

**icoWorld**

# White Paper

## **icoWorld**

Social network for cryptoinvestors, rating service, escrow service

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**Disclaimer:** This document is only intended for familiarization with the icoWorld project and is informative in nature. The document is not an offer to buy icoWorld products, invest in icoWorld or in any other company. The icoWorld team can change this White Paper as the project develops.

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**Problems of the ICO market:**

1. Lack of transparency, information asymmetry
2. High level of fraud
3. Total distrust between market participants

**Project idea:**

1. Connection of the main participants of the ICO market (investors, projects, asset managers) on one platform
2. Creation of transparency and escrow services
3. Maintaining trust between participants

**Project products:**

1. Social network
2. Rating service
3. Escrow service
4. Monitoring service (or stop-scam service)

**Project value:**

1. Association of investors, managers and ICO projects in one place
2. Infrastructure for conducting business relations between participants
3. Infrastructure for verification of information provided
4. Infrastructure for secure financial cooperatives
5. Infrastructure to protect investors from scams and non-market risks

The result of the successful implementation of the project will be the possibility of convenient, honest and transparent interactions between participants in the world of ICO investment.

In 2017, total investments in ICOs exceeded \$3 billion. In the first half of 2018, this grew six times—in aggregate ICO projects have already attracted \$18 billion. According to analysts, by December this figure will reach \$22 billion.

Initial Coin Offerings are the fastest growing market in the world. They are highly profitable—promising projects can increase their market capitalization by tens or hundreds of times after a successful crowdsale. This attracts more and more new investors to cryptocurrency startups, and contributes to the rapid development of ICO infrastructure.

However, despite the advantages, the ICO market is very young. And like any young market, it has a number of serious problems:

- Lack of transparency of information
- Lack of rating services
- High fraud rate
- Impossibility of secure fund consolidation
- Investors distrust projects and each other

We have detailed descriptions of each of these issues below.

## 1.1. Lack of transparency of information

The ICO market is not transparent. Start-up founders, major players, and insiders have more information than ordinary investors. Ordinary investors are not able to find out the true state of projects nor estimate the competence of a team due to many reasons. Therefore, they are forced to settle for using the data provided, which is often far from reality. Moreover, even in the presence of reliable information, ordinary investors cannot always distinguish promising projects from those that are less promising, since this is a complex process that requires serious knowledge, experience, and time. These are elements that are missing from the average investor.

*This state of affairs creates a problem of transparency. Thanks to this, insiders manipulate the market in various ways, from overestimating expected profits and making unreasonable promises, to raising funds for a hopeless project in advance. Taking advantage of the inefficiency, opacity, and asymmetry of information, unscrupulous start-up executives and other insiders cause serious damage to the market, and all while acting within the law.*

As a result, ordinary investors either overpay for tokens, or get stuck with unnecessary and illiquid assets. In any case, they lose money. And in any case, the credibility of the entire ICO industry is undermined.

## 1.2. Lack of rating services

Professional players are starting to enter the ICO market—asset managers, funds, and institutional investors.

Their activities consist of three stages:

1. Accumulation of the funds of many ordinary investors
2. Investment in promising projects
3. The distribution of profits among the original investors

This is a classic business model for well-known financial institutions. The model itself really has value—it allows ordinary investors to invest and profit without specific experience and knowledge. In turn, managers earn additional income in the form of management fees. This business model has been successfully used in the financial world for over a hundred years.

*However, traditional asset management does not work in the ICO market. Due to the lack of rating services, ordinary investors are not able to distinguish successful managers from unsuccessful ones. There is no verified data on education and work experience. There is no regulation. And, most importantly, there is no reliable history of past results.*

While in the financial world there are investment banks with hundred-year-long reputations, and rating agencies that track their activities, these institutions do not operate on the ICO market. In fact, by transferring funds to asset management, ordinary investors are playing the lottery. If the manager really turns out to be a professional, then the investors make money. If he lied about his competence—they lose. At the same time, it is almost impossible to get an independent and objective assessment before the start of the cooperation.

This situation inhibits the development of the industry. Ordinary investors cannot make a profit on their own, since the hype is now over, and less than ten percent of ICOs have real growth prospects. At the same time, ordinary investors cannot give money to a manager, because there are no managers with proven reputations.

## 1.3. High level of fraud

In 2017, fraudsters stole a tenth of the funds invested in ICOs. This is more than \$300 million in numerical terms. In 2018, the trend continued—according to analysts, more than 85% of ICOs are either fraudulent or financial pyramids, or hopeless projects doomed in advance.

The situation is aggravated by the lack of regulation. If in the ordinary world fraudsters can be found and punished, and the money returned (at least partially), in the cryptocurrency market there is no such opportunity.

*Funds sent to the scam project disappear forever, and legal prosecution does not bring results. The current situation creates a convenient place for the scammers, who are a serious problem in the current ICO market.*



## 1.4. Impossibility of secure fund consolidation

Most projects provide special conditions for major contributors. As a rule, they are significantly better than for all others. Moreover, the most promising projects, basically, are interested in large investors, so they put up high thresholds that are insurmountable for the average cryptoinvestor. Because of this, the general public cannot participate in really good projects. This is especially noticeable in the pre-ICO stages.

The way out of the situation is the consolidation of many small investments into one large investment, which will allow a group of small investors to become a strong player. This strong player will be able to enter the ICO along with other major contributors.

However, there is a problem. How can they ensure the proper use of funds? In other words—where is the guarantee that the person responsible for the collected money will send it to the project, and not to his personal wallet? And where is the guarantee that he will distribute the received tokens fairly? There is no guarantee. Today, the ICO market does not have institutions with a sufficient level of trust to conduct such an operation. And most of the existing smart contracts that algorithmize the conditions of consolidations contain serious vulnerabilities and do not stand up to professional criticism.

*In fact, cryptoinvestors cannot pool, consolidate funds and participate in an ICO under good conditions, because if they try they are constantly at risk of losing money because of the potential bad faith of the pool organizers.*

## 1.5. Investors distrust projects and each other

A combination of the above problems alludes to the main issue—the problem of trust. Existing cryptoinvestors cannot trust anyone—not projects, managers, communities, nor cooperatives. Everywhere they face the danger of losing money due to incompetence or (more often) bad faith.

This leads to the fact that investors spend 90% of their time on identifying scams and fraud, and not on evaluating projects or building portfolios. Naturally, this situation is extremely negative for the industry and most strongly inhibits its development.

*It is impossible to talk about venture capital investments if the basic issues of transparency of human relations are not resolved. Therefore, it is the problem of trust that is the most crucial in the ICO market today.*

### 2.1. What is icoWorld

icoWorld is a social network for cryptoinvestors, asset managers and ICO projects. Also, icoWorld has a number of additional services that provide transparency in business relations and compliance with the terms of transactions.

The idea of icoWorld can be summarized in three consecutive steps:

1. Connecting all ICO market participants in one place
2. Creation of rating and escrow services
3. Maintaining trust between participants

The concept of the project is divided into the following components:

1. A social network as a way to unite participants
2. Blockchain guarantee services as a way to achieve transparency
3. Monitoring services as a way to protect against non-market risks

The result of the execution of the concept, and the final goal of icoWorld, is the possibility of convenient, honest and transparent participant interactions in the ICO investment world.

### 2.2. icoWorld Products–Social Network

icoWorld is based on a social network that connects the main stakeholders of the ICO market:

- Ordinary investors
- Asset managers
- ICO projects

These participants have different but interrelated goals:

- Ordinary investors want to invest in promising projects and make a profit
- Asset managers are looking for not only promising projects, but also ordinary investors who want to give money to asset management
- Projects want to receive financing, which is provided by ordinary investors and asset managers

All participants are interdependent. Projects cannot exist without investors, and investors cannot invest without projects. Asset managers are also needed—they enable ordinary investors to make a profit even without professional knowledge and skills.

A social network is a natural way of bringing together stakeholders. At the conclusion of investment transactions, there is a long communication, both public and private. The same thing happens when transferring money to asset management. Creating a space that concentrates the target community and provides a means of internal communication is a logical step in the development of the market.

### 2.3. icoWorld Products–Warranty Services

icoWorld users have regular monetary transactions with each other. Investors finance projects. Investors transfer money to asset managers who finance projects. Investors gather in pools to receive bonus tokens.

All this implies monetary cooperation. Cooperation requires services that ensure its reliability and transparency. In icoWorld, these services are presented in three forms:

1. Rating service
2. Escrow service
3. Monitoring service (or stop-scam service or due diligence of ICO projects)

Below we have a detailed description of each of these services.

### 2.3.1. Rating Service

The rating service allows asset managers to demonstrate investment results. It works as follows:

1. Managers make recommendations and confirm with their own investments
2. All information is recorded in the blockchain, which ensures its safety and immutability
3. Changes in recommendations are reflected on a special chart in real time

Thus, thanks to the rating service:

1. The investment history of managers becomes reliable
2. The investment history of managers is not questioned in the crypto community
3. Ordinary investors have full information about the successes and failures of managers
4. Inefficient and unprofitable managers are eliminated

*With the help of a rating service, ordinary investors can find legitimately successful managers. In turn, asset managers receive an independent and generally recognized track record, which can be referred to when searching for customers.*

### 2.3.2. Escrow Service

When pooling investors to get bonus tokens or to transfer money to asset management, icoWorld ensures the honesty of the cooperation. icoWorld also acts as a guarantor in the financing of projects and monitors the use of funds.

The escrow service works as follows:

1. Social network users agree among themselves about the conditions of cooperation.
2. The leader of the cooperation submits an application to icoWorld for the creation of an escrow service.
3. If the terms of cooperation are simple (for example in the case of bonus tokens), then the icoWorld team creates a smart contract that fully algorithmizes the transaction.
4. If the terms of cooperation are complex and are not amenable to algorithmization (for example in the case of project control), icoWorld acts as a third independent party and controls the transaction independently.

*With the help of the escrow service, the possibility for unfair behavior is eliminated, and maximum trust between market participants can be achieved.*

### 2.3.3. Monitoring Service or Due Diligence of ICO Projects

icoWorld performs obligatory due diligence of projects that are registered on the site. The procedure protects investors from fraudulent ICOs and allows them to concentrate on evaluating the project, and not on verifying its founders.

The service works as follows:

1. The project applies for a registration profile on icoWorld.
2. The icoWorld team checks the accuracy of the information provided, and if necessary involves external experts.
3. An independent audit report is formed, which is attached to the project profile.
4. The project is registered on icoWorld.

*With the help of the monitoring service investors are protected from early-stage non-market risks.*



### 2.4. icoWorld's Value

Since the icoWorld social network unites three groups of participants, it should have a unique value for each of them.

Thanks to icoWorld, ordinary investors can:

1. Read content created by other users
2. Get together in investment pools, get bonus tokens
3. Search for asset managers using a filtering system
4. Evaluate the activities of asset managers objectively
5. Find out the details of investment strategies using blogs or personal messages
6. Transfer money to asset management, receive passive income
7. Partake in secure cooperations
8. Invest in scam free projects

Thanks to icoWorld, asset managers can:

1. Demonstrate performance of investments
2. Create an independent authoritative reputation
3. Blog
4. Receive a natural inflow of investors without spending on advertising
5. Communicate with potential investors
6. Build a loyal investment community
7. Receive funds for asset management

Thanks to icoWorld, ICO projects can:

1. Get access to a large number of potential investors
2. Gain increased confidence due to completed due diligence
3. Promote the project through a social network
4. Attract funding

### 3.1. For ordinary investors

John is an investor who has \$100,000. He earned this money as a high-quality neurosurgeon. When it comes to cryptocurrency investments, John does not understand anything at all, and is never going to understand. His main task is to save lives. However, John wants to invest in ICO projects.

In this situation, John needs a steward. A professional, who will find a promising project and agree on the terms of participation. Thanks to this, John will be able to invest money profitably and not be distracted from his main job.

Therefore, John registers with icoWorld and begins searching for a manager. Using filters, John selects candidates that are suitable for him in terms of risk, expected profit and other parameters. Then he studies their profiles—their education levels, work experience, and philosophy on investment strategy. He reads blogs in which the managers share their thoughts on the market situation. Most importantly, John sees verified results of past investments, which most accurately reflect the past success of the manager.

If everything looks good, John chooses a manager and asks detailed questions in personal messages and agrees on terms of cooperation. Then the cooperation takes place—John transfers the money to a trust in one of the ways provided on the platform. The manager invests the funds in the project and oversees its development. After exiting the transaction, the profit earned is distributed between John and the manager in the previously agreed upon proportion. At the same time, icoWorld ensures the transparency and fairness of the transaction at each stage.

Thus, John successfully invests in ICO projects, even without possessing any relevant knowledge. And thanks to icoWorld, he is maximally protected from non-market risks.

### 3.2. For asset managers

Kevin is an asset manager. He has been in the investment business for ten years. First, he worked at an investment bank, then for a venture capital fund. Now Kevin wants to go sol, build a reputation in the ICO investment market and take on asset management.

That is why Kevin registers with icoWorld. He fills out a profile, attaches diplomas and certificates, and gives contact information. If desired, he gets his applies for data verification (diplomas, certificates, certificates of employment), which is conducted by the icoWorld team and is reflected on his profile. In this way he increases investor confidence, because only a true professional is ready for strict verification.

Kevin attaches a cryptocurrency wallet to the profile. He invests in ICO projects from this wallet and demonstrates the results of his activities. The contents of the wallet and the dynamics of investments are clearly reflected in the special graphics in Kevin's profile, and prove his ability to manage assets to investors. In addition, Kevin maintains a blog, the best posts of which are displayed in the icoWorld feed and attract additional attention to his profile.

After some time, Kevin appears credible and reputable. Investors see his past success and believe in its accuracy. Therefore, when Kevin creates an investment pool or collects money to manage, he has no problem finding customers. Moreover, investors are ready to pay Kevin a management fee, since he helps them earn a profit. icoWorld guarantees the receipt of this fee.

Thus, Kevin takes the money into management and significantly increases his income. In fact, Kevin turns into a small venture capital fund with an infrastructure created to attract customers and secure transactions.

### 3.3. For investment pools

Martin, Dean and Alice are investors with investable capital of \$40,000, \$25,000 and \$70,000, respectively. They found a promising project in which they want to participate. Moreover, this project provides 15% bonus tokens for investors who invest over \$100,000.

It is beneficial for Martin, Dean and Alice to combine their investments, act as one investor and get the bonus. However, they are unfamiliar with each other and, therefore, do not trust each other. Therefore, Martin, Dean and Alice submit an application to icoWorld to create an investment pool. The icoWorld team creates a smart contract that algorithmizes the deal and automates the receipt and distribution of tokens. Martin, Dean and Alice send money to it. They do not worry about their safety because the smart contract protects the interests of each participant equally.

Thus, Martin, Dean and Alice receive a 15% bonus, which they otherwise would not get.

### 3.4. For ICO projects

Crypto Payment Place is a project that is developing a new cryptocurrency payment network. The project has an interesting idea, a strong team and has already produced a prototype. However, further development requires significant investment.

Therefore, Crypto Payment Place is applying for registration at icoWorld. Then it passes due diligence. After successful verification, the project receives its own social network profile, fills it out with detailed information, and starts searching for investors. Parallel to this, the icoWorld team creates a smart contract for Crypto Payment Place with crowdsale conditions and publishes it on a special section of the site.

First Crypto Payment Place uses filters to find asset managers who are interested in similar ideas and tells them about the project through private messages. Since Crypto Payment Place has already passed due diligence, when communicating he automatically gains increased confidence. If large managers like the idea and the conditions of the project, the fundraiser can end at this stage.

If managers are interested, but they don't rush to invest, Crypto Payment Place uses blogs for mass promotion. It puts out press releases and creates interesting articles that are displayed on the main page with special algorithms. Because of this, the entire social network learns about the project, which has a positive effect on the success of the upcoming crowdsale.

Finally, Crypto Payment Place holds an ICO. The project accepts funds for a smart contract prepared by the icoWorld team. As before this hundreds of managers and hundreds of thousands of investors have already learned about the project, the ICO collects its hard cap.

Thus, Crypto Payment Place conducts a fast and successful crowdsale with minimal advertising costs.

### 4.1. Implementation of the Rating Service

The rating service is based on a cryptocurrency wallet that is tied to a manager account.

It works as follows:

1. The manager registers with icoWorld.
2. The manager indicates the address of the cryptocurrency wallet.
3. icoWorld binds the wallet to the manager account.
4. The manager accesses the funds in the wallet.
5. The manager participates in an ICO.
6. The manager receives tokens.
7. icoWorld reflects the contents of the manager's cryptocurrency wallet.
8. icoWorld reflects the results of the cumulative transactions of his tokens.

The reflection of the dynamics occurs on a special schedule in the manager's profile. icoWorld receives data on the price of the token from various exchanges. If a token has no price on the exchanges, its price is temporarily taken as a constant and is reflected at face value.

Several cryptocurrency wallets can be linked to the manager's profile at once. This allows the manager to demonstrate the results of different investment strategies.

icoWorld does not create an internal wallet. Instead, the service connects to existing solutions. This increases the convenience for managers because it allows them to use familiar software.

### 4.2. Implementing Escrow Services

Escrow services in icoWorld are implemented in three ways:

1. Implementation through smart contracts
2. Implementation through the control of the icoWorld team
3. Mixed version

The method used depends on the complexity of the specific task. If the terms of the transaction (or cooperation) are simple and amenable to algorithmization, then icoWorld creates a suitable smart contract. If the conditions are complex and it is impossible to algorithmize them, then icoWorld acts as an independent third party, i.e. a classic escrow agent. A mixed option is also possible when part of the conditions are entered into a smart contract and part are controlled by the icoWorld team.

### 4.3. Implement Due Diligence

Due diligence is a standard procedure in the financial world that protects investors from low-quality projects. icoWorld implements this procedure as a part of its services. Due diligence is carried out both by the internal icoWorld team and with the involvement of external experts.

The specific method depends on:

1. Specific features of the project
2. Project jurisdictions
3. Geographical location of the project

The due diligence procedure in icoWorld is possible due to effects of scale. For an ordinary ICO investor it makes no sense to spend \$50,000 on due diligence in order to invest \$10,000 in a project. In icoWorld the situation is different—hundreds of projects a year go through a social network, which attract money from hundreds of thousands of investors. This creates huge monetary turnover. A small commission from this turnover allows you to completely finance the necessary services without losing the economic benefits.



### 4.4. User engagement

icoWorld plans to attract three user groups:

1. Asset Managers
2. Ordinary investors
3. ICO projects

At the beginning of icoWorld's development, core marketing will be directed to the first two groups. The first asset managers will register in the social network, being motivated by special conditions. In particular, icoWorld will invest its own resources in promoting manager profiles to attract potential investors from the external market for them. In return, managers will write posts for the blog and fill the social network with content.

Initially, icoWorld will attract ordinary investors through advertising. Subsequently, organic growth is planned. High-quality content created by managers will interest investors, and they will start registering on the social network. The increase in the number of potential customers will motivate the new managers to register. The circle will close and icoWorld will continue to develop.

After reaching a critical mass of users, icoWorld will begin to attract projects. Once potential investors (and therefore investments) reaches a sufficient number, projects will want to go through due diligence and register profiles. This will ease the task of icoWorld and allow it to use standard marketing strategies.

icoWorld is more than software code, a rating service, or smart contracts. icoWorld is a platform that is developed by the users themselves. They create blogs, write interesting articles, and communicate with each other. This fills the social network with interesting content and a loyal audience.

icoWorld is growing exponentially. The increase in the number of users leads to an increase in useful content. And the increase in useful content leads to a further increase in the number of users.

Thus, it is not enough for a potential competitor to copy the idea and create a similar product. They will need to win a new audience with quality information from quality participants, which will already be present in icoWorld. And this is a much more difficult task.

After several years, social network users will have created a large quantity of useful information. Recreating it from scratch will require huge resources. This will be a serious obstacle for a potential competitor and will allow icoWorld to hold its market position with confidence.

icoWorld is the first social network with a similar concept and has no direct competitors. At the same time, there are successful projects that have implemented individual elements of the icoWorld idea and proved their viability.

### 6.1. AngelList

AngelList is a project that helps startups raise investments from business angels and venture funds. There is a built-in social network, which is used for the selection of personnel in accelerators. In 2012, AngelList was already estimated to be worth \$150 million.

Differences of icoWorld:

- Focus on cryptocurrency startups
- Transaction security is guaranteed through the use of smart contracts

### 6.2. eToro

eToro is an Israeli startup aimed at the social trading market and providing follow-up services. Over the six years since its launch, it has raised \$60 million in investments, including from Spark Capital and SBT Venture Capital. eToro also has four million active users from 140 countries.

Differences of icoWorld:

- Focus on long-term investors, not speculators
- The ability to consolidate investments without transferring money to third parties

icoWorld monetization is based on commissions for the accumulation of funds. Its size depends on the investment turnover of the platform. On average, icoWorld earns 2-5% of the total investment that goes through project services.

To monetize the service, icoWorld provides the following paid services to its users:

1. Guaranteeing investment pools
2. Protection of funds in trust from non-market risks
3. Due diligence, promotion and consultation of ICO projects

Details about each of these services are described below.

### 7.1. Guaranteeing Investment Pools

When pooling investors, an escrow agent is required to guarantee the terms of the transaction and allow investors to trust the pool. The commission for the services of the agent in the cryptocurrency community can be as much as 5% of the amount of accumulated funds.

icoWorld provides investment pools with a smart contract line. The commission of the escrow agent when using smart contracts in icoWorld is 1-2% of the accumulated amount.

### **7.2. Protection of Funds in Trust from Non-Market Risks**

When transferring money in trust, an escrow agent is also required. This protects investors from manager fraud, misuse of funds, or violation of management conditions (for example, exceeding the maximum level of risk).

icoWorld provides the services of such an agent. A significant part of the guarantee is provided by smart contracts. The most difficult conditions that cannot be algorithmized are provided through the manual control of the icoWorld team.

The service fee is 2-3% of the amount under management.

### **7.3. Due Diligence, Promotion and Consultation of ICO projects**

Before registering with icoWorld, projects undergo a mandatory due diligence for a fixed price. In addition, registered projects enter into a commission agreement with icoWorld when they have a successful crowdsale. In return, icoWorld provides advertising and promotion of ICO projects, both within the social network and beyond.

icoWorld's commission is 2-5% of the amount of funds raised.

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