Following on from understanding what ICO’s are in general, lets now clarify the advantages and disadvantages of them. This will help you gain clarity as to what makes ICOs great and not so.

You should know by now that we’re completely transparent in this course, we don’t sell a false promise, we clearly mention there are scams out there in the ICO world, that’s the reason we’re here in this course. We want to help you understand this world, and ensure you invest in the successful projects, not the ones that sell false promises on the next big thing.

Hence, we wanted to share this lecture with you, where we’re going to be covering three distinct advantages, and disadvantages of Initial Coin Offerings.

Lets start of by discussing the advantages of Initial Coin Offerings.

First, ICO’s Provide Opportunities. If a promising project with good prospects comes along, ICO’s have the power to catapult that project and provide an opportunity for it, think Ethereum. An ICO helped create the second most valuable cryptocurrency, which is now the platform of choice for many DAPP Developers.

Second, Early Access For Investors. Initial Coin Offerings allow us to get in on the ground level with a projects token, now that if that project goes ahead to succeed, naturally the value of the token linked to the project should rise in value. All in all, turning us a very healthy profit. Linking back to the Ethereum example again, that was sold at 0.0005 Bitcoin for Ether - if you got in then, you’d be experiencing one amazing return on investment.

Third, No Red Tape. Think about the lengthy process that projects must currently go through in order to be able to start working on their project, it’s pretty common that these projects don’t even get off the ground, simply due to being blocked by regulators and other bodies. However, with an ICO all you need to get going is a WhitePaper, the crowd then choose if they want to invest or not. There’s no middle person here, it’s a direct link between project creators, and users.

Lets flip that around now, and discussing the disadvantages of Initial Coin Offerings.

First, Scammers. This leads on from the third point of advantages which was, no red tape. For this reason, it attracts scammers to the field trying to deceive people out of their hard earned money. Consequently this deters genuine investors from Initial Coin Offerings, as they perceive it to be flooded with pointless with projects.

Second, It’s All Speculation. Remember that when you invest in an ICO, you’re investing in an idea. More often than not, that project has not been executed upon as of yet. You’re investing with confidence in the White-Paper, Development Team, and Community. Hoping that they’ll be able to pull of what they’ve showcased to the world. Projects can, and do fail, The DAO is an example to bear in mind here.

Third, Regulations. Due to the large amount of money that tends changes hands during Initial Coin Offerings, it has naturally caught the interest of regulators. Both taxation regulators, and legal regulators. They have implemented, and are always revising their laws when it comes to ICO’s. But many see this as a intrusion on the decentralised nature of cryptocurrencies.

All in all, the world of Initial Coin Offerings can be pretty scary. Especially with the number of projects that fail, hacks, and scammers out there taking advantage of our hard earned money. But I feel you need to go into the world of ICO’s with your eyes wide open, rather than with the Fear Of Missing Out mentality. But that’s everything for this lecture, I look forward to seeing you in the next lecture where we’ll be discussing how to track the cryptocurrency markets.