JURY.ONLINE

THE PLACE FOR RESPONSIBLE ICO

RESPONSIBLE ICO

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Preambule

2017 can be called "The year of ICOs" where more than 1000 projects raised over $3 billion. Teams that were willing to bring something innovative to the blockchain managed to catch attention of millions of people all over the world. With blockchain technology offering high security, new areas of application, extensive decentralization and independency, it came as no surprise that cryptonomics, the emerging blockchain economics, became a hot topic on the agenda of governmental structures, and at the global media front pages. Now ICO, or Initial Coin Offering is considered a solid method of project funding, though very different from more conventional approaches.

What is an ICO?

Wikipedia suggests that: "an initial coin offering (ICO) is a means of crowdfunding centered around cryptocurrency, which can be a source of capital for startup companies. In an ICO, some quantity of the crowdfunded cryptocurrency is preallocated to Investors in the form of "tokens", in exchange for legal tender or other cryptocurrencies such as Bitcoin or Ethereum. These tokens become functional units of currency if or when the ICO's funding goal is met and the project launches. ICOs provide a means by which start-up companies can avoid burdensome costs of regulatory compliance and intermediary financial organizations, while increasing risk for Investors. […]"

A Project creates its cryptocurrency (tokens) which is sold to Investors and can later be bought on cryptocurrency exchanges. Besides speculative economical usage, tokens usually have functional application within the project, for instance, payment for services, transaction fees, rights for token holders, etc. Upon successful implementation of a project, the token price is likely to increase allowing Investors to receive revenue - which is the principal value of a token for investors. ICO is always a high-risk investment, but almost no other type of investment can result in a such high revenue.

Current State and Problems

However, ICOs haven't received general recognition yet. Originally the ICO movement was initiated by IT and blockchain projects, but later a greater amount of projects began to apply the ICO concept: starting from gold mining projects, and "banana-backed" tokens to official tokens issued by governments and banks.

Because the results of ICO campaigns will only be seen in 2018 - it is still unclear for which projects an ICO-funding model is a perfect fit. There is not enough data to evaluate which projects failed due to an incorrect ICO or if an ICO is just unsuitable for a projects' economic model, and vice versa, which projects held a successful ICO because of the overall hype surrounding blockchain, or it was a success due to thorough planning and tough work.

There are still a number of problems the ICO-funding method is facing:

ICO Pros and Cons

Pros:
- Ease of funding Investing takes place without any intermediaries and additional complications. All it takes to make an investment is a computer and basic knowledge of cryptocurrency wallets.
- Very high potential profit ICO projects has seen an increase by hundreds and even thousands times, which is almost impossible in other fields.
- Low or zero level legal regulation of ICO ICO is a relatively independent form of fundraising. Investors and projects don't have to officially register and report their activities to authorities.
- Project control. Unlike IPO funding and stock shares, tokens don't necessarily give Investors the right to govern project development. Therefore project developers don't have to satisfy investors' whims and can concentrate on their original idea.

Cons:
- Unpredictability A Project cannot accurately predict how much funds it will attract. We've seen projects received both overwhelmingly more and extremely less money than they initially planned. It's quite an unpleasant situation for an investor.
- No straightforward and universal method for estimating the real price. Cryptocurrencies are very volatile, it's hard to determine the real token value: if there is any use for it other that a except from speculative one.
- Low or zero level legal regulation of ICO. A few states are taking measures to control ICOs and cryptocurrencies as there is an obvious risk for its citizens.
- Lack of control. While it may be an advantage for project developers, the inability to influence the project development and implementation is surely a certain risk for the investors.
- Responsibility. The most serious concern is the responsibility of an ICO project: there is no way an Investor can be sure that the project will follow its roadmap and implement their idea on time and not flee with the gathered funds.
- Refund guarantee. Classic ICO scheme has no valid method of returning money back in case something goes wrong.
- Lack of communication between Investor and Project

In other words, there is a high level of irresponsibility of the Projects, whether it is because of poor communication with its contributors or lack of business-plan for further Project expansion and development, leading to uncertainty in the future of the Project and the funds raised. The low regulation level of ICO activities can lead to fraudulent Projects disappearing after fundraising, which we observed over the course of 2017. All of these factors reduce the potential investment interest in Projects and are putting the future of blockchain at risk.

Jury.Online Description and Details

Jury.Online offers a solution for a responsible ICO. The concept is as follows: a project breaks down its final goal into milestones with specified funding values and deadlines for implementation. Then all the investments received through a smart contract are allocated into parts which are needed to fulfill each milestone requirement. Money and tokens are released step-by-step to each party. Unlike other forms of gradual money release, funds are always stored in the smart-contract and their transfer is completely defined by the smart contract code, which is known to the public in advance. Every investment in a projet comes with a set of arbiters who will estimate the execution of the project and resolve conflicts if they are to appear.

For Projects, this simplifies the funding process and search for investors, helps shape goals and deadlines. For Investors it gives more control over the project development, guarantees at least a partial refund and provides them with direct communication with the Projects.

Arbiters play the role of unbiased mediators who give an independent evaluation of the project and resolve Disputes in favor of either party by carefully assessing the results of each milestone in comparison with the original roadmap.

Workflow

A Project that is going to hold an ICO develops its general concept:

- A detailed description, usually in a form of whitepaper
- Funding goals - the minimum and maximum caps
- Tokenomics and token application
- Roadmap with milestones and funding for each goal-set
- How many tokens will be issued, and which part of the overall emission can be bought by using the responsible ICO mechanism
- Minimum and maximum thresholds for responsible investment in order to target the right audience

Jury.Online has a pool of arbiters who are experts in certain fields. They estimate the overall idea and roadmap milestones: is the idea viable, how adequate are the milestone deadlines with their funding goals and are they achievable. In case there are certain doubts about the further workflow of the Project, Arbiters provide the Project with a set of recommendations serving as unbiased advisors of the projects.

Project sets the overall maximum amount of token emission and how much of that can be released through the responsible investment method, sets the threshold for Responsible ICO funding to attract considerably big investors. As soon as such way of investment requires middle- or long-term anticipation of the results and tokens, such approach is applicable for those contributors who believe in the success of the project yielding token price increase.

During ICO conduction Investors create Investor proposals in form of Ethereum smart-contract stating how much they are going to invest and how many tokens they want for it. Then Project reviews the investment proposal, either accepting or rejecting it. If there is enough investments to cover the minimum needed cap, then the project development starts.

Proposal also names the arbiters, who will estimate the progress of the milestones, and in case of Dispute they will be making the final decision are going to make final decision. Since the identity of Arbiters is made public, they have their reputation at stake. It motivates them to provide an unbiased decision. The Arbiters are rewarded in JOTs for participation in each Investor contract.

Token usage and fees

Jury.Online charges a fee for its services which can be paid either in ETH or in Jury.Online Token (JOT). The fee in JOTs is fixed and makes 0.5% of the total amount of funds raised via the platform calculated by market price, while ETH fee increases as more projects carry out their ICO using Jury.Online. Fee increase:

- First 10 Projects on the platform will be charged 1% fee in ETH
- 11-20 Projects on the platform will be charged 2% fee in ETH
- 21-40 Projects on the platform will be charged 3% fee in ETH
- 41-60 Projects on the platform will be charged 4% fee in ETH
- 61-80 Projects on the platform will be charged 5% fee in ETH
- 81-100 Projects on the platform will be charged 6% fee in ETH
- 100+ Projects on the platform will be charged 7% fee in ETH

In the course of time JOTs will also be used for marketing and promotion features of the platform including, but not limited to:

- WP assessment of the Project
- Premium selection of the Project
- Newsletters for registered Investors about Projects' news
- Third-party rating by Jury.Online partners
- Articles and Advertisement in selected Media of Jury.Online partners
- Arbiter payment and pledge.

Jury.Online Roadmap and Milestones

Non-Linear Milestone Funds Distributiion with weights. Platform Design (UI/UX)
Implementation of funds distribution in linear milestones system according to the weights of the milestones' goals with manual and automatic customization. Investors and projects will have the possibility to adjust the weights in funding and token distribution to customize personal InvestContracts. This will require significant rebuild of existing smart contracts. UI and UX platform design and implementation of the Project, Arbiter, Investor profiles and Project marketplace.
Terms: April 2018 - June 2018

Milestone postpone and reorganization implementation as an optional feature. Implementation of the templates to the platform dashboard. Attraction of Projects to the platform.
At the early stage of development it's hard to predict if all parts of functionality will remain viable and relevant in 3 or 6 months. Thus the option to reorganize and postpone milestones by mutual consent will be demanded. The platform dashboard will have the opportunity to automatically reflect any number of the simultaneous Projects setting the first stage of Project Marketplace implementation. Jury.Online will bring in at least 3 new Projects undergoing ICO in the nearest future who will be among the first partners of Jury.Online.
Terms: June 2018 - September 2018

Research and conceptual design of non-linear and branched weighted milestones, gain of relevant experience. Secure communication between Investor and Project. Marketing of the project. Staffing.
Initially projects create linear roadmaps with every milestone being unlocked once the previous one is completed. This method doesn't fit all projects, some of them need a more complex way of organizing milestones. For example, a project may present several steps ("levels") with a number of milestones at each level and investors can choose one (or more) milestone from each level. Another possibility upon finishing a milestone, there are several options to be the next one each one having its weight of Token or Fund distribution set by mutual consent between an Investor and a Project in an each single InvestContract. Jury.Online task is to analyze relevant experience of the clients and partners and set the conceptual draft of this feature' latter implementation. We will also implement secure channel of communication for better understanding of the mutual needs before investment stage. We will establish long-term relationships with a number of cryptoexchanges, marketing agencies, listing and rating companies for our partners to get the full advantage of Jury.Online platform. According to the research work Jury.Online will increase its staff by high-level professionals for better implementation of this feature.
Terms: September 2018 - December 2018

Implementation of the complex and branched milestone funds distribution with weights. Automated multilingual support of Arbiters' communication.

Basic functionality distributes investments proportionally to the milestones' goals, but usually investors are interested in some development stages more than in others. For example one may want to have libraries for the most popular programming languages for product usage, while others may wish to have an appealing website which will attract customers. We want to give Investors more control and communication with Projects to have more options for all parties of InvestContract. Branched and complex weighted milestones will have more impact on further development and bring more responsibility to the Projects setting new standards of the ICO approach. We will add automated multilingual support of arbiters' communication for Investors and Projects by implementing API of one of the global suppliers of CAT services.

Terms: December 2018 - March 2019

Various cryptocurrencies. Adding Premium features to the platform

Basic functionality can be used only with ETH investments, additional exchange module is going to be implemented for other cryptocurrencies including various ERC20 tokens. We will add a premium selection of the Projects, an independent rating system for them and a Project roadmap assessment.

Terms: March 2019 - June 2019

Pools of arbiters. Adding possibility to set own pricing for Arbitration. Adding pools of Arbiters of third-party organizations. Ratings of the pools. Expert Advisory Board. Appeal system. Pools' categorization.

Development of responsible ICO naturally leads to the implementing the general concept which can be used for deals of any subject. During the operation of responsible ICO Jury.Online stores a database of arbiters with their specializations which later will be utilized for dispute resolution of general-purpose deals. We will arrange a number of pools of Arbiters of third-party organizations representing real business and famous organizations to enhance Arbiters' selection during ICOs. Rating system of the pools will be implemented together with pools categorization for better and more convenient approach to the investing via the platform. Experience of the previous month will help to develop appeal system that will be applicable for all types of controversial situations that may arise between Investor and Arbiter or Project and Arbiter.

Terms: June 2019 - September 2019

Connection with the original Jury.Online concept

This document describes the main application of Jury.Online and is an "applied whitepaper", while the original one is a "conceptual whitepaper". The initial Jury.Online concept is about general deal-making and Dispute resolution based on blockchain technology. It involves hundreds of independent arbiters that estimate the deal execution and make their decision on who is right and who is wrong. Though a thorough analysis showed that cryptocurrency economics today is not ready to be used for real goods and services exchange: people are unaware of how it works, high volatility compared to fiat money results in huge currency risks for long-term deals, an unclear government regulation slows adoption of cryptocurrencies by business. Thus, the main area of application today is blockchain and speaking more broadly - hi-tech projects.

Responsible ICO is an adequate response to current demands of the industry. Refined and elaborated field of application of the main idea quickens its development and acceptance.

Furthermore, the solution for responsible ICO conduction, offered by Jury.Online, should be thought of as a foundation for further development of original idea. Starting from a platform for specialized deals on ICO investment we have advanced to a general solution by collecting data and statistics, forming arbiter pools, developing a rating system and broadening the applicability of smart contracts to a wider range of deals.

We hope to establish a solid means of communication and interaction between all parties involved in ICO conduction that can later be adopted as a standard for the whole industry which will help eliminate scam projects once and for all.