

In attempt to overcome some of the problems current ICO market has, Vitalik Buterin and his team came out with the concept of DAICO. The idea is based on the merging concepts of DAO with the ICO concept, where investors can control the way how funds are withdrawn from the smartcontract. While this concept really solves some of the questions and is a step forward towards a more reasonable ICO market, we feel that there are still some challenges to be handled. Most of these questions are related to the way how disciplined should be investors to really make reasonable decisions, and what will happen if short term motivation of investors prevails long term product development goals. We would like to propose a different approach to solve the same set of problems:

- Project team generates their token and defines the basic price for their token (e.g. 0.001 ETH per token).
  - The ETH/\$ value of all tokens generated is enough for the project to complete the development, or more realistically, to make the project reach the break-even point. (With some reserve in mind).
  - The tokens are not for SALE by project owners. The smartcontract, which holds the tokens, doesn't really have the "payable" function. Note the variations described later.
  - But tokens inside the smartcontract can be used to pay for the job being done by developers, designers, managers, salespersons and others working on the product
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- These payments are available for review by a third party (potential investors) which could validate that the amount paid is reasonable and the project really moves in the right direction. For example, every issue in the project issue tracker is recorded into a public ledger with information on what that issue is and associated transaction.
  - Such payment for the job done can happen exclusively in the project tokens, but, if required, can happen as a combination of project tokens and traditionally established fiat or cryptocurrencies (may be outside of the publicly accessible ledger)
  - People who have earned the coins are free to sell these coins on an open market to multiple investors (for example, through EtherDelta or a separate smartcontract as described below).
  - Investors are buying the tokens from people who actually put effort to move the product further, rather than buying them from the project owner.

Optionally, to ensure that there is a demand from investors to buy tokens from developers, investors can send funds to another smartcontract — a smartcontract used to demonstrate the interest of the crowd towards the project:

- Developers can send "sell" their tokens to this smartcontract for ETH stored in it.
- Investors can withdraw funds from that contract after some period of time (for example 1 month) if they feel they don't want to be a part of this project anymore.

As a result, there is no actual "ICO" event — but there is something which we call an "Iterative Investment". Investors are buying only when the project progresses forward. Chances that the funds are misused are minimized. On the early stages, project owners overpay developers paying them more in "project tokens" than they would normally pay in dollars. Developers sell that to investors with discounts to account for the risk taken. On further stages, when it is clear that the project is moving in the right direction — these premiums/discounts become smaller and smaller.

In case if project nature requires some real funds for some asset (not lambos) — then a smartcontract may be adjusted to release a fixed amount of tokens for sale proportionally to the funds spent to pay development team.

The biggest problem in this concept is the need to be able to review transactions to really confirm that the token payments done are matching the real job done. At <https://dogezer.com> we solve that by providing our own set of tools and a special role of a "Watcher" in a team to be able to track the progress. Other solutions may require manual logging of a task completed into each token transaction or publicly accessible report being periodically published by the project owner.

Would appreciate comments and critique!