

GEM

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DAICO - Why, How, Example

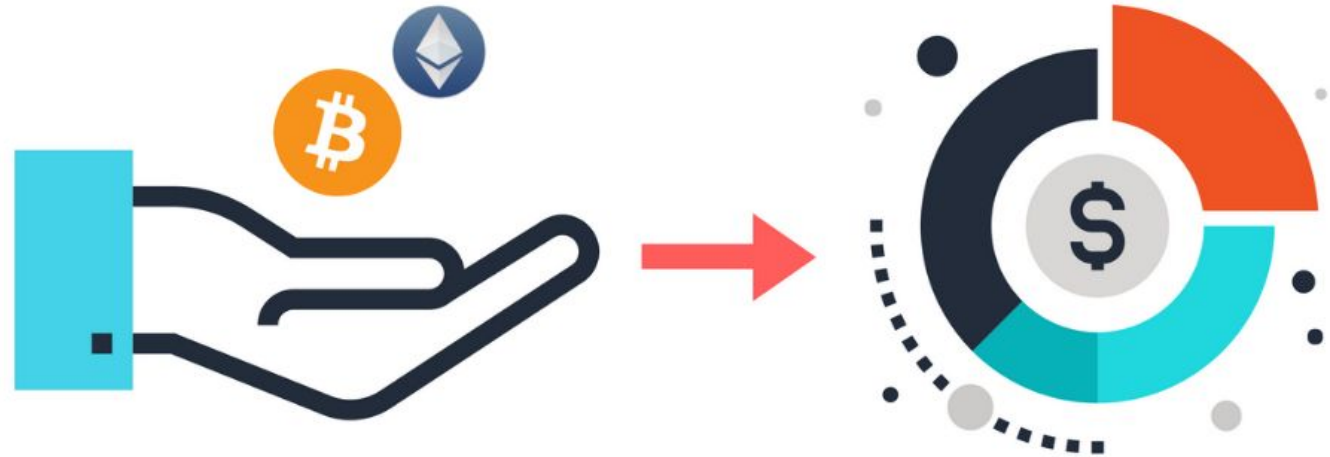


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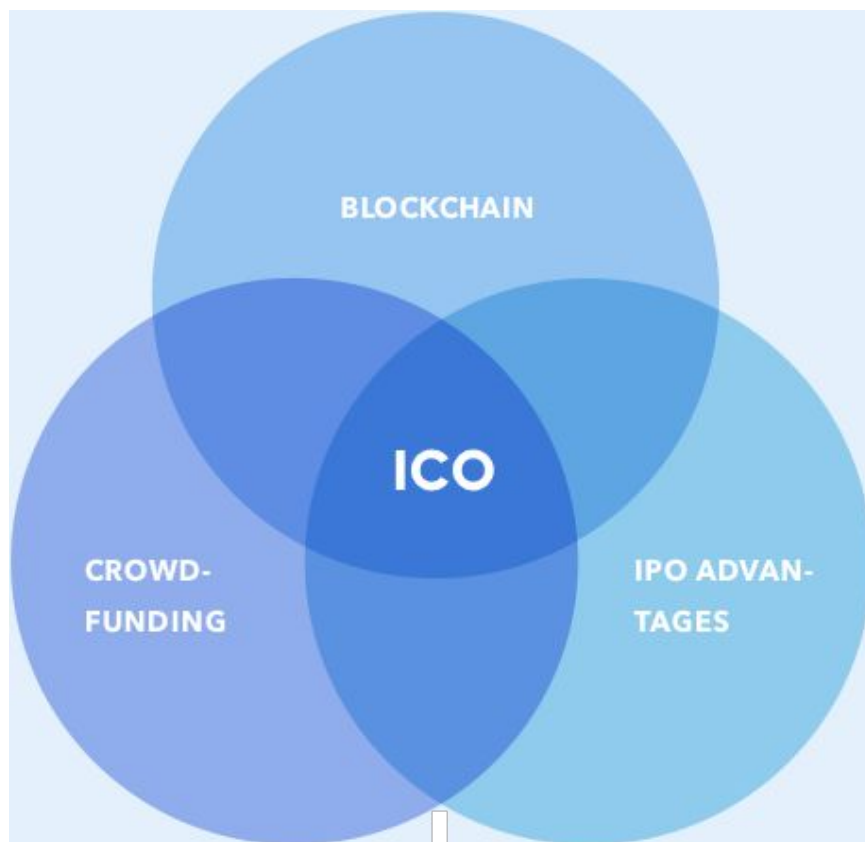
Session 1: Traditional ICO model



- What is ICO?
- How it works?
- Problems?

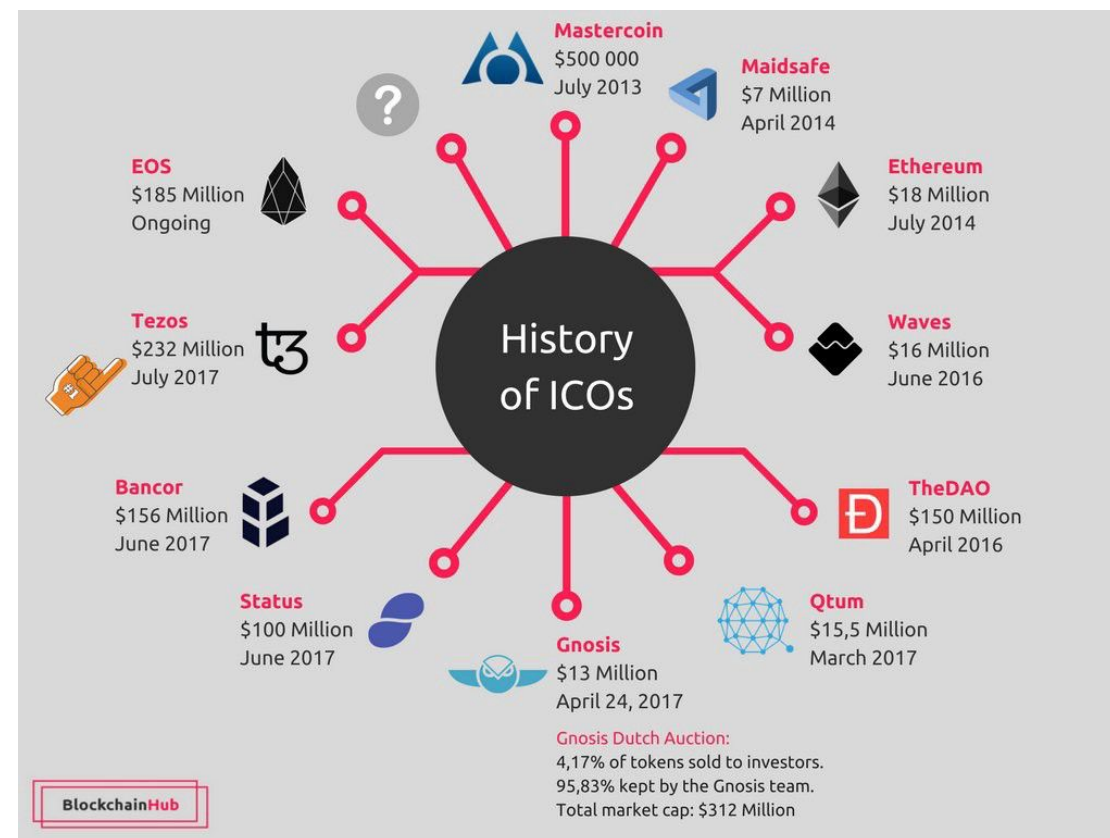
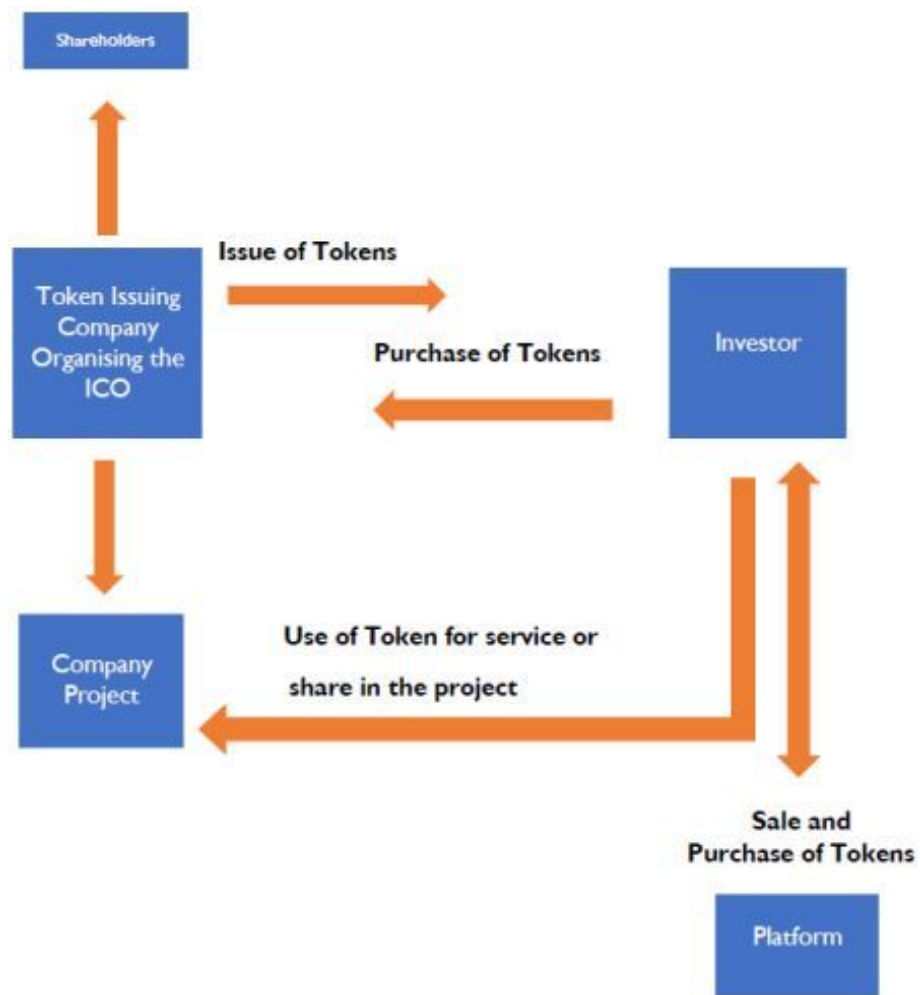


What is ICO?

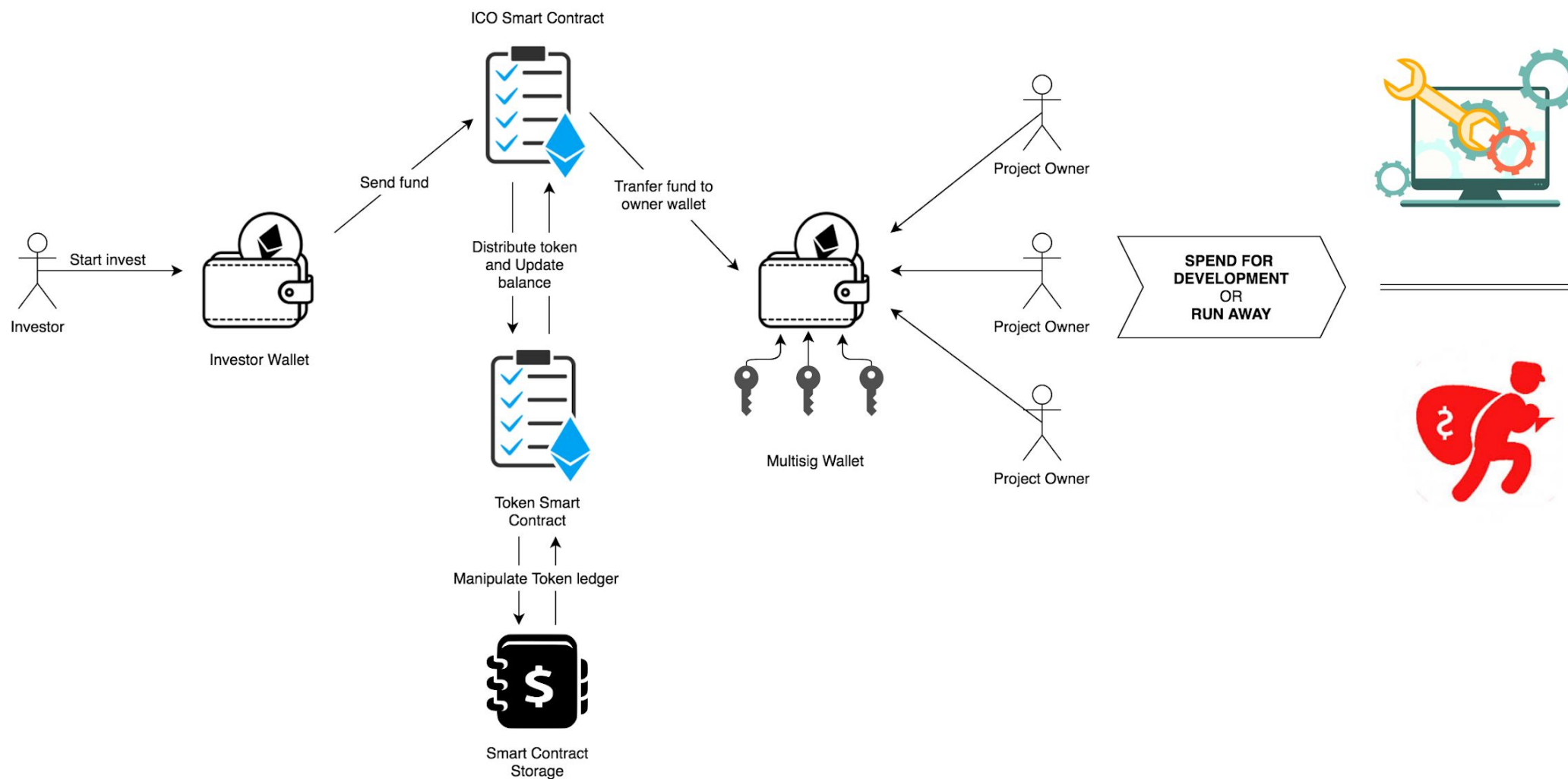


- ***Blockchain based*** model of Crowd fundraising for crypto projects
- Investors invest by sending ***Cryptocurrency*** (BTC, ETH, NEO, ...) and get back ***Project Token*** via ***Smart Contracts***
- Conducted ***entirely P2P*** on the blockchain

What is ICO?



How it works?



What's problem?



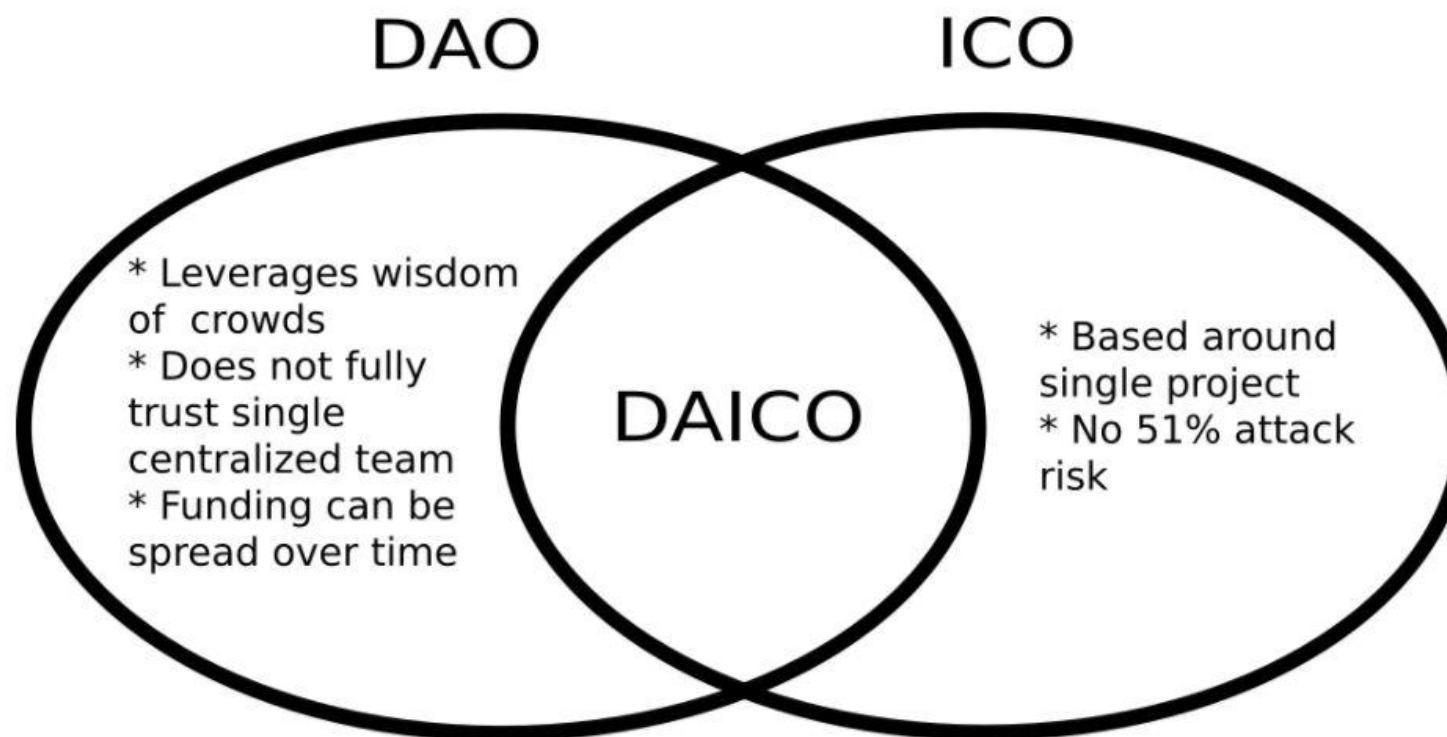
- Almost **80%** -> **90%** ICO projects are Scam or failure
- Products was built not as described in **Whitepaper**
- Investors has no right on how fund was used
- Development team has no pressure and motivation on building good product

Session 2: DAICO

- What is DAICO?
- Why?
- How it works?
- Example
- Challenges?



What is DAICO?



A sketch by Buterin.

Encapsulates ICO's characteristics whilst incorporate a Decentralized Autonomous Organization protocol to give Investors greater control over the use of funds

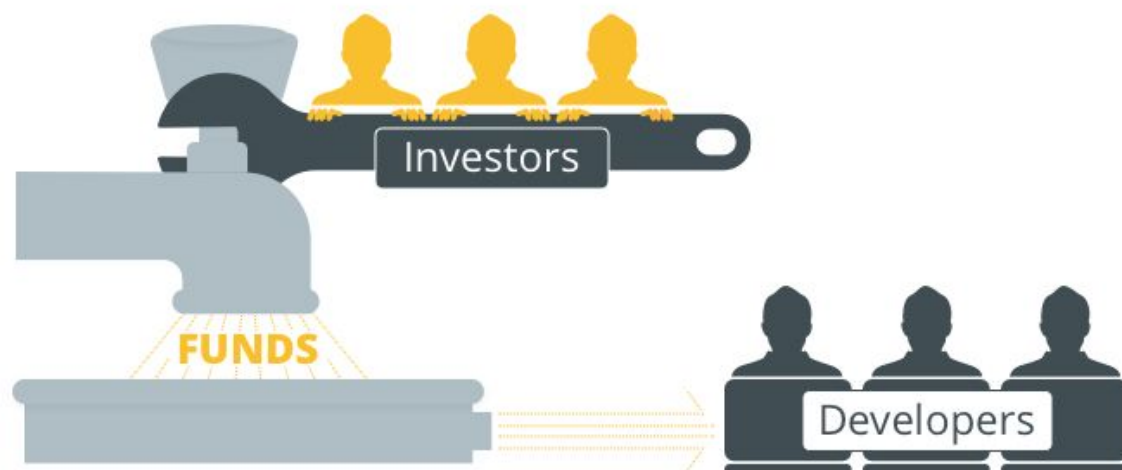
Why?



- ***No trust*** single centralized team
 - ***Fund spread out over time*** according to well-planned mechanism
 - ***Contributed fund can get refunded*** by voting of the crowd
- => Add more security to traditional ICOs

How it works?

TAP MECHANISM



- Starts off in **Contribution Mode** as normal ICOs
- No further contribute after crowdsale end
- **TAP** variable
 - Define ***amount per second*** developers can withdraw from invested funds
 - Initial value is **0**
 - Comes to effect after ICO end
 - Contributors **vote** to increase the tap

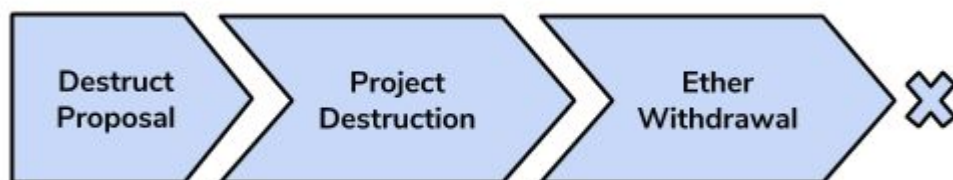
How it works?



When ICO launchers not able to keep expectation of token holders

- Raise a ***Self-destructive*** voting
- Contributors vote
- Success => Switch to ***Withdraw mode*** with amount ***proportion*** with contribution fund and remaining ICO fund

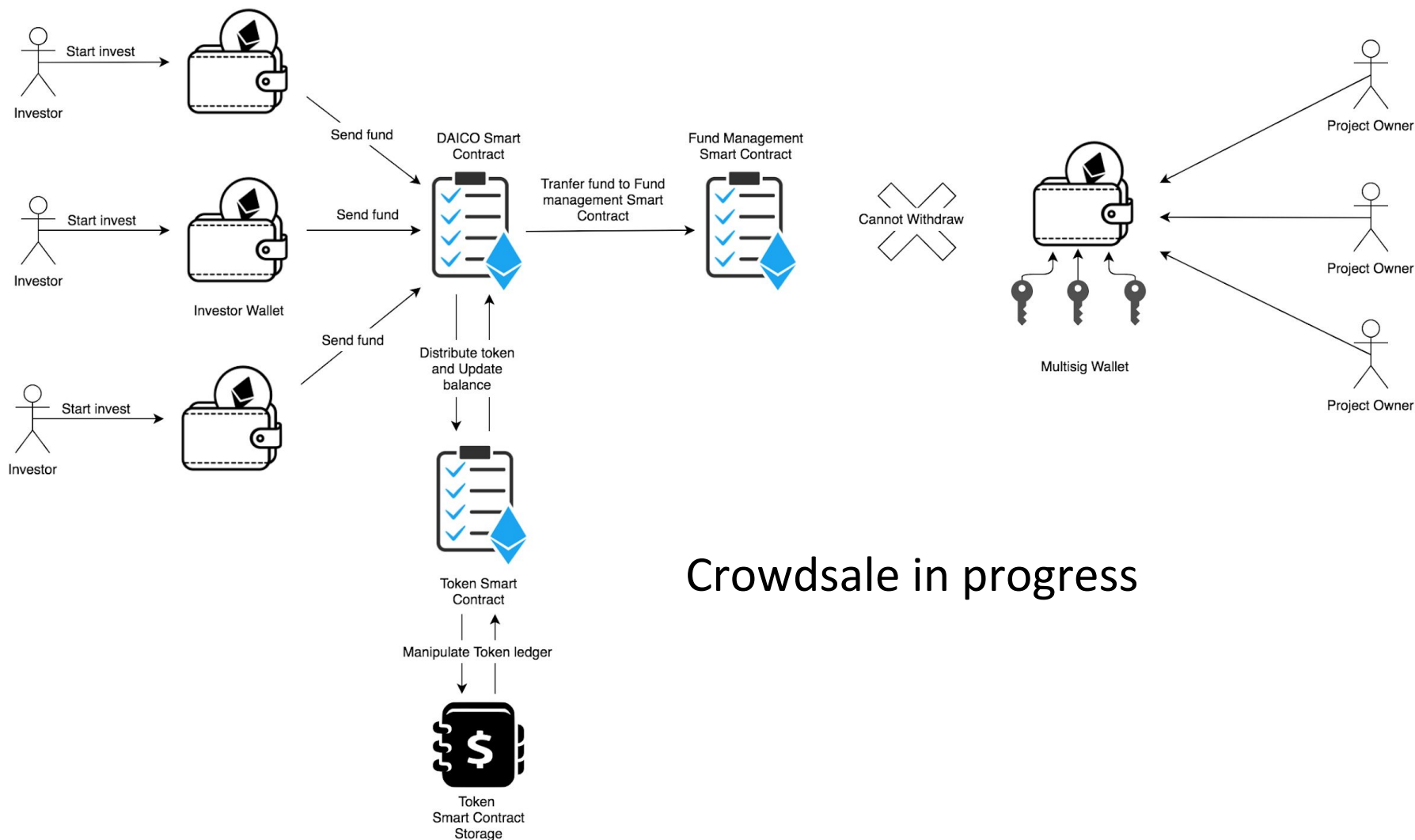
DAICO voting process



For more information about ICO governance visit <https://cgs.vote>

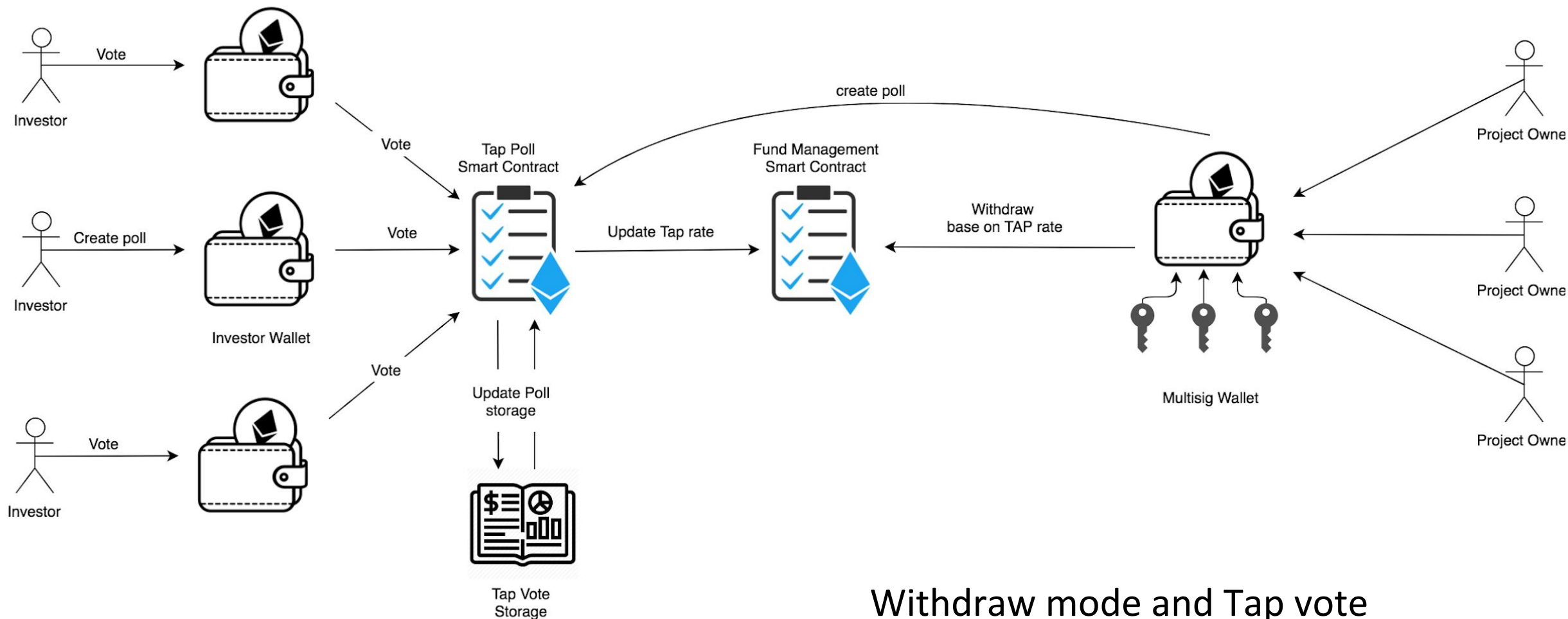
*Should use **stable token** for raising fund*

How it works?



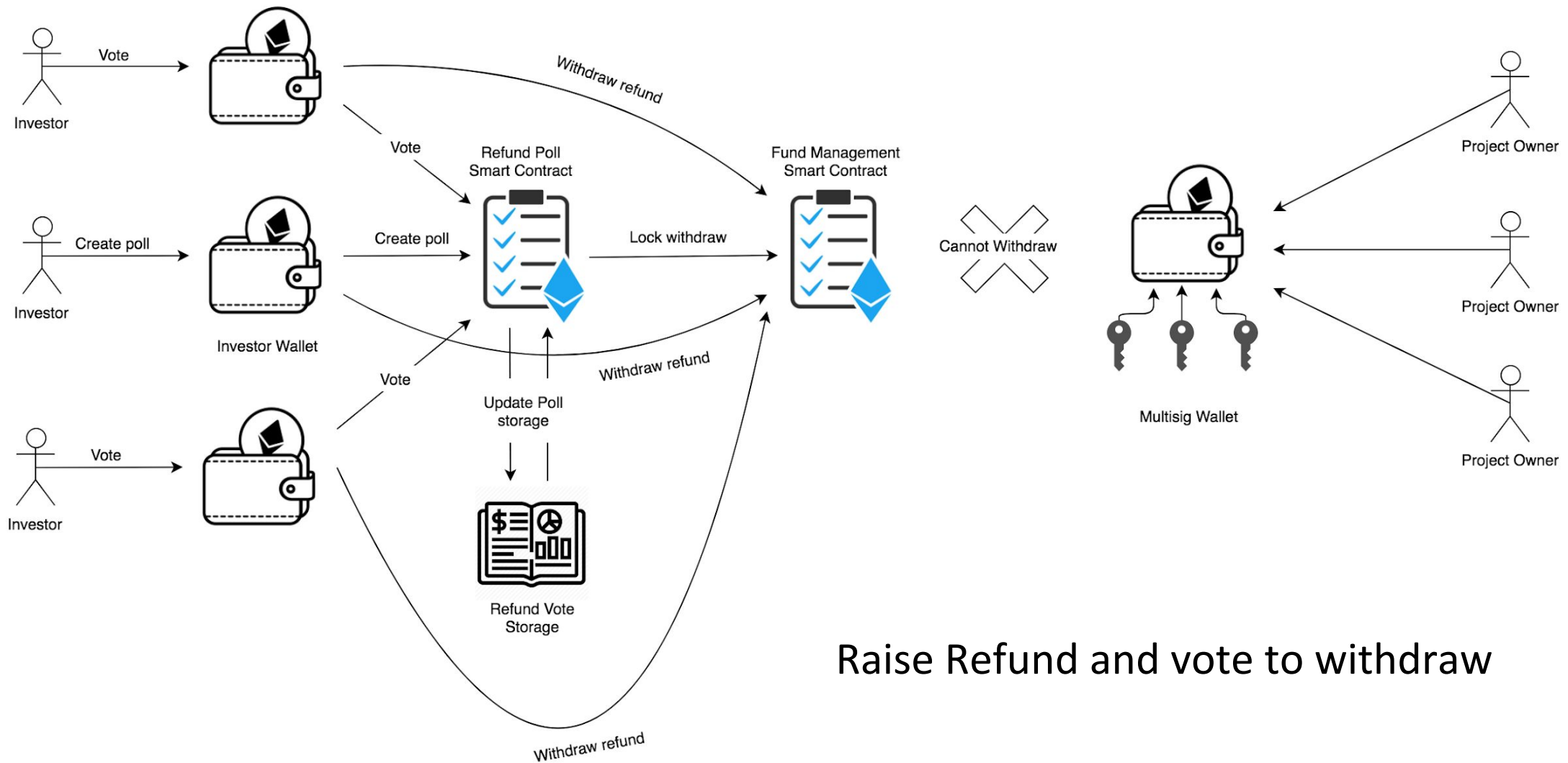
Crowdsale in progress

How it works?



Withdraw mode and Tap vote
process to increase Tap

How it works?



Raise Refund and vote to withdraw

How it works?



$$\frac{(YesVoteTokens + NoVoteTokens)}{TotalTokenSupply} \times 100\% \geq X\%$$

Criteria for approve vote result

$$\frac{CurrentContractBalanceETH}{TotalTokenSupply} = TokenRate$$

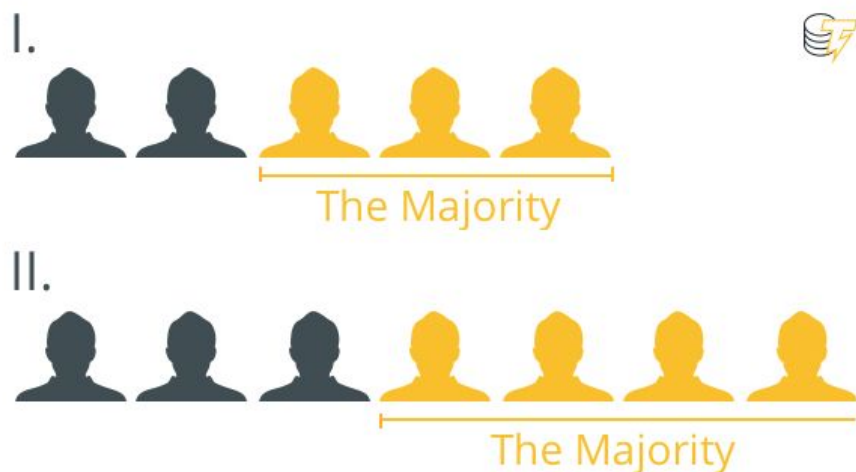
Refund rate

Code Example



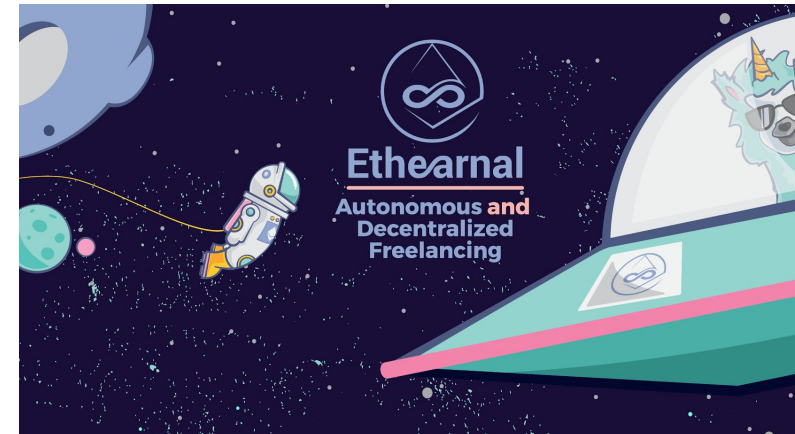
- Github: <https://github.com/socoboy/daico-sample>
- Smart Contracts:
 - **DAICOToken**: ERC20 token with multiple owner support
 - **PollManagedFund**: Fund management smart contract, to manage ETHs funded
 - **RefundPoll**: Refund Poll smart contract, will deploy when Investor request for Refund and vote for it
 - **TapPoll**: Tap Poll smart contract, user vote for increase tap, create when investor request to increase tap
 - **SimpleDAICO**: DAICO Crowdsale smart contract

Challenges?



- New and very little project adopt it
- Failure of DAO
- Contributors knowledge and educations is most importance
- Complicated on Smart Contract and Fund management logic
- Project team not always happy with Fund management belongs to Crowds Investors

Applied projects



Thank you!

References

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- <https://www.techxile.com/icos-explained-beginners/>
- <https://cointelegraph.com/explained/what-is-a-daico-explained>
- <https://medium.com/coin-governance-system/daico-and-coin-governance-system-differences-and-similarities-81ba6afc7b9b>
- <https://icocoinlist.com/ico/renitheum>
- <https://ethearnal.com>
- <https://www.theabyss.com/daico/>