

# HOW ICO WORKS

# THE IDEA

- A technology team comes up with a great, new idea - usually a new technology platform based around Blockchain technology.
- In order to be able to use the newly created platform, cryptocurrency tokens are required. These tokens are issued at the ICO.
- The tokens represent the cost of transacting on the new platform.

# THE ANNOUNCEMENT

- The team announces an ICO with a presentation of the concept for the service, product or solution, which usually solves a problem, addresses a need, or is perceived to be valuable in some fashion.
- The usual way to present the idea is through a whitepaper.
- Instead of in-depth technical or academic research writing, ICO whitepapers tend to be simplified executive summaries, heavy on marketing jargon and promises.

# CAPITAL TARGET

- The team outlines how much capital it needs to raise to realize the idea.
- If this minimum amount is not reached, the ICO is unsuccessful, and the funds are usually returned to the investors.
- Some projects also specify a maximum cap to prevent overcapitalization.

# FOUNDERS SHARES

- Founders/shareholders also keep the pre mined coins.
- Founders also keep the money raised (usually 5 to 20 percent).
- X amount of tokens will be proportionally distributed between the crowdfunding participants.
- These X amount of token are also splited between mentors, adviser, lawyers, accountants (Service providers), institutional investors, corporations & general public. This is similar to IPO.

# THE TIMELINE & WINDOW

- The team specify the timeline of everything.
- The team specifies how long the ICO will be open – how long they will collect funds.  
Most ICOs choose around 30 days.

# ICO BEGINS

- The ICO opens and the collection of the funds begins.
- Some ICOs only accept cryptocurrencies, while others welcome fiat money as well.
- To accelerate the crowdfunding process, some ICOs award bonuses to early investors (5 to 15 percent on top of their investments) or use various affiliate schemes (called bounties) to spread the word.

# MARKETING & COMMUNITIES

- ICO campaigns rely heavily on their communities.
- Modern communications channels are used for interaction, such as forums like Reddit, Slack, Telegram and social media like Facebook, Twitter etc.



# ICO CLOSES

- When the time is up, or if the ICO reaches its maximum funding cap, it closes.

# ISSUE TOKEN TO INVESTORS

- The team issues tokens representing shares in the organization.
- While this can be a coin on a new blockchain, we have recently seen that more teams issue their own app tokens on top of existing platforms, such as Ethereum.

# EXCHANGES

- Sooner or later the tokens get listed on exchanges.
- Early investors can cash out and interested people who missed the ICO can then join as investors.
- Whole economy is build and it keep continuing like this.

# THE ADOPTION

- If the technology or platform see good adoption the coin's value increases.
- Once the coin's value increases Investor or early adopters can make money by selling their coins which they have earlier bought at lower cost.
- Founders can also make money by selling their pre-mined coins.

# OUR CONTACT DETAILS

**COMPANY:** Tosh Academy

**ADDRESS:** Gurgaon, India

**WEBSITE:** <http://www.toshacademy.com>

**EMAIL:** [hello@toshacademy.com](mailto:hello@toshacademy.com)



[fb.com/toshacademy](https://fb.com/toshacademy)



[@toshacademy](https://twitter.com/toshacademy)

**THANK YOU FOR YOUR TIME**

