



CRYPTOSTARTER

The next generation decentralized, borderless, tokenizable
crowdfunding platform on the blockchain

Whitepaper

2017

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1 Executive Summary

Since 2015, more than 25 billion dollars was raised via Crowdfunding platforms and by 2025 the World Bank Report estimates the global crowdfunding investments will reach \$93 billion. This figure approximately equals a current market capitalization of all crypto currencies, representing nearly 800 unique market traded crypto currencies that we have today in total. Hundreds of thousands of creative projects, art works and technical developments emerged with help of crowdfunding platforms.

The challenge that **CryptoStarter** attempts to solve is to connect crowdfunding and crypto currency, at the same time making it simple to use and accessible to non-technical artists and entrepreneurs. Despite rapid development of crypto currency markets not all potential participants were able to use crypto currency advantages due to a number of reasons. Starting from the country where crypto currency lacks local support and up to simply the lack of knowledge and motivation to learn how to use crypto currency.

CryptoStarter transforms the crowdfunded product or startup project into sellable swappable tokens built on bitcoin / ethereum protocol. This allows to turn a promise of a project or product into instantly valuable futures asset that can be either resold to those who missed the deadline to support or it can be swapped to other projects tokens.

1.1 Problems of Crowdfunding

Dream maker or Promise Breaker?

The recent years analysis of Kickstarter alike platform raises a question to each new coming project: is this new project a dream maker or a promise breaker? At first on Kickstarter it was possible to see how a little start-up that helped finance fearless little ventures of individual small entrepreneurs. At that point, with the appearance of the first \$100,000 venture, and afterward the first \$1,000,000 venture examples, it slowly moved toward becoming a fast “getting rich” plan. It has turned into a model of untrustworthiness and broken dreams. So it is clear that crowdfunding projects funded in an established way have

nothing to give their supporters aside from an easy-to-break promise that when the product is ready, the supporters will get a long-waited product as a reward. And there is no way of quitting the “train” when the campaign has been financed by backer, no mechanism of lowering the risk of non-accomplishment case. Turning “promises” into swappable assets can open a whole new market of crowdfunded equity.



Borders and different legislations exclude some countries

Kickstarter and other platforms have been mostly operating in western countries. Due to specific legislations it is not easy to launch a crowdfunded campaign across many countries, giving no chance to a large scale of countries and potentially new markets to use the crowdfunding platform. This is simply not fair. But thanks to blockchain technology and gradually emerging adaptation and regulation of blockchain in many countries – the projects can be supported instantly and borderless.



The knowledge barrier to use Crypto Currency for own crowd funding project

While it is possible to use a number of different crypto currencies available today to crowd fund your own project – the lack of knowledge and hustle to set up such an infrastructure to organize this process – doesn't allow a lot of talented artists, makers and entrepreneurs to use crypto currency advantages. If this technology can be simplified in terms of use – it can open a lot bigger market for crowdfunding.

1.2 Solutions provided by CryptoStarter



Turning crowdfunding “promises” into sellable swappable tokens

CryptoStarter platforms allows to receive reward for backing the project as tokens so that the backers can spend, swap, sell their reward before the physical product or a startup company is ready. This can enable a profit-oriented corporate as well as individual backers.



Making crowdfunding platform borderless and accessible to all countries

CryptoStarter platform uses blockchain to build a crowdfunding service that can be used from anywhere.



Making crypto crowdfunding platform easy to use for everyone

CryptoStarter platform attempts to make it's platform not only accessible from anywhere but also easy to use by talented artists, makers and entrepreneurs who has no technical knowledge of how to use crypto currencies.

1.3 Mission Statement

The mission of **CryptoStarter** is to give a chance for existence to every potential start-up project, anywhere on the planet, made by anyone, and from the other hand give full control of investments submitted by supporters in form of tokens, that can allow exiting from campaign as well as profiting from campaign by resell. With blockchain technology the new solutions beyond borders, beyond traditional venture financing are possible.

Our mission is to make boldest ideas come true using the power of blockchain crowdfunding.

Decentralized. Borderless. Peer-to-peer.

1.4 Core Objectives



Build the World's most open crowdfunding platform and crowdfunded assets exchange

Secure phased investment with a reward in form of sellable token

To protect investors and stimulate project owners: a platform will have a phased release of funds based on voting, smart contracts to confirm the fact that the project has completed the next stage and is entitled to receive the next tranche of investments. In case of failure of the current project stage in the opinion of investors - the money should be automatically returned to investors.

Another form of protection is that the backers receive reward tokens of the future product. These tokens can be sold in any stage of the project, as well as swapped to another tokens and crypto currencies.



Build borderless crowdfunding platform

Transparency of borders

CryptoStarter sets objective to allow to start projects anywhere in the world as well as to be funded from anywhere in the world. Allowing to transfer the payments without large commissions, long expectations and cross-border restrictions.



Make crypto crowdfunding platform easy to use for everyone

CryptoStarter will allow to use local currencies. For convenience of investing and withdrawal of funds, there should be an opportunity to enter and withdraw money in the local currency used in the place where the project owner or investor is located. Easy to use interface and client wallet application.

2 CryptoStarter Model: HOW IT WORKS

Cryptostarter platform model can be illustrated via use case diagrams below (image 1 and image 2). Users of the platform are generally able to create 2 types of projects:

- A) **Product project token**, where there is just a project token that can be redeemed in the end
- B) **Company project token**, where the token can represent a digital crypto share of the crowdfunded startup company, or token can be a new crypto-currency. This type of the project allows to list the token not only in **CryptoStarter** Exchange, but also on any popular crypto-currency exchanges (like Bittrex, Poloniex, Coinbase, Kraken, GDAX etc.).

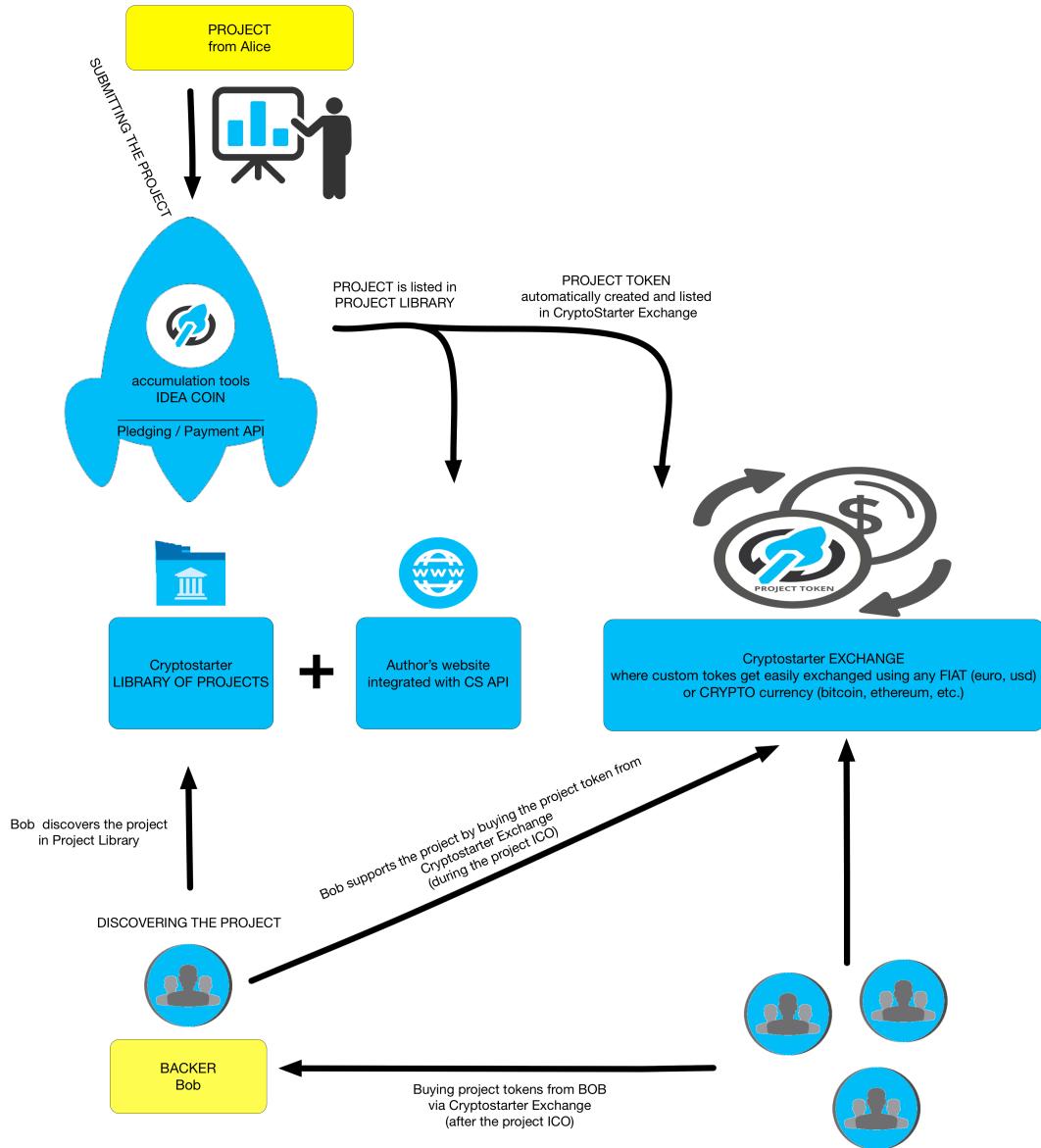


Image 1. Product project token (case A)

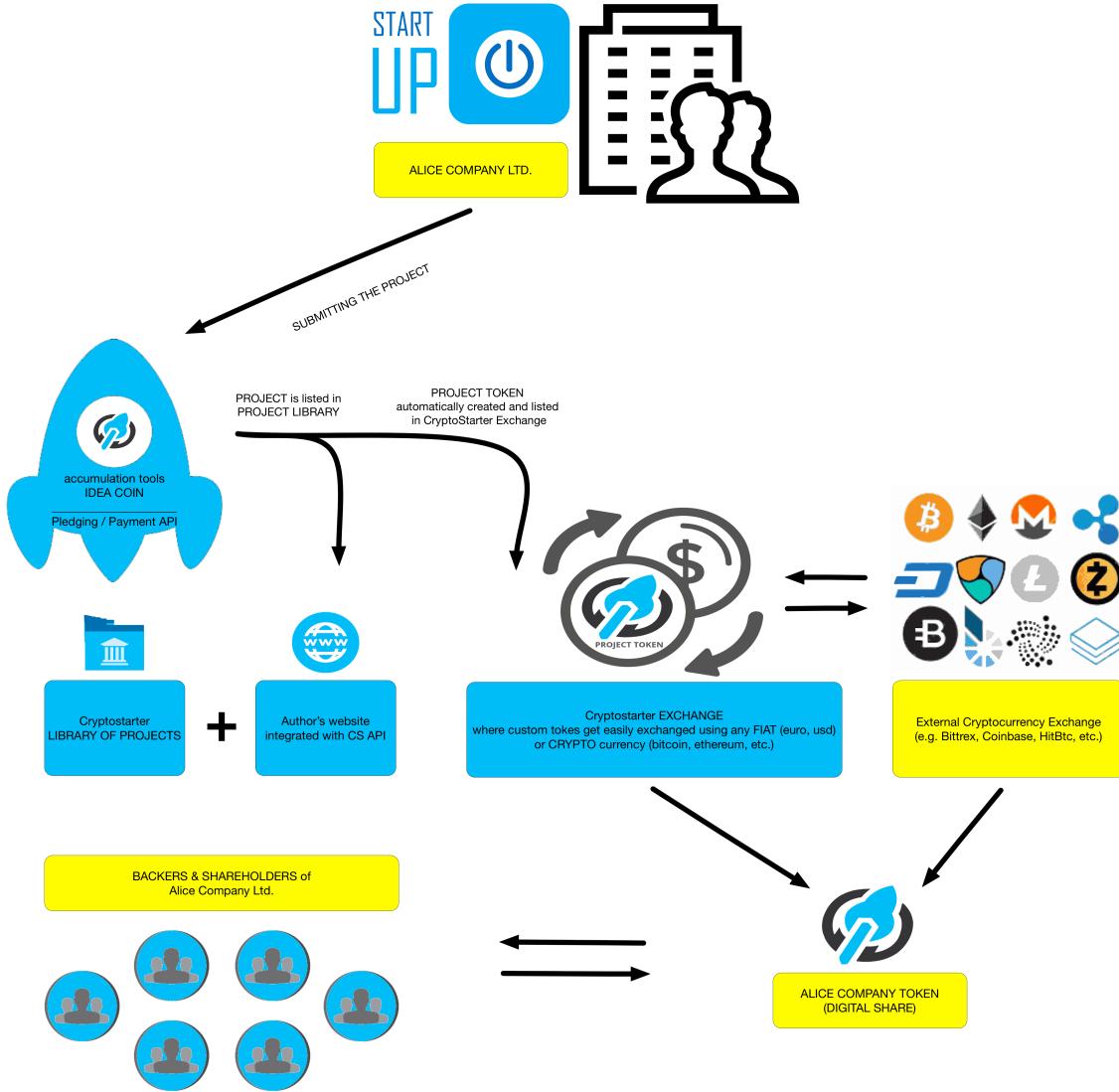


Image 2. Company project token (case B)

As specified in the diagrams above CryptoStarter platform allow to perfrom crowdfunding campaign borderlessly in any FIAT or CRYPTO currency.

Preseting the typical use case in the following example will help to understand the basic work mechanism of CryptoStarter platform.

Alice is an entrepreneur that wants to launch on the market: Alice Smart Watch.
Bob is an electronic gadgets enthusiast.

Chester is an investor that researches the market of technical projects.

1. Alice creates Cryptostarter account with associated receiving address.
2. She submits a new project into **CryptoStarter** platform

- The project becomes visible in **CryptoStarter** projects library – the show case of all projects available. Alice can now promote on the platform as well as externally (including the integration to other web services, by pasting generated iFrame snippets)
 - Alice sets how many project tokens she wants to issue, for instance 1000 tokens
Immediately upon project publishing and setting the number of tokens – the tokens get listed in **CryptoStarter** Exchange.
3. **CryptoStarter** exchange lists 1000 tokens for sale. Bob discovers a cool Alice Smart Watch project either in Cryptostarter Projects Library, in Alice's own project's website, in Cryptostarter exchange or even in other centralized crowdfunding websites.
 4. Bob in a few clicks submits the purchase of the Alice Smart Watch token (ASW token) either via any FIAT currency (EUR, USD, etc.) or via crypto-currency like Bitcoin, Ethereum etc. The token gets immediately displayed in either Bob's Ethereum Mist Wallet, in Bob's secure cryptostarter WEB Wallet, or other options.
 5. Assuming the project expected delivery is 6 month, in 3 month Bob realizes that he can't wait for a Smart Watch product any longer and decides to sell his ASW token.
So Bob goes to Cryptostarter exchange (or other external exchange) and sells his token to Chester. Chester is an investor who finds ASW project very promising, assumes that the price will rise in the future because initial offering of ASW tokens is long time sold out.
 6. After 6 month Alice starts to ship her Smart Watches to her backers.
Chester has bought 5 ASW tokens so far and sold 4 of them with profit. Chester goes to Cryptostarter or to Alice Smart Watch Web Shop and buys a Smart Watch for 1 ASW token that he kept to make a birthday gift to his son.

Cryptostarter vested mode

All IDEA coin holders (cryptostarter platform coin) can put their coins into vested mode (activated dividend contract) by not performing any transactions. Whenever the next project is getting funded via Cryptostarter platform the commission of 3.5% is getting distributed to all members of the network that activated the dividend contract.

To activate the dividend contract the minimal size to freeze 10k or more IDEA coins. Escaping the vested mode (deactivating the dividend contract) can be at any time without restrictions. The amount of dividends is proportional to the amount of investments.

Example.

Bob wants to start receiving dividends, he has 25k coins. He activates the dividend-contract and indicates the amount of 20k coins. IDEA coins are frozen, on account of Bob there are 5k of coins. At the same time 20k of IDEA coins located inside the smart contract.

In total, at the moment in the entire IdeaCoin network, other investors have activated contracts worth 980k of coins. The smart-watch project is being launched, the creator of the project has crowdfunded via the exchange 500k IDEA coins. The smart contract

automatically subtracts 15k of coins and is automatically distributing them between the investors who has activated dividend contract (vested mode).

Bob gets his portion equals around 2% ($20k / 980k$), Bob is receiving proportionally to his share 2% from 3.5% around 300 coins from this project.

And so on with each successful launch of the project on CryptoStarter, with each tranche - there will be a transfer of 3.5% reward to the account as long as the dividend contract is activated.

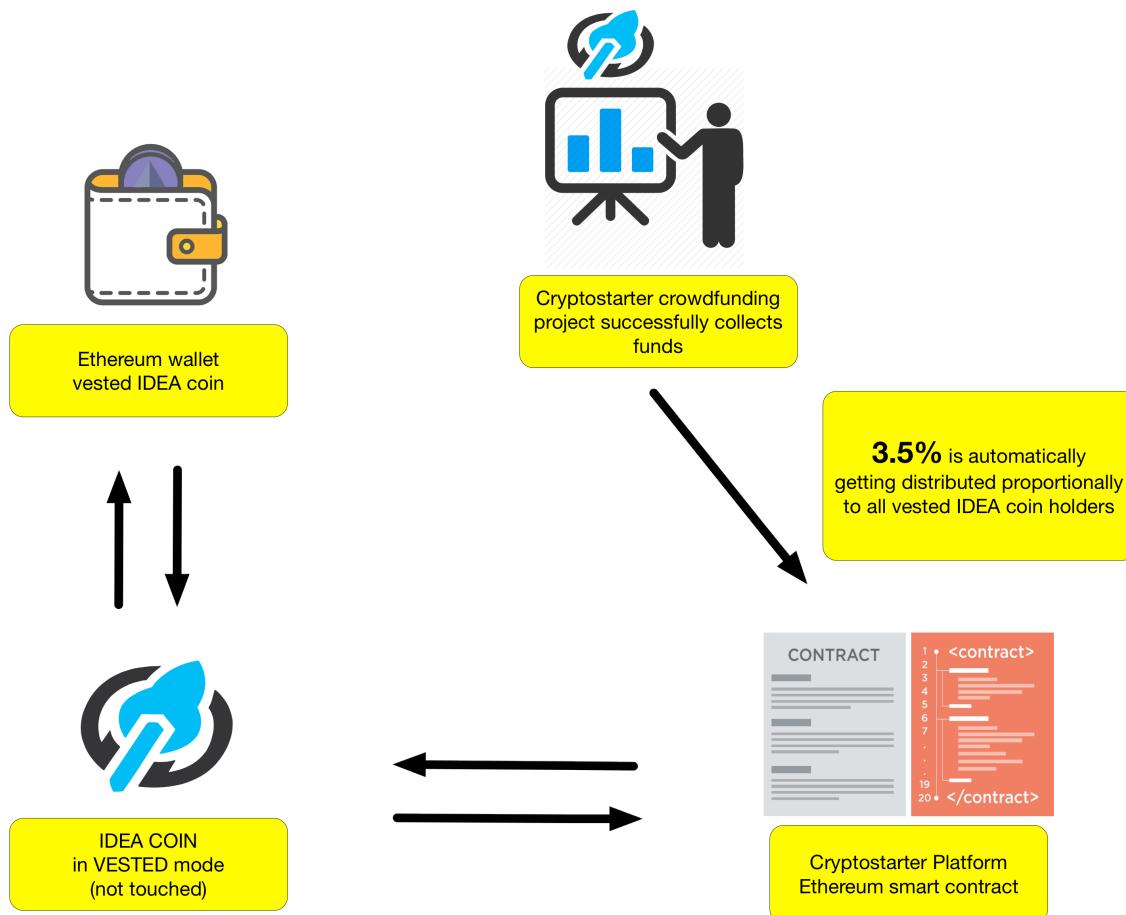


Image 3. Vested mode of IDEA coin (activated dividend contract)

3 Cryptostarter platform architecture

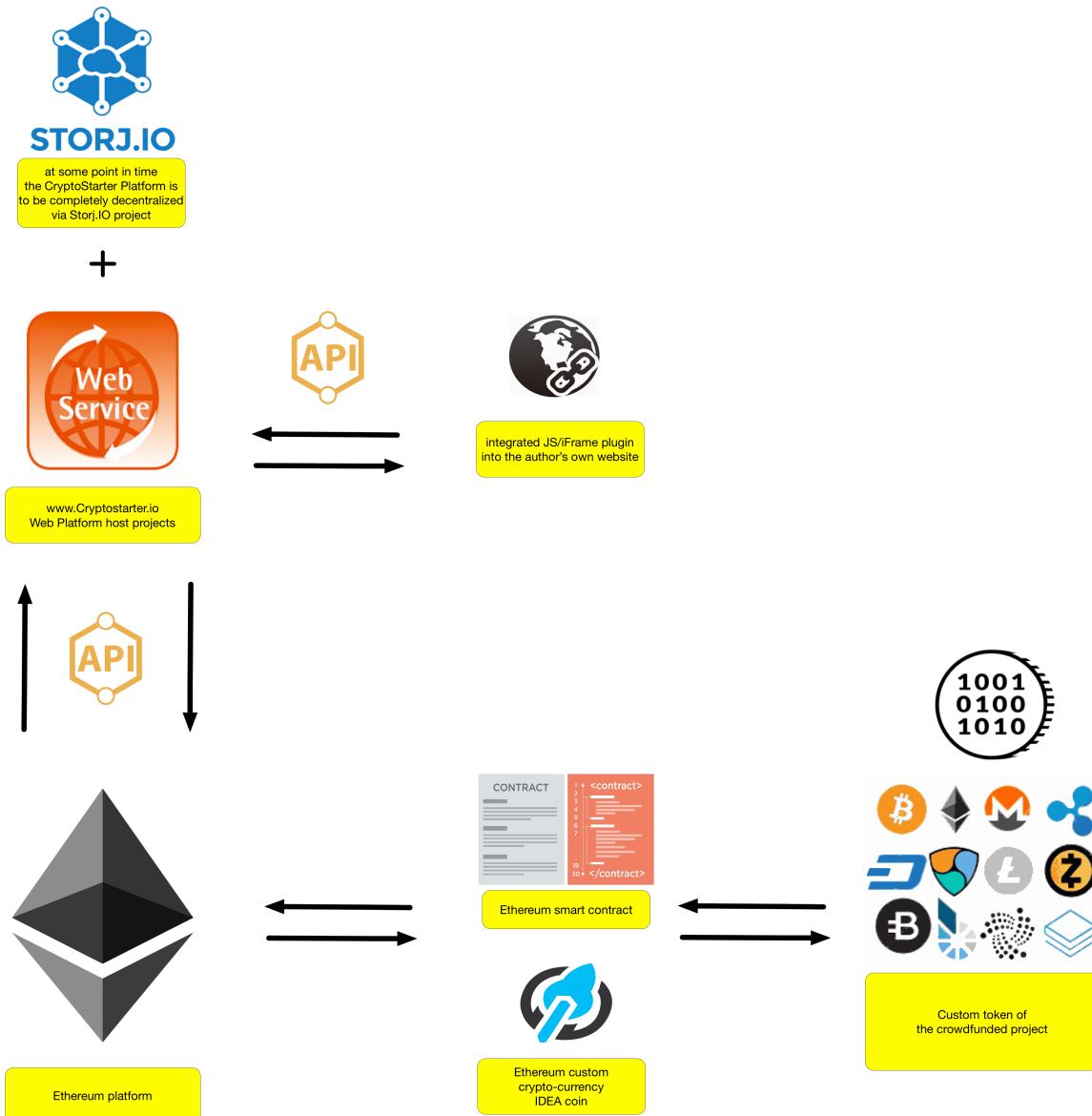


Image 3. Cryptostarter platform architecture

The CryptoStarter platform is being built and deployed using well established completely decentralized platform Ethereum. In the short run, CryptoStarter will use ETHEREUM blockchain to create and deploy it's own platform token IDEA coin, to create custom project tokens abstracting the cryptostarter users from complex details of deploying a custom token into Ethereum blockchain. Cryptostarter will use state channels to achieve higher possibilities for scalability.

4 Cryptostarter projects and participating benefits

In this chapter we describe the kinds of crowdfunding projects that can be launched with **CryptoStarter**. Here are a few types of projects that can be launched with our platform, it only suggests what is possible and assumes there can be more kinds of projects that users of CryptoStarter can come up with:

Technology

Different kinds of gadgets, sold with Gadget Tokens

Games

Different variations of game early access models with redeeming the custom token

Design

Any designer custom product: cloth, accessories, furniture

Film & Video

Short films and series financed with cryptostarter. Access based on film custom token.

Infrastructure projects

Some small or big infrastructure projects that can bring benefits to the community as well as good returns on investments to, like for example building a bridge, providing a watering systems to dry regions, transport infrastructure, building solar panels and others.

Companies IPOs

Cryptostarter allows to use custom project token as a digital share, which makes ICO a traditional IPO, whereas it doesn't require complex registration procedures and it is truly borderless.

Cryptostarter intends to allow every potential start-up project in any country, made by anyone, to simply and quickly launch to test with global community of interested people whether the project represents a real value and utility, thereby including the countries and approximately 2 billion people into the global economy, giving them the access to financial instruments that in the moment mostly only the highly developed countries are privileged to have.

5 Roadmap

Project start

Start the development of the CryptoStarter platform.

April 2017

Alpha version

Development of initial features of the CryptoStarter platform, the approval of White Paper and MVP.

May 2017

Alpha version 2

Unstable version of the CryptoStarter, development of core features of the platform, core functionality.

July 3rd, 2017

Platform Demo (MVP)

Public demo version demo.cryptostarter.io. Developing of MVP as the platform demo, that shows the UI views of core functionality: publishing the project and the library of projects, login/registration, etc. At this stage no connection to blockchain or backend API.

August, 2017

Smart Contracts and IDEA Token

Final version of the source code of IDEA Coin and final version of core Cryptostarter platform Smart Contracts, main token, project containers, product tokens, connection agent, dividends and voting software engines, various utilities, Ethereum blockchain size optimization.

September, 2017

Beta 1

Platform CryptoStarter with the basic functionality, where projects can be registered and published to project library.

October 2017

Pre-ICO

Pre-ICO with limited tokens offer will take place. Partial presale of tokens with a 50% bonus.

January 1, 2018

Beta 2

Platform CryptoStarter with the full MVP functionality, projects can be registered and published to project library.

February, 2018

ICO

Full ICO will take place in April 2018.

Presale of the main part of the tokens with a bonus at the beginning.

April, 2018

Early Access

The owners of projects who have decided to register their projects before the public launch of the CryptoStarter platform will get access to the platform.

May, 2018

Release 1.0

Platform release in the MVP version.

November 15, 2017

Post-ICO

Selling tokens from the site until the moment they enter the first exchange. The cost of coins for post-ICO will be doubled relative to the ICO price.

November-December 2017

Listing in popular crypto-currency exchanges

Start trading tokens on stock exchanges. Completion of post-ICO.

December 2017

Release 2.0

In this version, incremental investment will be added and the funds will be returned through a smart contract.

February-March 2018

Release 3.0

In this version, the project tokens (futures) for each registered project will be added, the project tokens at this point can be traded within the CryptoStarter exchange.

October 2018

CryptoStarter Frame

Introducing of special CryptoStarter widget for embedding in any site, the widget allows collecting payments and displaying information about the project anywhere.

November 2018

Release 4.0

In this version, the platform will introduce full decentralization, including all the storage data.

December 2018

6 Token Auction

Generally established mechanism

Cryptostarter or “IDEACOIN” tokens can be obtained in a number of ways.

Traditionally in vast majority of cryptocurrencies the way that the tokens get distributed is via a proof of work or proof of stake model.

This models can be changed depending on the amount of supply of the tokens. This amount can be traced by prediction supply curve of token distribution, which shows with which speed the tokens are getting distributed.

For the short history of few years there has been proposed an informal model to perform the token purchase.

This model is: cryptocurrency is getting sent to an address in exchange for some amount of target tokens (in our case IDEACOINS – cryptostarter platform tokens). The usual lifespan of such an initial offering runs for about 30 to 60 days. The rate of how much target tokens (IDEACOINS) the investor receives for 1 ETH (for example ETHEREUM) decreases over this initial offer period of 30 – 60 days. For instance the ratio during the first 10 days may remain at 1 ETH for 100 IDEACOINS and then it can decrease linearly to 1.25 ETH for 100 Tokens and so on as the time goes. The amount of tokens that have been generated depends on how much cryptocurrency tokens (BTC, ETH, etc.) the project received. Hence if the current offer is 1 ETH for 100 IDEACOINS and 1M ETH has been sent, then 100M tokens will be created.

IDEACOINS tokens auction

In the Cryptostarter launch, 100 million IDEACOIN tokens (IDEA) will be created and a significant part of them will be distributed during the ICO of Cryptostarter.

The ICO will be completed depending on when either of several conditions happen:

- IF approximately one of 3 funding targets is reached:
 - 1) minimum target reached 3M USD denominated in ETH worth of IDEA
 - 2) moderate target reached 10M USD
 - 3) maximum target reached 20M USD
- OR if 80 million IDEA tokens will get sold

The IDEA Coin Cryptostarter ICO can be divided supposedly into 3 time periods. Each period the distribution rate of how many IDEA coins will be distributed for 1 ETH will change.

During the launch, investors of Cryptostarter can send Ether to a token launch address, thereby committing to buy IDEA tokens at the given conversion rate depending on the moment in time of the ICO period.

7 Projected use of received contributions after ICO

Contributions received during ICO will be used exclusively for the development and expansion of the CryptoStarter platform and network. Here below is provided our projected use of received contributions in 3 different potential contribution scenarios that will drive the Cryptostarter growth.

Scenario 1

If contributions meet minimum funding targets of 3M USD, we expect the vast majority of contributions being used to fund the development (60%) of the Cryptostarter platform. We plan significant part of the contributions to be spent on marketing and platform promotion. We also plan to allocate part of the contributions to offer a few key specialists in various areas (such as Vitalik Buterin) to be advisers of the project.

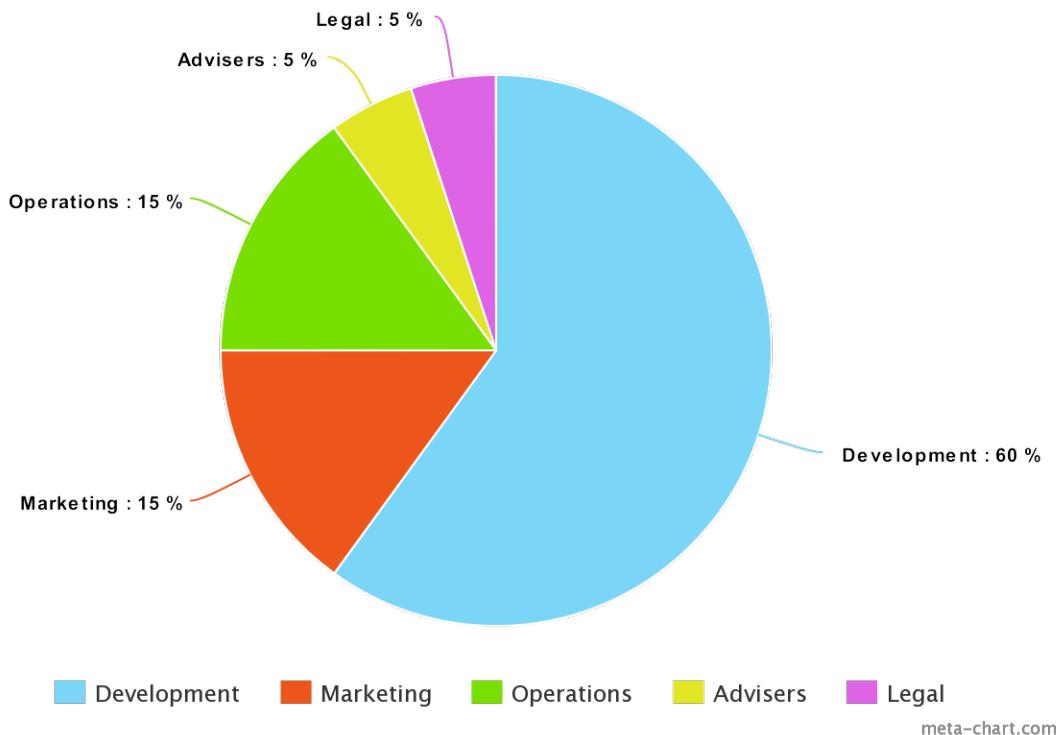


Image 4. Minimum funding target funds allocation scenario

Scenario 2

If total contributions received reaches moderate level of funding (10M USD) the Cryptostarter team will increase the part of marketing and promotion as well as the part to invite key advisers of Cryptostarter platform.

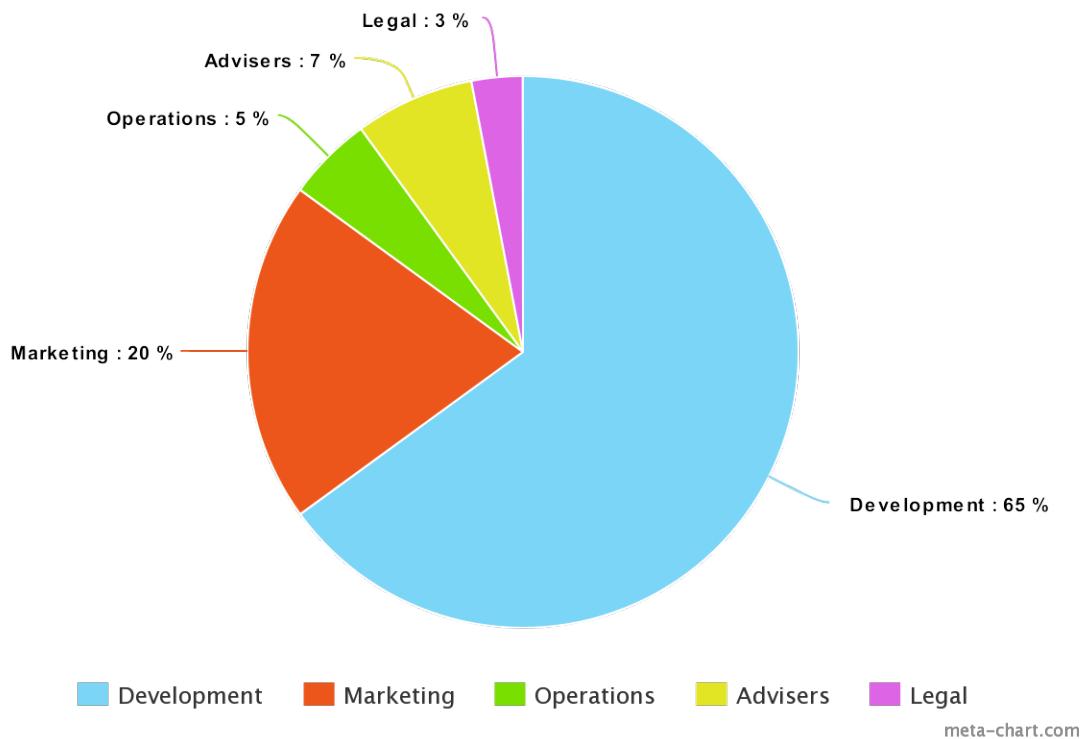


Image 5. Moderate funding target funds allocation scenario

Scenario 3

If total fund raised reach maximum expected 20M USD, we will significantly increase the part of the funds used to finance first projects on Cryptostarter launched by first users, as well as further increase of marketing/promotion part.

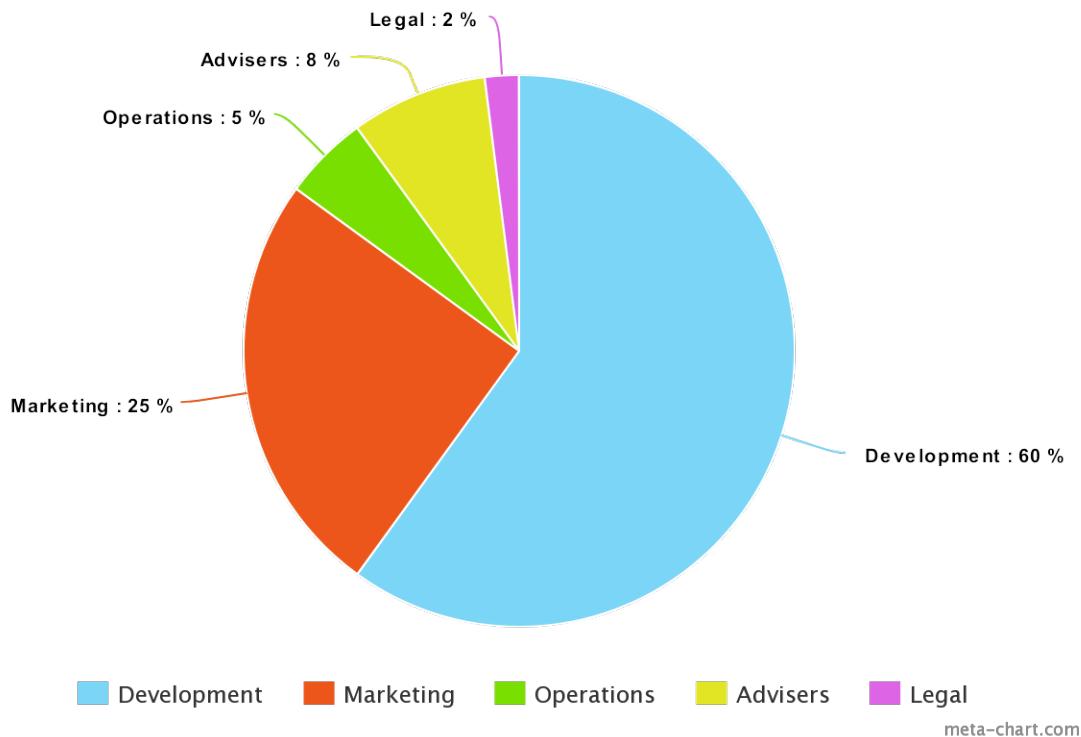


Image 6. Maximum funding target funds allocation scenario