

Our ICO
MANIFESTO
- for -
FOUNDERS



Venture capital is broken.

What entrepreneur has time to pitch his or her idea to dozens of VC firms, facing repeated rejection from low-level associates whose only business experience is working in the dining hall at Harvard?

For the lucky few entrepreneurs who do get an offer, the terms are so unfair that they may as well begin, “Pull down your pants.”

Raising capital through traditional VC firms is a tremendous waste of time and energy—and it completely leaves out the 99% of investors who might be happy to fund a great startup idea.

The reason Initial Coin Offerings have become so popular is because they level the playing field, by giving entrepreneurs easier access to capital, and investors easier access to great opportunities.

ICOs, however, have become a land grab. Like the early days

of the Gold Rush, entrepreneurs are rushing to cash in on the ICO craze before it ends, either through a market crash or government regulation.

Call it ICO FOMO.

When the rest of the market is manic, it helps to take a deep breath, and use some common sense logic before moving forward.

If you're an entrepreneur thinking of launching an ICO, this manifesto is your deep breath.

How Much Can an ICO Raise?

We've tracked several hundred ICOs to date, and *the average ICO has raised \$8.8 million.*

The average venture capital Series A investment, by contrast, is a little over \$5 million.¹

In an ICO, the entrepreneur retains full control over the company; in a VC funding round, as we've established, pulling down pants.

This should have venture capitalists terrified for their jobs, but most are like record company executives during the early days of the Internet, waiting for the whole Napster thing to blow over.

The most successful ICOs, of course, have raised hundreds of millions of dollars, while the least successful never get off the launch pad. We spend a lot of time studying successful ICOs to see what they did right, and studying the failures to see what they did wrong.

Because ICOs are wildly popular and wildly proliferating, it is common to hear claims that “anyone can launch an ICO” or to see offers to “Launch Your ICO in 2 Weeks.” Launching a *successful* ICO, which can raise hundreds of millions of dollars, is a considerably more thoughtful (and expensive) process.



How Much Does an ICO Cost?

It’s a little like asking, “How much does a startup cost?”

The answer depends on many factors, but for a rough rule of thumb, **you should budget at least \$500K**, with about half of that going to marketing and advertising.

There is a long list of factors to consider in budgeting for an ICO, including:

- **Vision:** What is the product or service you want to build?
- **Team:** Who makes up the founding team? Are they willing to work for equity (tokens), or do they require salary?

- **Advisors:** Who will help your project, lend it credibility, and how much will they cost?
- **Developers:** How much blockchain and technical expertise do you have on the team? (Expect to pay for good blockchain developers.)
- **Legal and compliance:** Who will oversee the legal, tax, and compliance of your offering?

- **White paper development:** Who will develop, write, and design the white paper? Like an IPO prospectus, this is the *single most important document to attract investors*.
- **Security audits:** A worst-case ICO scenario is getting hacked, leaving you with no funds to pay for your lawsuits. Who will ensure that your offering is safe?

- **Marketing:** Who will manage the website, content, social media, press releases, PR, advertising, and investor relations? An ICO can only be successful if investors know about it.
- **Token distribution:** Who will handle everything post-ICO?

Here is a sample budget with categories to get you started, keeping in mind that your mileage may vary.

Function	Best Handled	Cost
Product Development	In-house	\$40,000
Prototype Development	In-house	\$75,000
Legal and Compliance	Outsourced	\$16,000
Advisors	Outsourced	\$12,000
Whitepaper Creation	Outsourced	\$15,000
Pre-ICO Management	In-house	\$7,500
Security Auditing	Outsourced	\$15,000
Marketing		
Website creation	Outsourced	\$30,000
Content marketing	Outsourced	\$50,000

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Social media	Outsourced	\$5,000
Press releases and PR	Outsourced	\$37,500
Advertising	Outsourced	\$100,000
Listing and posting fees	Outsourced	\$25,000
Investor relations	In-house	\$10,000
Token Distribution	In-house	\$20,000
Contingency Planning		\$34,350

MARKETING BUDGET (About 50%) \$257,500
TOTAL ICO BUDGET \$492,350

How to Conduct a Successful ICO

Based on our analysis of hundreds of successful ICOs, we have identified several factors that are *correlated with higher raise amounts*.

We call these the Three P's: People, Product, and PR.

People: The team matters. It matters because you need experience with blockchain development, experience with launching a startup, and

experience with managing a team. If you don't have all those traits yourself, then you need to partner with people who do.

Example: One current ICO for a “trustworthy gaming site” lists its founding team by first name only, and the CEO has a photo of himself hiding behind sunglasses. No reputable investor would take part in this ICO.



Product: A functioning prototype or MVP is far more impressive than a blue-sky

white paper. It shows that your team has evolved to a certain level of functioning and self-organization, and can evolve to greater things still.

Example: A recent ICO launched with nothing but a white paper that was badly written on what looked like a pirated copy of PowerPoint. The ICO was a disaster and shut down quietly.

PR: You've got to be able to build buzz. *On a common-sense level, people won't invest in*

your ICO if they don't know about it. As the ICO landscape grows increasingly crowded, with dozens of copycat projects, you need to position your offering in a way that is clear and unmistakable, like the call of an alpine horn.



There are around 50 factors that we use to rigorously evaluate ICOs. Among these:

Market and Margins: Some industries are growing and profitable; some are weak and declining. An easy way of measuring the relative strength of your market is looking at the Cost Per Click in Google AdWords, to determine the value of an average “customer,” compared to the CPC of other industries.

Economics: Is it a high-margin, high-growth idea? How much capital will be required? Do you have projected financials? *An ICO with a business plan*

is miles ahead of one without. Investors should demand this basic due diligence, and you as the founder should provide it.

Competitive Advantage: Does your founding team have some “moat”—whether a patent, industry experience, or sizeable head start—that will make it difficult for competitors to catch up? Could Google build the same thing tomorrow, but bigger and better?

Token: Does your product really require a token, or is it what we

call a “bolt-on blockchain”? Is the token highly differentiated, or “another one of those”? Have you thought through your token economics, including how you will sustain its value once it begins trading?

Example: An ICO for a “user generated content site” wants to pay users for watching ads. It’s clear that the company started the user-generated content site years ago, and only recently decided to add the “token idea” as an afterthought.

Mass appeal: We can argue this shouldn’t be important, but it is. You can look at the public stock market to see that investors get irrationally excited about *companies they understand*, even if those companies struggle to make a profit (Snapchat). ICOs are no different: make sure the average investor can understand what the hell you’re building.

Example: Marijuana ICOs. It’s difficult to see why we need a blockchain for cannabis, but those ICOs are on fire.

Our ICO Predictions

While Initial Coin Offerings are different from Initial Public Offerings, they share one thing in common: both ICOs and IPOs are a **measure of investor confidence.**

Post-ICO, when your token begins trading on crypto exchanges, you can expect it to rise and fall like a stock, **depending on investor confidence.**

In order to build that confidence, you need to think

like the owner of a public company:

- How will you communicate with investors on the progress of your project?
- How will you outline your vision for the future?
- How will you build excitement and enthusiasm for your company?
- How will you attract new investors to your token?
- How will you use your funding to “make a dent in the universe”?

In all the hype around ICOs, we find it curious that so few founders are thinking about what happens *after* the ICO.

It's as if everyone is so excited to strike gold that they have not yet considered how they will store, safeguard, transport, refine, and sell the gold.

Like Elon Musk—the greatest showman of our time—successful ICO founders will need to influence public opinion with bold vision, and the spirit of *rethinking the possible*.

Over half of Initial Public Offerings fail their first five years.² We predict that *far more than half of ICOs will fail within their first five years*, given the lack of vision by their founders, and lack of proper due diligence by their investors.

After the ICO, in other words, the real work begins. While you build the world's next great blockchain project, you need to **increase the market value of your token** or digital asset.

In summary, tokens measure the value of trust in a company's long-term prospects.

By increasing the long-term value of your token, you increase your prospects for successful projects, future capital raises, and magnificent exits.



Building Better Businesses

At Media Shower, we're passionate about building better businesses. Since 1995, we've been helping entrepreneurs, finance companies, and technology startups succeed. And in the process, we've built a great company ourselves.

Here's how.

Better people make a better company. At our Boston-area headquarters, our full-time staff oversees a team of blockchain writers, crypto analysts, and

financial influencers. We carefully curate quality talent, hand-selecting the best writers and thought leaders from the world of New Finance.

Better companies deliver better results. We invest heavily in training our team how to drive the best results—leads, customers, and investors—using the latest research and best practices. We're rewarded when we deliver those results, so our goals are aligned with yours.

Better results deliver better returns. Our marketing platform learns and improves, based on your results. And our team does the same: improving your content, your promotion, and your media spend, with the goal of delivering better returns for your founders and investors. It's a snowball of success.

Better returns lead to better work. As we discover what drives the biggest returns in the world of New Finance, we publish our research findings in *Bitcoin Market Journal*, to help

the industry grow. This leads to even better opportunities for meaningful work—and meaningful work gives meaning to life.

Better work leads to a better world. Our goal is for Media Shower to be a model for the world. That's a mighty vision that we hold clearly in our mind: a company that is both admired and inspired around the globe. Work with us and you'll see how we share and believe this vision by getting better every day.

We invite you to visit us at:

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Endnotes

¹ Preqin Private Equity Spotlight, "Average Venture Capital Deal Sizes," https://www.preqin.com/docs/newsletters/pe/Preqin_PESL_Oct_13_Average_VC_Deal_Size.pdf

² Khurshed, Arif. "Initial Public Offerings: The Mechanics and Performance of IPOs," p. 113.

