

Guideline for enterprise to a Value Plan through Blockchain and ICO

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Abstract— In 2013 a new fund-raising modality was born. It's called Initial Coin Offering (ICO), it's based on blockchain technology and requires a significant enterprise business model review. ICO is not only a new financing approach; through token issue, it permits to establish a wide range of direct relationships between interested counterparts as entrepreneurs, investors, customers, suppliers and other stakeholders; this set of relationships can generate several types of token-based communities depending on each ICO specific goals. ICO is under regulation in several countries and one of the first is Switzerland through government and FINMA ICO Guidelines, which supplies an institutional and legal framework. Given that ICO is recently born and there is a lack of well-defined standards and phenomenon comprehension, investors are not yet confident to operate in this market. In order to face this matter, a deep knowledge of operative mechanisms and a consolidation of standards for fully potential exploitation are needed. The goal of this Paper is to integrate in an innovative way enterprise Business Model, Business Plan and Communication Plan with the Token Plan in order to exploit the ICO critical success factors. As deliverable the Paper identifies some critical factors and furnishes a set of key recommendations, suggestions and guidelines for a successful ICO.

Keywords— ICO, blockchain, Value creation, Business Model, Business and Communication Plan

I. INTRODUCTION

Initial Coin Offerings (ICOs) can be defined as open calls for funding promoted by organizations, companies, and entrepreneurs to raise money through cryptocurrencies, in exchange for a "token" that can be sold on the Internet or used in the future to obtain products or services and, at times, profits [1]. This definition is inspired by the crowdfunding one, even if some differences exist [2]. The entire process to prepare an entity (enterprise or entrepreneur) to face the ICO in a profitable way, comes from a set of variations on the classic phases of an ICO project.

A full application of ICO potentiality has a strong impact on Business Plan particularly on token issue driven revenues lines, cash flow dynamics, floating mechanism of assets and liabilities, investment plan strategies, corporate value parameters. It has a strong impact on Business Model particularly on enterprise mission, business idea, offering and pricing strategies, promotion, sale and delivery channels, a part of production supply chain, different corporate governance and administration.

Furthermore, the application of ICO can change the Communication Plan that must empathize the new relation among involved counterparts establishing a direct, trustable and transparent relationship.

Given the direct relationship that an ICO creates between the investor and the company, by eliminating the traditional trusted intermediary, the need arises to promote direct and detailed communication (e.g. through white paper, roadmap, etc..) with a company's investors. This transparency, along with the use of blockchain technology, makes it possible to improve the relationship of trust between the two parties.

The following sections of the paper analyze all these aspects and suggest effective changes to reach a value generation of the project.

II. THE BUSINESS MODEL

A. Corporate Strategy

First of all, it is necessary to identify the right context in which Company will operate and focus the most comprehensive vision. In the context analysis phase, it is necessary to extend Company point of view, based on current positioning and competitive scenario, because Blockchain and ICO could determine a radical migration in a different vision of the reference context (i.e. from an industry producer to a service provider sector). As consequence, a full application of Blockchain / ICO potentiality could have a strong impact on

Business Model, particularly on Company mission and business idea (i.e. if you are an elevator industrial producer and your clients could be more interested to vertical building mobility services). Company could operate a radical change on own mission applying blockchain, as the general enabling platform of overall technology innovation, and ICO, as the most innovative financing way.

B. SWOT Analysis

Company internal strengths and weakness must be set against the exogenic context opportunities and threats, in order to exploit the advantages becoming from blockchain and ICO innovation. From smart negotiation, disintermediation, transparency of supply chain, products and services traceability, new micro-value generation to lower commissions, Company can enforce its own strengths. The positive impact of blockchain and ICO application is furthermore appreciable when Company needs to reinforce its security, equity management and fund-raising capacity. A lack of competence and management resources on blockchain technology and ICO practice could be a tremendous weakness; another very negative effect could come from an internal opposition to change by the structure; finally, it is necessary to verify if tokenization process will damage Company offer value. Opportunities can be amplified in term of new markets and new customer demand and behaviour (i.e. sharing vs ownership), mainly in term service driven business generation; furthermore, investors are more involved in Company success because they are not entering in equity, but directly purchasing services / products. In term of threats, Company has to face against stronger competitors that raise innovation; given that blockchain and ICO are applied worldwide, the globalization risk is amplified; another threat derives from uncertainty of regulation and from crypto-currency fluctuation risk too. At the completion of SWOT analysis, it is very useful to identify the critical success factors as the essential elements necessary to achieve the identified strategy.

C. Market Analysis

Customers' needs and demands must be the driver to define the Company's offer strategy. Blockchain applications has impacts on pricing policies, negotiation and contracts terms and conditions (i.e. given that the contract is an algorithm, the insurance premium can be dynamic). Marketing, sale and delivery channels must be defined to adequately manage the relation between consumer and producer. In fact, blockchain emphasize the prosumer concept.

In this scenario the traditional Company organization approaches can be strongly affected producing a process and supply-chain revolution.

D. Specific Strategy to ICO

Who wants to launch an ICO must verify that this funding action is really appropriate for the aim of the specific project. But it's possible to include ICO into a series of more classic funding actions. Success rate for start-ups who decided to go for ICO seems to be less of 50%, but this low percentage is also

explained by a growing number of illegal actions involving ICO.

Another important decision is about the structure of the ICO: a public selling action can be anticipated by a private one with a better price, but it implies to already have tokens around.

ICOs are an important opportunity for enterprises who are looking for new funding or for others who want to finalize a funding strategy with different formula.

III. THE BUSINESS PLAN

The recent research [4], explain that around half of ICO submitted till the beginning of 2018 does not have a well-structured Business Plan (probably it is one of the most relevant reason of so many ICO failures). In fact, how is possible, without a well-structured Business Plan, to analyze potential revenues lines, control costs, manage cash flows, establish investments needs and return of them, evaluate asset value growth, handle payables and receivables working capital? And more, how it is possible to manage the risk of the initiative and establish the correct relationship with investors? With this paper we would like to briefly explain the relevance of Business Plan in ICO initiatives, the connection with ICO risks and with token issue value generation. Business Plan remains one of the critical factors for Company life, also in ICO new environment.

A. Profit and loss

Business Plan is the translation in figures and numbers of Business Model issues, so that, starting from revenues lines point of view, it is very important to analyze the kinds of incomes generated by the initiative that came from Business Model market and customer needs analysis.

Tokens' value, issue and quantity are strictly related to revenues lines.

Always from the Profit and Loss point of view both revenues and costs must be analyzed in depth, in particularly to avoid an excessive stress of customer receivables and supplier payables based on token payment systems.

B. Investment plan

Regarding the Investment Plan point of view, ICO permits a stronger correlation between investment needs and fund raising; for this reason, it is possible to schedule slot of investments during the time, at the moment in which the funds are really necessary, according to Token issues plan.

C. Balance sheet

The fund raising, deriving from Investment Plan, of Company has a strong impact in Balance Sheet. The traditional fund raising, through capital increase, affects net worth (through a variation of equity valuation) and, through loan, bank liabilities; ICO, instead, providing services (Utility Tokens) or financial liability (Security Token), affect respectively working capital, in particular its components of payables (advances payment from customers), and financial liabilities. This means that ICO fund raising has no impact on Shareholder corporate governance and on financial loan exposure and guarantee risks. Particularly Security Tokens that are redeemable at the option of the investor, tokens containing

contingent settlement provisions (a contractual obligation to deliver cash or another financial asset, which solely depends on the outcome of an uncertain future event that is beyond the control of both the issuer and the investor) would normally be classified as financial liability; furthermore holders of Security Tokens would be entitled to a cash payment in fiat or crypto currency if the issuer has achieved certain revenue targets specified in the contract between the issuer and the token holder. [5]

The respective of these liabilities in asset side of Balance Sheet Tokens, both Utility and Security, are settled in cash or other financial assets.

Finally, the exchange rate and conversion policies, in fiat currencies or other cryptocurrencies, will play a very important role in Company risk management.

D. Cash flow

As mentioned in the Profit and Loss and Balance Sheet paragraphs, ICO upset the concept of fund raising in term of acquisition of funds and payback of the investment increasing, Company payables account or other financial liabilities. This characteristic not only appeals investors since tokens strongly connecting cash flow needs and investments, but also improve the cash flow management supplying financial resources when are really needed [6].

Another important issue in term of cash flow is the exchange rate and which currency (crypto or fiat) is used in order to avoid currency volatility and fluctuation and safeguard the Company valuation and stability.

E. Company Valuation

Regarding Valuation of ICO Company much of the terms and criteria comes from the traditional fund raising and IPOs literature. However, upon detailed examination, it is highlighted that there are significant differences starting from that traditional valuation practices might lead to “fear of missing out” while in the ICO context should be based on “project development forecasts” and “intrinsic nature of Token” [7].

At the date, valuation of stocks and other equity investments are easier for most people to understand than Utility Token valuations, because the value is in the usefulness of the system and the growth of the user base; this can be very challenging to quantify because the potential markets of Utility Tokens often have worldwide impact, including emerging markets, and the market size data is not available in many of these regions Security Tokens are more understandable given that marry equity model, based on income, growth or assets, with the liquidity of tokenized investments, and they can be treated as equities for valuation [8].

IV. ACCOUNTING & FISCAL IMPACTS

Swiss Federal and each Cantonal Tax Authority are regulating the fiscal impacts. The fiscal frame of a Token depends on its function; for example, if it is considered a Security Token the standard profit taxation of derivatives could

be applied, on the other hand, if it is considered a Utility Token VAT could be maybe applied.

On the 5th March 2018, Tax Authority of Canton Ticino – Switzerland, following what established by Zurich, Zug and Lucerne Tax Authorities, published its guideline for ICO Company to supply a correct fiscal declaration.

It is explained that Tokens, in the Asset side of Balance Sheet, are compared to cash or precious metal and, as consequence, are settled in current assets. All cryptocurrencies like Bitcoin, ETH, Onecoin, Dash, Litecoin, Ripple must be declared into the Fiscal Declaration at the conversion value on 31st December, determined in the “official” courses issued by Federal Tax Administration (FTA). FTA compares Security Tokens and Cryptocurrencies to titles and participations applying the Circular n. 36 dated 27/07/2012 [LGC ...]; in this document FTA defined some criteria that, if fully satisfied, exclude the taxation from profits generation. Instead, profits coming from salary paid in Cryptocurrency as well as from the mining activity are regularly taxed.

FTA established that standard VAT regulation is applicable also for Utility Tokens.

V. COMMUNICATION PLAN

A. Communication: from theory to practice

Communication is the activity of conveying meaningful information. Communication requires a sender, a message, and an intended recipient, although the receiver need not be present or aware of the sender's intent to communicate at the time of communication; thus, communication can occur across vast distances in time and space. Communication requires that the communicating parties share an area of communicative commonality. The communication process is complete once the receiver has understood the sender [9].

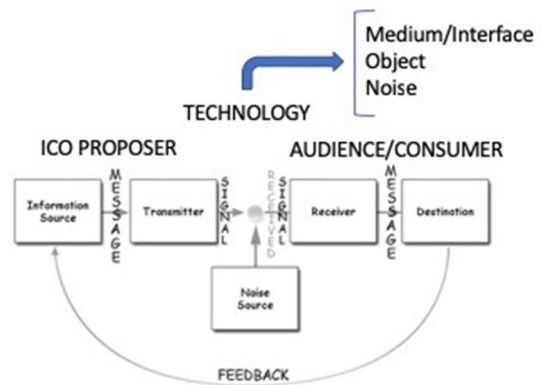


Fig. 1: Shannon and Weaver's Communication schema adapted for ICO

The schema presented in the figure here above is from the vision of the two social scientists Shannon and Weaver's (1949) [10] defined in the case of ICO organizer.

First of all is essential clarify that communication is not only marketing. As stated in the introduction of this paper the definition of the objective of an ICO is essential to reach the

objective of funding a new product/service/action. Set a clear information about is crucial to convince investors: a well-organized White Paper with information from the BM and some data from the BP made readable and catching eyes is able to assure a serious action.

From the text defining the communication and the fig.1 it's clear that the definition of the message to be transmitted is essential for any communication process as presented in the following chapter. The Transmitter must be able to well define his own information adjusting coherently material coming from different sources (legislation, market sector, economic moment...). On the other hand, the receiver, or the target to whom the message is addressed, has to be precisely defined. Customers' analysis helps to know their needs, perceptions, and preferences among other key customer variables [11]. Information nowadays is one of the most effective bargaining chips among people and enterprises. Guiding the information flow is essential inside the organization but moreover in a wider ecosystem.

Central point of the schema and consequently of the communication process is the role of technology as vital for the message definition stressing the characteristics of the ICO as listed in the previous sections. Because what is important may not be Bitcoin itself but the underlying technology empowering it: the blockchain [12].

Technological appears also the natural medium of transmission of the information about ICO because the coin is immaterial and, potentially, the investors never shake their hands with the proposer. The Social Media (SM) appears as the most effective marketing channel linking the proposer and his Audience who is his partner, investor and consumer in once; use of SM gives endorsement to the offer mechanism to grow a (social) network and future user base [13] [14]. But be careful to the overuse of SM able to make everything trivial and too easy to be trustable.

Last but not least, Technology in its nature can create a lot of noise to be considered. In a good Communication Plan the feedback phase should be iterative to control the noise of the environment and adjust the communication keeping the message as "cleaner" as possible.

B. Trust relation

Adhami et al. analyzed success factors in ICO campaigns and find that code availability, presales, and specific services (like profit sharing) increase the probability of success [1]. Fisch did the same with campaigns between 2016 and 2017 and found that the underlying technology of a project determines their accomplishment [15].

As mentioned above, the relation among the ICO proposer and the audience is a complex system in which second parties have an active role and the trust in a transparent process has to be stressed to push the investor to the initiative and to become an effective loudspeaker for others.

Despite over the past years many investors lost money in the ICO proposes, the passage to the Security Token Offering (STO) reinforces the reliability being a contract assuring the rights of the investor to receive back at least the invested sum. To reinforce the trust relation with the users is a good idea to

have well known (in the specific sector of the action) advisors. They must appear as authoritative supporting the action and most of all supporting the actor of the offering.

C. Risk management communication

The risk management must be guided by facts not only in term of risks and benefits but also social status that arise from the communication process [16]. There are three ways of looking at ICO financing:

- the point of view of a start-up: how can ICOs help finance business ventures? and how can they best applied?
- point of view of two or more individual investors, focusing on success rates and on the return on their invested capital
- finally, a wider point of view of social welfare, where the analysis is on the benefits and costs that ICOs can be for the society: the market value they help to generate, and the regimentation of it [17].

After the loss of million in bitcoin adventure in the past years, it is essential to include the risk management in the communication plan. Risk is a measurable data and it must be included in a trustable flow of information.

Again, the technology is central point of the process: the blockchain assures that the money and the value are handled by the users and not by a third entity. The transparency is assured by the traceability of any movement. As mentioned above it's one of the significant themes of the identified message, but it can be also a weakness as Perrow stated: accidents are inevitable in complex organizations that operate high-risk characteristics. [18] Because for entrepreneurs and innovators, blockchain tokens are not only a new way of raising funds but also a new way of building ecosystems [19].

D. Marketing channels: Community and visibility

Marketing is the fundamental requirement for determining the success of a given project. One of the channels to increase visibility are the social platforms, the choice of the most suitable ones is thus a relevant criterion. In the ICO environment, the most important are Telegram and Reddit. Telegram is extremely popular among the crypto investor community and is more relevant for this sector [20]. Bitcointalk and Slak are two other examples of social media active in this area.

Another communication channel is the website of an ICO, through which more detailed information can be provided.

Two additional marketing tools are pre-sale (during which investors can buy a certain percentage of tokens at a favorable price) and bonuses (additional rewards for each token that is purchased during a given phase) [29] [34] [30].

VI. ICO PLAN

Planning an Initial Coin Offer requires precise steps that have to be performed in quite precise sequence. From the Pre-sale actions as definition of the objective of ICO and the product/service to be linked, to the Post ICO management

passing through the token selection, the Marketing and the team to be needed.

A. Pre-ICOSale actions

1) First step: Identification of the ICO objective

An essential prerequisite for the success of a project is the identification of a real problem to which propose a pragmatic solution. The next step is to determine the optimal response to the problem, whether through the use of an ICO or an alternative solution. Thus, it is essential to assess whether the medium is suitable to reach the objective.

General guideline to assess an ICO effort is to measure the blockchain as best way to reach the entrepreneur’s scope. The blockchain is needed when a shared and immutable Database is needed, it is able to generate a trust relation among the parts. In the Fig. 2 the decision-making diagram using the Blockchain technology.

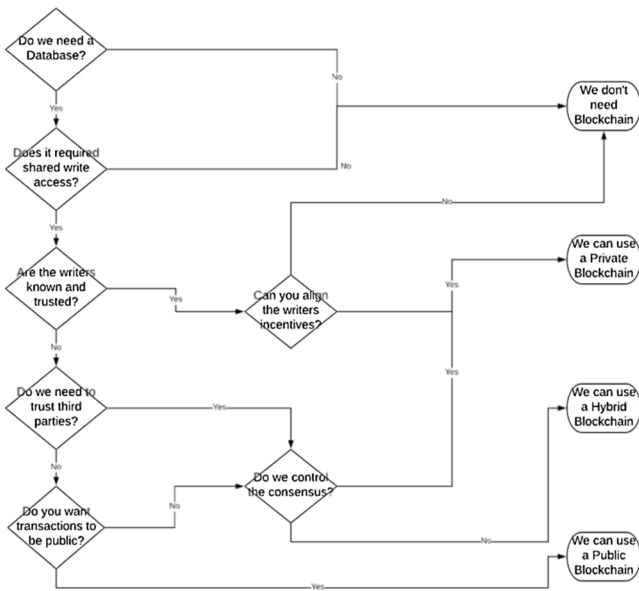


Fig. 2 Blockchain test (<https://hackernoon.com/should-we-ico-51964dccadbe>)

Once the decision to adopt the blockchain has been taken, it’s possible to evaluate if the ICO is the most effective way for crowdfunding. And to clearly take the decision it’s important to understand if the project needs a new token or can use an existing one, moreover if the token is the focus of the product.

Further analysis is about the BM: checking the network effect and the consensus in it can make the token gaining value with the time passing. In the schema here below (fig. 3) a basic example of a decision tree about use of ICO is presented.

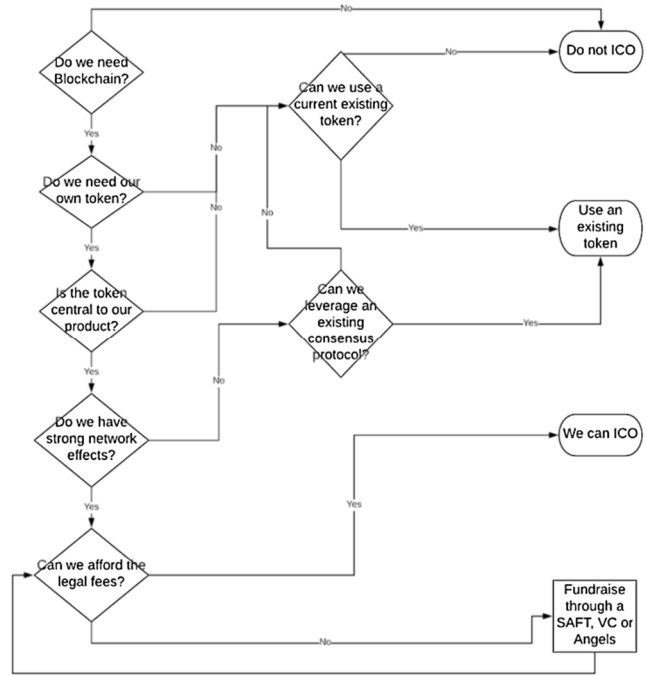


Fig. 3. ICO test (<https://hackernoon.com/should-we-ico-51964dccadbe>)

If the ICO is the chosen solution, it is important to develop the project starting from the idea that generated the ICO model.

The offered product or service must be conceptually clear and identifiable. Furthermore, it must respond to the identified problem. Developing a prototype (beta or alpha) before the ICO, could be of paramount importance for the assessment of feasibility and reliability of the project and the success of the ICO. GitHub is the main platform where ICOs can publish their code so that it is accessible to everyone. Transparency and accessibility of the codes are important factors that make the project more reliable [1] [26] [20] [27]. The code published on Github allows potential investors and users to effectively understand the quality of it, and, therefore, of the project and to determine its feasibility [28] [25]. A code review, which may be public or private, performed by a specialized, external advisor is considered to be a positive element in the evaluation of an ICO.

2) Team composition

Due to the uniqueness of the blockchain and ICO technology, the presence of experts and skilled professionals is essential, both on a technical and business level (developers, blockchain designers, etc.) [1] [26]. The competences and reputation of the team members and of the advisors, acting as risk relievers are crucial for enhancing a proposal credibility. A structured organization with a clear leadership and sound distribution of roles are also important success factors.

A chapter apart has to be dedicated to the IT group. IT security is of paramount importance when operating on blockchains [42]. The large amount of money in circulation and the (too often) inadequacy of IT security has provided the prerequisites for cyber-attacks that have caused serious damages to many investors and projects [43]. IT security does

not include only hardware and software technologies but also requires educating the investors about the potential issues linked to buying tokens. The ICO has the responsibility to instruct as clearly as possible all the stakeholders who are interested in purchasing their tokens [44].

3) Token selection

The ICO is a way to distribute tokens (a completely new way) to a future community. Tokens play a central role, as they constitute the mean by which the community communicates with the ecosystem of the project. In fact, the token is a digital asset, which can be multifunctional. It can be programmed to store and use many levels of value. For example, it can give the right to vote, the right on profits, the right to use a certain service, store real objects, etc., Briefly, the token can be anything you can program on a platform. The importance of the token is the ability to influence and encourage precise behaviors of the subjects that are part of the community, through remuneration, decision-making and value distribution policies (game theory). In this way, the blockchain in the form of ICO gives the possibility to create business models that till now could not be realized in these terms [20] [21] [22] [23] [24] [25].

In conclusion, in the long term, the basis for the success of an ICO is the ability to design a token able to increase its value for its ecosystem over the time.

4) Token and Tokenomics

The characteristics of tokens decisively influence the dynamics within its ecosystem. For this reason, it is essential to design the token in accordance with the objective of the project.

One of the main decisions to be made is the identification of the type of token that a company wants to create. Each type has its particular characteristics and regulation. For example, security tokens have very different regulations from utility token [20]. Another important factor is the choice of the platform on which the token will be issued, for which there are two possible options. The first solution is the creation of a company's own blockchain, and, consequently the creation of a new "coin" [(Vo, 2018)]. This solution requires high technical expertise, and it is quite expensive. The second possibility is to rely on an existing blockchain on which the project and its tokens can be built upon. Depending on the characteristics of the project, one or the other solution may be more suitable [29] [30] [26] [22].

Once the platform has been chosen, it is important to determine the "Soft Cap" (minimum capital that must be reached in order to guarantee the launching of the project). To avoid failure, in case the Soft Cap is too high (the necessary funds may not be collected) or too low (insufficient financial solidity), it is necessary to develop an accurate financial plan, which identifies all the possible expenses and justifies the funds that are asked from the investors [31] [32] [23] [33] [24].

Another factor to be taken into account while determining the required funds is the volatility of the crypto currency in which the tokens will be sold (such as Ether). The value of these crypto currencies influences the value of the raised funds during the ICO, and, thus the available capital to develop the project [29].

Furthermore, it is important to determine the amount of the "Hard Cap", which represents the maximum amount that a project can collect during an ICO. Like the Soft Cap, this figure is an important signal to investors. There are different ways of defining the Hard Caps, the most important are "uncapped" and "capped". Uncapped is a Hard Cap without a limitation of possible funds, while the capped Hard Cap is used when there are costs to be covered have been already estimated, and, as a consequence, the amount required by the investors is predefined. In order to assess the reasonableness of an ICO's Hard Cap it is important to understand how many resources are needed for the development of the project and in which way they will be used [29] [20] [34] [21] [32].

It is significant to explain the possible discrepancy between the Soft Cap and the Hard Cap. A large unjustified discrepancy between these two values can indicate low reliability [35].

Once the necessary amount of money needed to launch the project has been established, it is important to determine the duration of the fundraising. The duration of an ICO (sale of tokens) is correlated to its possible success (achievement of the Soft Cap). The duration of the ICO must take into account the capital that needs to be collected and the visibility of the project. The average duration of ICOs has more than doubled over the last year (2018), passing from 31 days in November 2017 to 77 days in November 2018. Defining a reasonable duration of the ICO is a key factor for its success [29] [24] [36] [37] [25] [38].

Another factor to take into account is the duration of the period between the end of the ICO and the time when the tokens are listed and exchanged on the Exchange platforms. This period should not be too long, otherwise the risk of having the project copied by competitors increases [24] [20] [36] [38].

The price of the token during the pre-ICO and the ICO is determined by the project team. Although hypothetically there are no limitations for the price of the tokens, this value must be carefully evaluated to avoid damaging the project. An unreasonable price (too low or too high) of the token during the ICO could cause high price volatility once these tokens are listed on an Exchange platform [28] [34] [36] [37] [25]. This could lead to lower request for tokens, and, therefore, to a decreased demand for the services that the project offers [39].

The economics and econometrics of tokens, that is, the creation of mathematical and statistical models for determining the relationships between variables connected to tokens, are in an embryonic state [40]. Although some research already exists in this area, there are still no official or unambiguous models and general rules. Furthermore, the price of the tokens must be related to the number of distributed tokens and the need for liquidity to develop the project [32] [42].

5) Regulations

For the success of an ICO, considering the heterogeneity and rapid modification of regulations, it is fundamental identifying which countries have to be included or excluded from its market. This choice is mainly motivated by the restrictive legislation of some countries regarding ICOs. The reason for this is the avoidance of legal problems, which can lead to the failure of the project [29] [20]. In particular, it is

important to limit access to citizens of countries that have regulations that do not allow or limit investment in this sector.

In addition to the countries that should be excluded from the sale of tokens, it is necessary to carefully evaluate the ideal nation where to establish its registered office respecting its regulations.

Switzerland is one of the major hubs for ICO and blockchain-related companies. Swiss Government encourages innovation and competitiveness in the Swiss financial marketplace and has given mandate to Swiss Financial Market Supervisory Authority (FINMA) to apply the existing financial market regulations to Utility Tokens and in particular to Security Tokens and Cryptocurrency. FINMA ICO Guidelines were published in February 2018 in order to explain publicly which laws apply to the function and transferability of Tokens and Cryptocurrency.

FINMA's guidelines aim also to help banks to take a differentiated approach to account opening, depending on the nature of the connections that a company has with blockchain technology. Companies are categorized based on how these connections relate to ICOs and the nature of their corporate financing.

FINMA guidelines address only operative Companies which are domiciled in Switzerland with local substance and assumes that applicant companies are subject to the Anti-money Laundering Act. Companies with no Anti-money Laundering Act oversight must give reasons for this and where any doubts emerge, the bank may request a FINMA no-action letter [3]. The principal issue of any financial promoters (ICO included) is to be compliant with rules and guidelines of the local Supervisory Authorities regarding financial markets and Anti-money Laundering. For this reason, FINMA in its guidelines highlights that for Security Tokens and Cryptocurrency, Company is obliged to be affiliated to a Self-Regulatory Organizations (SRO) or to be directly under FINMA supervisory.

The new ICO environment requires a stronger attention to rules not only of issuer Country but also of the Countries where the Tokens will be offered. For these reasons, it is important to establish the investors target, paying particular attention to different jurisdiction; for example, a lot of international ICOs explicit that theirs ICO offers are not valid for US citizens and block Token purchase from USA.

In the following sections the paper analyses the steps Company has to face during ICO. From the Business Model to the Value Generation and Identification.

B. Post-ICOSale Actions

After token selling phase it's the time for the project development having under control the economic metrics and parameters. Essential is the real-time checking of token market and, in case, intervene issuing or buying token to guarantee the value. The communication/marketing part has to be taken in maximum account since it's essential to assure a continuous growth of the community.

VII. ICO vs IPO

The comparison between ICO and IPO (Initial Public Offering) can better underline the potentialities of ICO.

The average duration for an ICO is the less than half of an IPO: 3 to 6 months the first, more than one year the second. ICO's cost is really less than the IPO's one.

On equity level, the owner of the token is not the possessor of the company, exactly the opposite of an IPO.

Further important aspect is the liquidity. In an ICO the investors are global, and the exchange are open 24/7, micro-amount (less than 1\$) are also possible to be invested.

Last but not least is the ability of an ICO action to fund raising and, in the meantime, to build a community around the distributed tokens.

After such a list of positive aspects there's also a critical factor: the difficult regulation and law system that creates uncertainty in the investors. Connected with this there's still a deep disinformation about ICO [45] [46].

VIII. CONCLUSIONS AND SUGGESTIONS

The paper presented an overall best practice to be followed for implanting blockchain and ICO project as well as a more detailed description of some critical factors that are specific to this fundraising method. A comprehensive and structured planning of the entire project is required to ensure that all the relevant aspects are dealt with. At a strategic level, the ICO plan needs a suitable Business Model to clarify the objective of the project that has to go beyond the fundraising itself. The Business Plan is essential to convince people to become a partner, in fact an objective analysis assures a reliable basis for the various project activities as well as for a successful Communication Plan. If the people think that the blockchain is the aim point of an ICO project, the paper sublines how the technology is a benefit to reach the point and to convince more people to become partners in a concrete action. The paragraph making a comparison between IPO and ICO is a perfect list of benefits of the ICO and close the process started with the identification of the project and the most suitable investor methodology. The ecosystem created by the project has its own rules but also possibilities and challenges to have a more democratic, reliable and valuable housing.

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