)

Token Decimals: 18

Official Links: [🌐](#) [✉](#) [📧](#) [📺](#) [f](#) [🐦](#) [🔄](#) [📄](#)

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# Crypto Exchanges

- Exchanges
  - Centralized:
    - Eg. Bittrex, Binance, Huobi, Kucoin
    - You need to create an account, my require kyc
    - Supports multiple blockchains
  - Decentralized:
    - Eg. EtherDelta, IDEX
    - No need to create a new account, No kyc
    - Your public key is your userid
    - Private key is used to login
    - Generally restricted to one/two type of blockchains for now

# Spotting Potentially good ICOs

- Business Case
- Project Type: Protocol, Infrastructure, Dapp
- Innovator or me too product
- Founder & Team competency
- Advisors reputation
- Quantum of funds being raised
- Valuation
- Token Matrices



# Steps to participating in ICOs

- An ETH Wallet where you control the private keys with some ETH balance in it
- Register or whitelist yourself on the ICO's website
- Complete KYC
- Join their Telegram channel
- Contribute ETH to the ICO's address once the ICO opens. Be extra careful of scams.
- Fastest Fingers First, GAS Wars, GAS limits



# ICO: Internet Resources

- Good websites for ICO details
  - [Icodrops.com](http://Icodrops.com), [icobench.com](http://icobench.com)
- Major Youtube influencers
  - Ian Ballina
  - Oh Hey Matty
  - TheGobOne
  - Suppoman
  - CrushCrypto
  - Crypto Bloq
  - Data Dash – For Technical Analysis
  - Crypto Daily – Crypto news in entertaining fashion
  - Boxmining – News; better source for Chinese & East Asian Region
  - Doug Polk Crypto – Crypto News

DYOR



# ICOs: Changing Landscape

- Regulations
- Difficulty of getting in an ICO
- Crowd sourcing no more – back to Venture Capitalism
- Pools or Syndicates to overcome above issues
- Pooling Tools:
  - Primablock
  - Tokenmanager



DYOR  
&  
Happy Investing  
Take no Ls  
C U on the moon

