CRYPTOCURRENCY: INVESTOR'S CHECKLIST

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For my wonderful wife & loving parents

Acknowledgements

A heartfelt thank you to the most important people in my life. My parents have never wavered in their support of my ventures. Their patience allowed me to find my own path. My wife for her steadfast love, unconditional support, and guidance. And I want to give a special dedication to God for giving me the Wisdom, Hope and Grace.

Preface

Investors should find ways to stay disciplined when it comes to researching new investments. One of the ideal ways to research new investments is by using checklists. Just as train drivers have used checklists to eliminate avoidable accidents. Investors can use checklists to obtain better results.

By using Checklists, an Investor follows a disciplined approach whilst researching new investments. The Investor performs due diligence which produces long-term investment success. If an investment did not do well, the Investor can modify the Checklist based on the lessons learned. Checklists can help preserve gains and avoid chasing bad ideas by not allowing investors to get carried away with Investments based on gut feeling or Decisions based on Emotions/Hot story.

Investors often buy or sell Cryptocurrencies too quickly. When the Investor does not take time to thoroughly research, understand the Coin/Token he/she is buying, it can lead to costly mistakes. The book helps you to help you implement a disciplined investing strategy through a series of checklists.

Contents:

Chapter 1: Understanding the Fundamentals

One of the most important criteria before investing in a coin is to understand the Fundamentals of the coin.

1 What is the purpose of this coin? Does the coin solve a unique problem?

We need to understand what unique problem this coin solves or is it just a copy of another coin.

Example 1: Bitcoin is an open source, peer-to-peer, decentralized (no central authority) payment network with lower costs, faster transaction time, highly security. It solves the issue of double spending using the peer-to-peer network. No single person/entity owns Bitcoins. Everyone can participate in the network.

Example 2: Ethereum is an open-source, public, blockchain-based distributed computing platform and operating system featuring smart contract (scripting) functionality. It offers a platform to build decentralized applications, execute smart contracts. It can be used as a platform to launch any new coins.

Bitcoin, Ethereum clearly solve a unique problem. It is not trying to copy some other coin. It solves several issues.

There are several coins which do not solve a unique problem but are a copy of an existing coins. Do not invest in such coins.

2 Does a coin have a sustainable competitive advantage?

A crypto currency project earns profit if it grows its transaction volumes at a rate faster than the cost of capital plus the rate of coin inflation less degradation in monetary velocity. If this occurs, then competitors should enter to compete away these excess profits. This means that the competitor will fork the source code of an existing project. If 100 factories produce a component, this component is called a "commodity". In the same way, if 100 Crypto currency Projects replicate a similar functionality, then the functionality becomes a commodity, and this will result in the decrease in the growth of transaction volume. Unfortunately, Crypto projects that are very valuable are not sustainable sources of competitive advantage even though they create an advantage initially.

Let us consider some of the below criteria

(I) **Talent**: Talent is a not a permanent competitive advantage. Talent is seldom rare or non-inimitable Since knowledge tends to spread to many people over a period. Hence, Talent is not a sustainable source of competitive advantage.

(II) **Source Code / Technical Ingenuity**: A strong Source code is a not a permanent competitive advantage. Source code can be copied/forked. Even though a genius like Vitalik Buterin wrote a piece of code, a mediocre developer can fork the code and replicate the identical codebase. Hence, Source code/ Technical Ingenuity is not a sustainable source of competitive advantage.

In contrast, there are a few criteria which have a long term sustainable competitive advantage

(I) **Network Effect**: Some Crypto currency projects like Numeraire which have a network of data scientist that sit on a 1-sided network. Because it is difficult to coordinate with people to participate on this platform. It is difficult to compete with Numeraire to replicate 1 side of this network Hence; this is a sustainable source of competitive advantage.
Some Crypto currency projects like Steemit which have a 2-sided network of users and writers. If someone attempted to compete with Steemit, it would be difficult to replicate both sides of this network. Hence, this is a sustainable source of competitive advantage.

(II) **Ecosystem:** Ethereum has a competitive advantage over its competitors since its t has a rich ecosystem that it supports new development. It is easy to learn Ethereum's programming language "Solidity" because there are a lot of resources in the internet. There are a lot of existing projects and experienced developers. All these things make it difficult a new entrant to compete with Ethereum. Blockchain technology goal is to keep its Source code open for the common good of all. Everyone benefits from more people adopting and sharing it.

Chapter 2: Understanding the Top Management

The quality of the Top Management is very important before you make an investment not just in stocks but also in crypto-land.

1 What type of manager is running the business？

If you are investing in a manager who has a long track record (more than 10 years) of successfully managing a business, the odds that he or she will continue to manage the business successfully are in your favor. On the other hand, if you are investing in a new management team that has limited experience serving the customer base of the business, the odds are not in you favor.

Ideal managers to partner with in the business is a manager who has genuine passion for the business and it typically the founder of the business.
Example: Vitalik Buterin of Ethereum, Charlie Lee of Litecoin, Daniel Larimer of Steem

Out of the 500 businesses in the S&P, only 28 have CEOs who have held the office for more than 15 years. As confirmation that tenure improves the stockholders returns. Of the 28 long term CEOs above 25 of them had total shareholders returns during their tenures that beat the S&P 500 index.

2 Has the top management (CEO/CTO) managed a million-dollar company before? What is the total experience of the CEO/CTO? What are their total years of business experience?

If you are investing in a manager who has handled a million-dollar company successfully before, the odds that he or she will continue to manage the business successfully are in your favor. On the other hand, if you are investing in a manager who has not handled a million-dollar company successfully before, the odds might not be in you favor.

For example, Brendan Eich is the CEO of Basic Attention Token (BAT). He was the former CEO of Mozilla which was a multi-million-dollar company. He has 12 years' experience as a CEO out of the total industry experience of 36 years

Another example is Vinny Lingham. Vinny is the CEO of Civic coin. He is a serial entrepreneur who previously founded the digital gift card platform, Gyft, which was acquired by First Data Corporation in 2014. He has 17 years' experience as a CEO out of the total industry experience of 31 years

3 Are they reputed Advisors as part of this project? Have these advisors managed successful? projects in the past?

Advisors also play an important in the project. We need to check if these advisors have managed successful projects in the past.

For example: Cesar Castro is an advisor to the WAVES coin. He was the Founder and Managing Partner of Nokia. He drove the next billion mobile Internet consumers, re-invented feature phones and grew the affordable smartphone category. He was also the General manager of Microsoft mobile devices for the Latin America region.

Another example Charlie Shrem is an advisor to the InsurePal coin. He was the founder at CryptoIQ, Business Development Advisor at Changelly, Founding Director at Bitcoin Foundation, Chief Operating Officer at Decentral, Chief Operating Officer at Jaxx Blockchain Interface。

Chapter 3: Understanding the Product

Some of the selection criteria relating to the product are mentioned in this section.

1 **Does this coin have a Working product OR Alpha or Beta or Prototype or Demo or only an Idea/unknown?**

It is advisable to invest in a coin with a Working product rather than a Prototype or Demo.

Example:

Dash, Bitcoin, Verge, Monero, Ethereum, Tron, NEO all have a Working product.

Steem has a BETA version as of today.

EOS has an Alpha version as of today.

Dollarcoin product is unknown.

2 **How many users are using this product?**

The larger the number of users using the product, the more the demand/popularity of the coin, the higher the price of the coin.

The number of users joining the Steemit platform linked to the Steem coin is increasing every day creating a Network Effect. As more users sign up the growth rate will exponentially grow until we hit a point where you will be unable to find someone who has not heard/used the Steemit platform. This will be similar to what Facebook has achieved recently.

3 **Does this coin/business fulfill their promises based on the Product roadmap**

It is advisable to invest in a coin which has fulfilled their promises as far as the Product Roadmap is concerned. A lot of Projects have big and unrealistic plans. However, they fail to deliver on the their promises.

Chapter 4: Understanding the Coin

Some of the selection criteria relating to the product are mentioned in this section.

1 What is total coin supply

What is the emission rate? Is the coin inflation under control? If mined/has fixed supply, chances that the coin will be scarce, and this would lead to an increase in Price

Bitcoin has only 16,648,281 circulating supply. Ethereum only 95,346,241. A lower circulating supply creates demand with investors. Berkshire Hathaway stock is trading today at **$ 321,000 USD.** That is the price for 1 Stock & valuation of 590 Billion USD since the circulating supply is less. It is quite similar for Bitcoin. Bitcoin might reach 7,000 USD probably by end of the year. Anywhere between 60 Million—150 Million is a good circulating supply for any cryptocurrency. Take a look at the chart of Crypto currencies on Coinmarketcap.com. All the currencies having 150 Million or less in circulation have appreciated in price very quickly. When you invest in any cryptocurrency, look at the circulating supply. The smaller the circulating supply, the more lucrative the investment.

In Economics, the lower the supply while demand remains constant or increases, the higher the price. There tends to be a lag in Crypto currency between low supply and an increased price. The increased in price is not guaranteed. It would depend on Demand.

Some industrial miners might hold some of the new coins, instead of instantly selling them. What they sell now might have been mined a few months ago. As that reserve starts dwindling, the new lower supply then might be felt in the market. In anticipation, some might try to price it in, but the pricing in theory doesn't account for uninformed participants or for the lack of full information.

The total coins in circulation is called the Emission rate. The Emission rate of Bitcoin reduces by 50% every 4 years. The Lower the Emission rate, the higher will be the Demand. Ultimately this will result in a Higher Price.

2 Does the coin have its own Blockchain?

Using smart contracts in Ethereum, it is possible for anyone to issue their own tokens. Tokens that don't have their own ledger. They use the other Coin ledger. Hence, Cryptocurrency that have their own register, such as Bitcoin/Ethereum, are called "Coins", while Cryptocurrency issued on the other Cryptocurrency's ledger are instead called "Tokens". So, Bitcoin, Ethereum, Litecoin, XRP is a coin. The most famous tokens are Binance Coin (BNB), Omisego (OMG)

3 What is total total number of wallets

Check the total number of wallets used by the coin. The more the number of wallets implies more users are storing their coins in a wallet.

4 What is the time for each block to process. LTC is much faster than BTC

What is the number of transactions per second

Transaction speed is very important in the adoption of Cryptocurrencies.

The faster a blockchain, the more the number of transactions it can process, the more likely it will compete/challenge with traditional payment companies like VISA. Visa claims to handle more than 24,000 transactions per second. However, it currently handles a maximum of 2,000 transactions per second..

Bitcoin

Bitcoin can currently handle about 3 transactions per second. It can go as high as 7.

Ethereum

Ethereum can currently handle about 15-20 transactions per second.

Ripple

XRP can currently handle 1,500 transactions per second.

XRP can handle a maximum of 50,000 transactions per second if required. It appears that this number has not yet been tested in a real-world use case.

Bitcoin Cash

BCH uses a larger block size than Bitcoin in order to achieve faster and cheaper transactions.

Bitcoin Cash can currently handle about 116 transactions per second.

Litecoin

LTC can currently handle about 28 transactions per second. With Segwit implemented, LTC can handle about 56 transactions per second.

Cardano

Cardano can currently handle about 257 transactions per second.

Stellar

Stellar claims the network can handle 1,000 transactions per second.

IOTA

IOTA is currently processing about 1500 transactions per second.

NEO

NEO says it can process 1,000 transactions per second.

Cryptocurrency Solutions like the Lightning Network promise to scale transaction speeds for Bitcoin, Litecoin, Many of the coins listed above are also developing solutions that promise to scale transactions per second exponentially. However, these technologies are still being rolled out and tested. In addition, many scaling solutions are second layer and often use fewer validator nodes to get the job done, which arguably pushes cryptocurrency closer to centralization. Coins like Nano, Zilliqa along with off-chain scaling solutions like the Raiden Network will help overcome their scalability issues.

5 What is the transaction fee? LTC is much cheaper than BTC. IOTA does not charge any fee

Network fees are fees paid to the Miners of a Cryptocurrency. The Miners verify all transactions that happen on the blockchain. Transactions are put together, forming a block of data. When the block is full, the verification will be done by a miner. Once the block is solved, it is added to the blockchain. For verifying and solving this block, the miner is rewarded. The miner receives all the transaction fees set for this block.

Transaction fees are set by the miners themselves and the sending parties can accept or decline this cost. If a miner sets extraordinarily high transaction fees. It might not be accepted by any of the sending parties. Hence the miner will not be assigned any blocks to solve. These blocks will be sent to another miner with transaction fees that are accepted by the sending parties.

If all the Miners in the network agreed upon a certain price for the transaction fee. They all could decide to set an unreasonably high price. This leads to Miner Centralization which leads to higher transaction fees.

There are limitations in the number of transactions that a blockchain network can handle per second. Since the number of users are constantly increasing, more transactions need to be processed per second. To ensure your transaction are verified first, you will have to pay a higher transaction fee than the other sending parties. If you’re sending a huge amount of a crypto, you will not mind paying a few dollars in transaction fees. However, if you send a small amount of a crypto, you will mind if you have to pay a few dollars.

The lower the transaction fees, the longer it will take for your transaction to be verified since it will have a lower priority for the miners. The miners will first solve the blocks with the highest transaction fees.

6 Does the coin have decent trading volumes?

If the coin has decent trading volumes, then there would be a good amount of liquidity if you want to sell the coin later

Volumes determines the stability and credibility of trading platforms. The higher the volume, the easier it is for you to trade it off. For example, let's say you just bought some cryptocurrency (ICX). The ICX you hold in your exchange account is worth $1,000 dollars. You are happy that your assets are worth $10,000.

But the volume of ICX happens to be $500 or lower.

Hence you will be unable to sell your ICX and get back that $10,000 dollars immediately. You will have to place a limit order and wait for a long time until that order gets filled.

Low volume means low liquidity. Low liquidity means it's harder to cash out.

7 What is the Network traffic of this coin?

Metcalfe's Law can measure the value of a network. It can calculate a Cryptocurrency's value. It can predict when to sell the Cryptocurrency. Law states that a network's value is proportional to the square of the number of its users.

The key measure of value for a cryptocurrency is the network of people who use the cryptocurrency. Based on this valuation, it is possible to see when if the Cryptocurrency is overvalued.

One can calculate a value for Bitcoin based on the number of active users.

On several occasions when Bitcoin was overvalued, it crashed. The first big crash occurred in 2011 when a Tokyo based Mt. Gox exchange was hacked in. A second crash occurred in 2012 when a Ponzi scheme involving Bitcoin was discovered. The third crash occurred in 2013 when high trading volumes overwhelmed Mt. Gox, causing it to collapse. The 4th crash occurred in 2017 after South Korean regulators planned to shut down cryptocurrency exchanges.

If markets are growing at a parabolic rate. Due to herding behavior, this can occur during short periods of time. The price goes parabolic and it is not sustainable for a longer period. Hence, a crash or a correction is inevitable.

According to many experts. the timing of the crash can be predictable. The unsustainable growth rates in the market can lead to a huge volatility which in turn creates instability. Hence, any small disturbance can trigger a crash or a correction.

So, in the 4 crashes mentioned above, these were apparently insignificant triggering events. Since the market was in a critical phase, a crash or a correction is inevitable. This situation can be compared to a forest fire. Any spark can trigger a blaze if the forest is very dry. The size of the resulting fire is not related to the size of the spark that initiated the fire. The intensity of the fire depends on the network of connections between the trees that allows the fire to spread.

A prediction that Bitcoin is about to crash in the short term (few hours or days) is much more powerful than a prediction that Bitcoin will crash in the long term (few months or years). Experts can predict market crashes using data from the past."

Bitcoin was significantly overvalued even after the crash at the end of 2017 according to the Metcalfe's Law.

8 Does it have a blockchain explorer/message board/reddit/Blog

Good to invest in coins which have a blockchain explorer/message board/reddit/Blog

9 Is the coin scalable (support huge number of transactions)?

Cryptocurrency blockchain provides high levels of security and redundancy. Hence, the ntwork is highly resistant to tampering. However, the speed of the network to process transaction is very slow. Every node maintaining the blockchain database must verify every transaction on its ledger. Blockchains can currently handle a relatively low number of transactions per second.

In December 2017, the number of individuals interested in Bitcoin increased exponentially. This led to an increase in Transaction volumes. This in turn caused major transaction backlogs of hours/days.

Also, the fees associated with each transaction also increased by 3-5 times. This was a result of the inability of Bitcoin to keep up with the number of transactions in its blockchain.

Ethereum also encountered a similar slowdown in late 2017. The brightest minds in the Crypto space have been working hard to solve the scalability issue. Scaling solution like Segwit 2x failed in 2017. The community decided that the hard fork which was required for Segwit 2x could lead to a more serious problem. Hence it was not implemented by consensus.

Solutions that do not require consensus approval and centered on Off-chain solutions are currently being developed. Platforms that permit large batches of transactions to occur within a closed loop system. It uses the blockchain to close out these batches in one single transaction.

There are two prominent Off-chain solutions currently being developed. The Lightning Network, which is developed in Bitcoin. The Raiden Network is developed in Ethereum.

Another option to solve the Scaling issue would be to centralize certain blockchains in order to reduce the amount of consensus needed to validate transactions.

Solutions like The Lightning Network and The Raiden Network are steps in the right direction. It is likely that the scalability problem will be solved in the near future.

10 Does the coin have high Volatility? Higher volatile coins are less reliable

Investing in cryptocurrencies involves very high risk, as prices have been extremely volatile.

Cryptocurrencies does not differ much from the commodities market. The prices are driven by the Demand and Supply. If investors want to buy, the prices increase. If investors want to sell, the prices decrease.

Between 2009-2017, Bitcoin was highly Volatile. It was common to see a fluctuation of between -40% to +40% in the daily Price. Bitcoin was a risky investment especially for Traders. However, in 2018, the Price of Bitcoin remained relatively stable with seldom price fluctuation of between -10% to +10%. Hence Bitcoin is a less risky investment on account of the lower volatility.

Normally low market cap coins have a very high volatility. Small movements in the volume of a cryptocurrency can have a pronounced effect on its price. Avoid such coins.

11 What is the market capitalization of this coin?

As an investor, you would like to make maximum gains from this investment. The lower the market capitalization of the coin, the higher is the Return on investment. Market capitalization is a useful indicator to predict the future price of the coin. This can be achieved by comparing the current market capitalization of the coin with its competitors.

For example: Current Market capitalization of

Steem coin is 160 million USD

Facebook is 500 billion USD

Facebook has 3125 times more market capitalization than Steem. If Steem can capture 10% of Facebook market capitalization (Steem market capitalization will be 50 billion), then the price of the Steem coin will be 625 times the current price (0.52 USD will be 325 USD).

We can use the same yardstick to compare 2 competing coins in the cryptocurrency space (Stratis and Ethereum).

For example: Current Market capitalization of

Ethereum coin is 163 billion USD

Stratis coin is 116 million USD

Ethereum has 140 times more market capitalization than Stratis. If Stratis can capture 10% of Ethereum market capitalization (Stratis market capitalization will be 16 billion), then the price of the Stratis coin will be 137 times the current price (1.17 USD will be 160 USD).

12 How long has the coin been in existence?

The longer the coin has been in existence, the better is the chance of success.

Some of the most successful coins have been around for a long time. Bitcoin, Litecoin, Ripple and Ethereum have been around since 2009, 2011, 2012 and 2015 respectively.

Chapter 5: Understanding the Team, Community

Some of the selection criteria relating to the product are mentioned in this section.

1 What is the size of the entire team?

We need to check the size of the team of the project. Are they a good number of Developers, Testers, Marketing, Sales representatives?

2 Can we contact the team on email/Telegram/Slack?

We need to check if the Team can be contactable on email or Telegram or Slack. Ask the team your queries and check if the team gives a satisfactory reply to the queries.

3 Are they active on GitHub?

The more the active GitHub commits compared to other coins, the higher the possibility that the development community is active, and the project is progressing well.

Also, the larger the GitHub community size, the higher the possibility that the development community is active and showing decent interest in this cryptocurrency.

Chapter 6: Implementing our Checklist

Before we invest in a Cryptocurrency, we need to analyze the same using our Checklist mentioned in the above Chapters 1 to 5. Let us analyze one of my favorite coin "Ethereum"

1 What is the purpose of this coin? Does the coin solve a unique problem?

Ethereum is a **decentralized platform** that **runs smart contracts**:

Applications that run as programmed **without any possibility of downtime**, **Secure, Free from censorship, Fraud resistant or any third-party interference**. These applications run on a custom built blockchain. An enormously powerful shared global infrastructure that can move value around and represent the ownership of property. This enables developers to create markets, store registries of debts or promises, move funds in accordance with instructions given long in the past (like a will or a futures contract), all **without a middleman or counterparty risk.** Ethereum enables developers to **build and deploy decentralized applications.** Ethereum is currently the biggest dApps and Smart contracts platform. Ethereum's has a first-mover advantage in the blockchain platform for smart contracts and decentralized applications.

2 What is market capitalization of this coin?

Currently, the market capitalization of Ethereum is 17 billion USD. It is ranked 2nd just before Bitcoin in terms of market capitalization. It accounts for 10% of the total market capitalization of all the Crypto currencies.

The Cryptocurrency market is expected to reach 3-8 trillion USD in the next couple of years according to experts. If Ethereum maintains its number 2 position, the market capitalization is expected between 0.3 to 0.8 billion USD. Hence the projected price of Ethereum will be between 18 to 47 times the current price. (167USD will be 3006 to 7850 USD).

3 Does a coin have a sustainable competitive advantage? What is the Network traffic of this coin?

In my opinion, Ethereum is one of the best blockchain projects in the market. There are around 2667 decentralized applications which have been built on Ethereum. The Ethereum blockchain is the most active smart contract platform. More than 90% of the top 100 Cryptocurrencies by market cap are built on top of Ethereum. More than 80% of the top 800 Cryptocurrencies by market cap are built on top of Ethereum. As the number of applications in the network continues to increase, the network has been plagued by slow transaction times and higher transaction fees. While Ethereum focuses on fixing its scaling issues, there are some platforms which are betting on either taking its place as the number one

smart contract platform.

A practical example to compare two competing coins is between **Ethereum and Cardano**.
Cardano is a new coin which was launched in September 2017. It has the following advantages over its rival Ethereum namely

- Security: Cardano has an Ourobus protocol which is a proof-of-stake algorithm that features better Blockchain security as compared to Ethereum. Also, Cardano is built on Haskell which is a more secure programming language.
- Cardano's two-layer system: Cardano platform has the Cardano Settlement layer (CSL) and the Cardano Computer layer (CCL). Changes can be made on the platform without the need for a fork.

Let us compare **Ethereum and EOS**. EOS was launched in 2017. Similar to Ethereum, it is a blockchain-powered platform upon which it is possible to create and deploy smart contracts. However, EOS has some significant differences from Ethereum.
One of the significant differences in the transaction speeds. The Ethereum network can currently process around 15 transactions per second. EOS claims to be able to process around 6000 transactions per second. Also, there are no transaction fees in the EOS network. This is an advantage compared to Ethereum.
In Ethereum, users pay a gas fee for every transaction.

Let us compare **Ethereum and Tron**. Tron was launched in 2017. Tron is faster than Ethereum. Tron claims to be able to handle over 2000 transactions per second. Also, there are no transaction fees in the Tron network. This is an advantage compared to Ethereum. The network also supports atomic swaps and has an inhouse decentralized exchange. It can support smart and straightforward contracts coded in Java. In Ethereum, developers must use the platform's native coding language Solidity. In Tron, the use of Java allows a more significant number of developers to work on the Tron platform.

Let us compare **Ethereum and Stellar**. Stellar was launched in 2014. Stellar Network is providing fast, low cost cross-border payments. Stellar connects payments systems, banks and people. Stellar integrate to move money quickly, reliably at a very low cost
Stellar Network has fast processing speeds. Transactions are settled in two to five seconds. The transaction fees are low. Also, the Stellar Network has smart contract functionality.
Stellar has easy-to-use development tools. Smart contracts are simple to create and do not require extensive prior knowledge of programming.
Stellar Network has a decentralized exchange where users can trade their token immediately upon deployment.

Ethereum has a clear first-mover advantage in the smart contract and decentralized application areas. The four projects as mentioned above can provide some similar functionalities with improvements. In some aspects, they can even outperform their predecessor.

4 How long has the coin been in existence?

Ethereum was launched in 2015. It has been around for long time considering the Crypto currencies were first launched in 2009.

5 What type of manager is running the business？What is the total experience of the CEO/CTO? What are their total years of business experience?

Vitalik Buterin is the CEO of Ethereum. He also serves as the Magazine Head Writer of Bitcoin. He serves as an Advisor at Fenbushi Capital. He serves as the Member of Advisory Board at Cryptape Co., Ltd. Mr. Buterin was previously the General Partner at the firm.

. In late 2011, Vitalik Buterin started the Bitcoin Magazine. Bitcoin Magazine was and is still one of the largest online media outlets dedicated to Bitcoin and cryptocurrencies. Vitalik Buterin found that using the Turing language which allows solving problems according to an algorithm using RAM. This was how the Ethereum project was first created. In 2013, Vitalik Buterin published a white paper explaining the basic concept of Ethereum

Vitalik Buterin is one of the most prominent experts in cryptocurrency. His views are respected in the Crypto space. Ethereum is widely used by NASA, the largest US retailer Walmart and hundreds of ICO projects.

6 Are they reputed Advisors as part of this project? Have these advisors managed successful projects in the past?

Ethereum does not have any advisors who have handled a multi-million-dollar project before.

7 Does this coin have a Working product OR Alpha or Beta or Prototype or Demo or only an Idea/unknown? How many users/decentralized applications are using this product

Ethereum has a fully Working Product. The Ethereum blockchain is the most active smart contract platform. More than 90% of the top 100 Cryptocurrencies by market cap are built on top of Ethereum. More than 80% of the top 800 Cryptocurrencies by market cap are built on top of Ethereum. There are around 0.38 million active Ethereum addresses as of today.

Adoption of Ethereum can be measured by the network effect of decentralized applications (dApps) and

not the number of users in the blockchain network.

Ethereum blockchain network enables dApps and users to process data in a peer-to-peer and distributed manner. Ethereum users are not required to trust any intermediary on the network to initiate transactions or carry out operations with dApps.

The best metric for the success of Ethereum is not how many DAPPs are deployed or how many transactions those DAPPs have. The number of users of dApps is an important metric. It will naturally increase as the network effect of dApps, scalability of Ethereum, and user interface of dApps continue to grow, improve.

Ethereum-based 0x protocol is leveraged by a wide range of digital asset trading platforms such as Radar Relay, Paradex, Melonport, Maker, Aragon, and Augur. All these use 0x protocol to allow users to trade digital assets in a decentralized manner.

0x protocol enables decentralized exchanges to operate on its base layer. Exchanges can share a pool of liquidity that allows users across various decentralized exchanges to trade digital assets in a shared environment. If base layers like 0x and dApps like OasisDEX and MakerDAO that offer specific functionalities that are beneficial to dApps in other categories continue to see an improvement on their network effect, a decentralized network of dApps will form, allowing many applications and platforms on Ethereum to benefit from each other innovative solutions.

Increase in the network effect and interconnectedness of the dApps will be the one of the main contributors to the mainstream adoption and long-term growth of Ethereum.

8 Does this coin/business fulfill their promises based on the Product roadmap

A lot has changed since the beginning of 2018 and even 2019. We have seen sudden delays, timelines extended, and priorities have shifted. The biggest one as of date has been the **postponing of** Ethereum's **Constantinople** Update for 2019**.** Ethereum has recently unveiled a new roadmap "**Ethereum 2.0".** In fact, the core team of Ethereum has been criticized for changing their minds very often. Ethereum 2.0 will be a series of updates that will lead to a more efficient and scalable solution.

Some of the major updates that will be included in Ethereum 2.0 will be as follows

1. Sharding
2. Proof Of Stake & Beacon Chain
3. eWasm.

To Summarize:

1. Casper FFG will be a Hybrid PoS and PoW chain
2. A deposit of 1500 Ether will be required to become a validator

3. Casper will be rolled out first. Sharding will be rolled out after Casper

Ethereum's release date for Casper FFG was scheduled in 2018. The new version of Casper will have a release date somewhere in 2019-2021**.** As mentioned, the initial plan was to roll out Casper FFG as a hybrid PoS/PoW. Casper FFG would have Proof of Stake (PoS) but will not have Sharding.
With the Proof of Stake release, validators would be required to stake 1500 ETH in order to participate in the PoS consensus.

9 What is total coin supply

What is the emission rate? Is the coin inflation under control? If mined/has fixed supply, chances that the coin will be scarce, and this would lead to an increase in Price

Ethereum has only 105,556,141 Total supply. Ethereum's new supply has nearly halved to 13,000 Ether a day from 20,000. Mining has become more difficult. Ethereum miners are producing less ETHER. Ethereum's new supply will now remain at this level until the Proof of Stake (PoS) Beacon chain fully launches. The supply will be cut by 50% (more than halve again).
In the near future, it might drop close to 10,000. This will be for very brief period as the Constantinople fork will set new issuance at roughly 13,400 eth a day. Ethereum's new supply will then fall to about 2% by the end of 2019. Lower inflation might lead to an increase in Price.

10 Does the coin have its own Blockchain?

Yes. Ethereum has its own blockchain.

11 What is total total number of wallets

The number of unique Ethereum (ETH) wallet addresses has broken 50 million of December 2018. The number of active Ethereum addresses has been decreasing steadily throughout 2018. Having peaked at around 1.1 million on Jan. 4, 2018, the amount of active Ethereum addresses has fallen by around 70 percent to 328,400 addresses recorded on December 2018 because of the bear market.

12 What is the time for each block to process? LTC is much faster than BTC
What is the number of transactions per second?

Ethereum can handle about 15-20 transactions per second. Ethereum's competitors Cardano, Stellar, Tron can handle 257, 1,000, 2,000 transactions per second respectively.

13 What is the transaction fee?

Ethereum transaction fee is 1/10th as that of Bitcoin. As of today, it is 0.1 USD compared to 1.14 USD of Bitcoin. However, most of Ethereum's competitors have zero or very less transaction fees which are lower than Ethereum. Raiden Red Eyes is an Ethereum update which will make the transactions cheaper. The implementation of a Super quadratic sharding solution could facilitate one billion transactions per day

14 Does the coin have decent trading volumes?

Ethereum has the 3rd largest daily trading volumes after Bitcoin and Tether.

15 Does it have a blockchain explorer/message board/reddit

Yes. It does have a blockchain explorer, message board, reddit.

16 Is the coin scalable (support huge number of transactions)?

With many decentralized applications (dApps) built on top of Ethereum, it's the leader of ecosystem creation amongst blockchain projects.

As on date, there are several challenges that remain unresolved for Ethereum. The primary focus of Ethereum in the immediate future is improving Ethereum's scalability.

There are a couple of upgrades which are currently planned in the near future. Constantinople hard fork upgrade lays the technical groundwork for significant scaling projects in the near future. Ethereum main scaling goal Casper is the shift from Proof of Work to the Proof of Stake.

17 Does the coin have high Volatility? Higher volatile coins are less reliable

No. Ethereum has lesser volatility compared to its competitors