



Qualifying ICOs – the Ugly, the Bad, the Good

Munich, April 11, 2018

Are ICOs something Good or Ugly?



Some facts on (Ugly and Bad) ICOs ...

- 87% - no information on their regulatory status
- 76% - no financial plan nor intended use of proceeds
- 69% - no information about the applicable laws
- 69% - no information at all about the initiators
- 52% - no post-ICO information on the actual subscriptions (i.e. on how much money participants invested in the project/company)
- 48% - no mentioning of the name of the initiator(s) nor any background information on them (such as the address)
- 33% - differing names for the author of the white paper and the issuer resp. initiator
- 32% - no information on the issuing entity's or promoter's geographic origin

source: „The ICO Gold Rush – It's a Scam, It's a Bubble, It's a Super Challenge for Regulators“
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3072298

svs CapitalPartners – leading edge in fundraising



Sven v. Schilling

- 12+ years CFO and CEO of listed tech companies
- 4 years Mngt Consultant (CSC Index, McKinsey)
- Founder/CEO of Germany's second SPAC
- Kellogg MBA

Capital markets (330+m EUR)

- 3 plain vanilla IPOs
- 1 deSPACing „IPO“
- 1 segment change / quasi IPO
- Various secondaries

VC & Business Angels (20m EUR)

- Various fundings ranging from 0.3m EUR to 3m EUR

Crowdfunding (3+m EUR)

- i.a. two of Germany's largest six projects (Volocopter, Freygeist)

ICO – two projects in progress, several in the pipeline



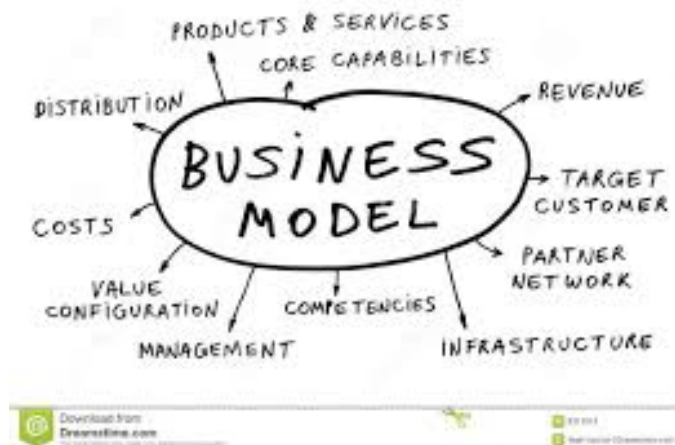
Ruben Bach

- 7 years Director of a VC fund
- 11 years as advisor to ambitious tech companies
- 2009 - 2013 senior innovation policy advisor to the EU and EIT MA in philosophy (Constance, Oxford, Bologna)

12 Key Success Factors of (Good) ICOs (1/6)

1. Everything starts with a solid Business Model!

- solution to a problem
- significantly large market
- ideally a digital solution
- compelling to both worlds – „crypto“ and „fiat“



2. In the spirit of the Cyberpunk Ideology

- de-centralized structure
- democratic, distributed power
- challenge/disrupt a monopoly or oligopoly
- cut out (costly) middlemen
- secure data repository



12 Key Success Factors of (Good) ICOs (2/6)

3. Protocol dominance

- superior, de-centralized solution, „no ownership“
- well thought through financial and psychological incentive structure „Crypto-Economics“
- copes with destructive and irrational behaviour

CODE IS LAW

4. Necessity of the Blockchain

- significant advantage of having a data set in a decentralized data base
- automatic initiation of transactions, i.e. smart contracts
- process efficiency is currently not of essence



12 Key Success Factors of (Good) ICOs (3/6)

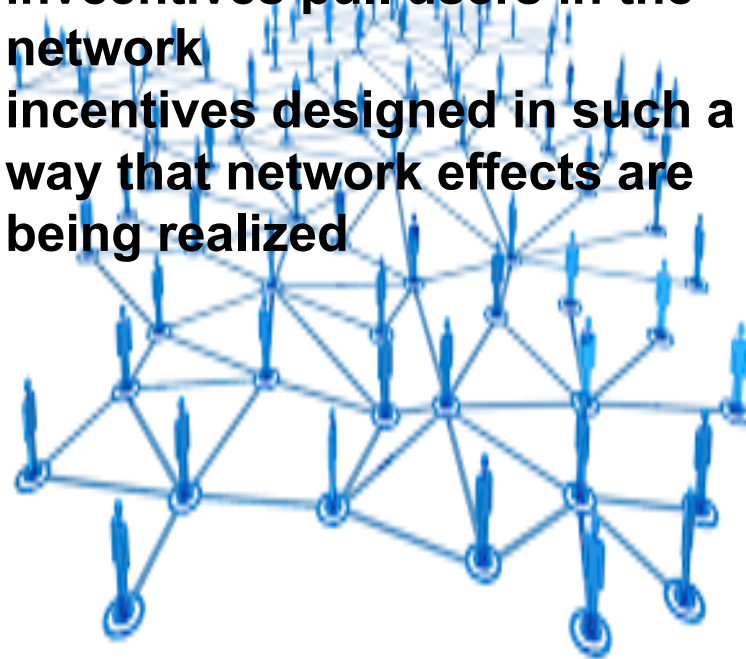
5. Token = „profitable“ Solution

- practical use case
- sustainable solution to a problem
- (financial) benefit to token holder



6. Crypto-Economics facilitate Network Effects ...

- incentives embedded in protocol/token
- **invcntives pull users in the network**
- **incentives designed in such a way that network effects are being realized**



12 Key Success Factors of (Good) ICOs (4/6)

7. ... and have an Intrinsic Value Appreciation Mechanism

- inflation mechanism
- autonomous and/or conditional scarcity



8. Superiority to Fiat Currencies

- more secure
- less vulnerable to inflation
- store-of-value or payment functionality
- generic application/use case attractive to sufficiently large user base



12 Key Success Factors of (Good) ICOs (5/6)

9. Automatic Value Distribution ...

- ... to token holder



10. Best in-class Community Management

- „ICO story“
- documentation (white paper, prospectus, videos etc.)
- all relevant channels (online, offline)
- consistent messages



12 Key Success Factors of (Good) ICOs (6/6)

11. Professional Project/Business Management

- ICOs are complex!
- Experienced project managers (Crowdfunding, ECM, PE/VC)
- IT- and Cyber-Security are key
- legal and tax pitfalls



12. Experienced Management Team and Advisors

- relevant experience in the market to be served and inworking with/for investors
- credible and supportive advisors
- strong crypto-network



Thank you for your Attention!

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