

# ICO AND BLOCKCHAIN INDUSTRY SENTIMENT SURVEY AND ANALYSIS ("DIPSTICK STUDY")

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November 2018

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## Executive Summary

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*The purpose of this survey is to provide a quantitative measure to better understand the ICO and Blockchain space in order to provide recommendations to investors, participants and companies seeking funding and investment over the near to medium term.*

Concerns among firms, CEOs, and consultants in the late summer/early fall of 2018 focus on a continued decline in ICO fundraising activities and the gradual decline of capital investment.



Ongoing risks and threats to the industry persist: fraudulent ICO projects, a lack of regulation and governance and negative press. Together these challenges undermine the global expansion of blockchain-based projects. This survey quantifies and ranks risks and opportunities.

These are some key findings:

- *Despite bearish sentiment in the blockchain industry due to falling cryptocurrency prices, confidence levels remain net positive.*
- *Confidence levels also reflect the belief that the crypto markets have bottomed out after hitting lows in October 2018. Despite net positive confidence levels, investors are proceeding with standard caution (business as usual) or proceeding with extreme caution on crypto dealflow.*

- *Financial services sector (basic services such as lending and interest), is rated to have the most opportunities within the blockchain space, followed by health and life sciences, IT security, advanced financial services (derivatives and structured products), and education.*
- *ICO scams are the most pressing issue adversely impacting the industry, though some references highlight that the fact that the crypto community is adept at shielding itself from such scams. Lack of regulation and governance are other major obstacles inhibiting industry growth, although too much regulatory control may also be a concern.*
- *The top 10 most respected ICO advisors and influencers include Vitalik Buterin, Mark Andreessen, Charles Lee, Michael Terpin, Andreas Antonopoulos, Brock Pierce, Mike Novogratz, Bobby Lee, Scott Walker and Hal Finney (as per survey results).*
- *When companies select advisors, experience within ICO/blockchain industry matters the most, followed by the fee charged by them. Technical expertise, network and connections to investors are other important attributes that are also rated as important considerations.*
- *For new ICO fundraising, investors believe \$5 to \$25 million is a reasonable request, given a strong team and product.*

Further, the research team conducted a sensitivity analysis to determine the impact of a potential survey sampling error (oversampling women) and found oversampling women would have no material impact on survey results. This participation rate provides a 95% confidence level with +/- 5.485% error.

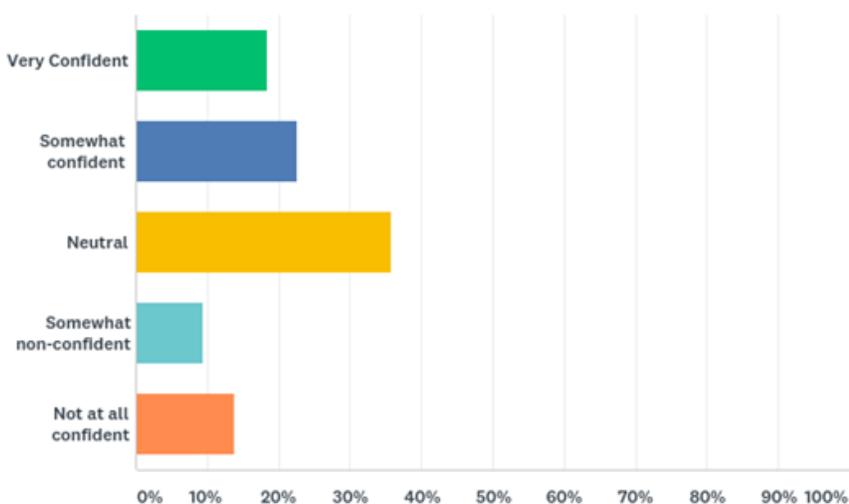
# THE STATE OF THE UNION SURVEY, “a dipstick study”

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## Confidence in the ICO Space Leans Positive

The falling price of publicly listed tokens since the beginning of the year has led to bearish sentiment within the ICO space so far. For instance, Bitcoin, the largest cryptocurrency by market capitalization, has fallen roughly 70% since its record high of about \$20,000 in Dec 2017, according to CoinDesk data<sup>1</sup>. However, the broader blockchain ecosystem is experiencing rapid growth and maturation, evolving out of a learning and exploration phase that builds on practical business applications (albeit mostly in the financial services industry)<sup>2</sup>.

### Q1 How confident are you about the ICO industry right now?



A closer look at the survey results indicates a mixed sentiment. The majority, 36% of respondents are neutral about ICOs, and 42% more confident than not (19% very confident and 23% somewhat confident) vs 23% non-confident (9% somewhat non-confident and 14% not at all confident).

Despite an overall bearish market sentiment (particularly with regards to cryptocurrency prices and market anecdotal sentiment), it is noteworthy to see a neutral to positive confidence sentiment.

<sup>1</sup>"Bitcoin (USD) Price," (accessed October 23, 2018), [available at <https://www.coindesk.com/price/>]

<sup>2</sup> Pawczuk, Linda, Rob Massey, and David Schatsky (2018), "Breaking Blockchain Open - Deloitte's 2018 Global Blockchain Survey," Deloitte, 5-6

## Male vs. Female

Unlike the gender demographics of this survey, wherein male and female have almost similar representation, the blockchain world is dominated by males. For instance, more than 96% of engagement in Bitcoin community comes from men<sup>3</sup>.

The survey data results indicate males are more confident than their female counterparts. About 45% of males feel either somewhat confident or very confident as compared to only about 30% of females. Female respondents are predominantly neutral (confidence).

Gender Analysis	Male	Female	Male (%)	Female (%)
Very Confident	31	18	20.5%	16.2%
Somewhat confident	36	23	23.8%	20.7%
Neutral	49	54	32.5%	48.6%
Somewhat non-confident	13	5	8.6%	4.5%
Not at all confident	22	11	14.6%	9.9%

## Investor vs. Non-investor

Investors are relatively more bullish than non-investors (blockchain company executives and technology professionals). About 25% of investors feel very confident and an equal number feels somewhat confident. On the contrary, less than 5% of non-investors feel very confident and less than 20% indicate that they are somewhat confident. Also, about 45% non-investors take a neutral stance as compared to 33% in the case of investors.

Investor Status Analysis	Investor	Not an Investor	Investor (%)	Not an Investor (%)
Very Confident	56	3	23.2%	3.8%
Somewhat confident	58	14	24.1%	17.9%
Neutral	80	34	33.2%	43.6%
Somewhat non-confident	20	10	8.3%	12.8%
Not at all confident	27	17	11.2%	21.8%

Data available through public sources also corroborate the survey findings. According to KPMG, blockchain investment in the US in the first half of 2018 exceeded the total investment seen in entire 2017 amid robust investor confidence<sup>4</sup>.

<sup>3</sup>Gaviola, Anne (January 1, 2018), "Bitcoin's gender divide could be a bad sign, experts say," CBC Canada, (accessed October 23, 2018), [available at <https://www.cbc.ca/news/business/bitcoin-s-gender-divide-could-be-a-bad-sign-experts-say-1.4458884>]

<sup>4</sup>Pollari, Ian and Anton Ruddenklau (2018), "The Pulse of Fintech 2018," KPMG, 24

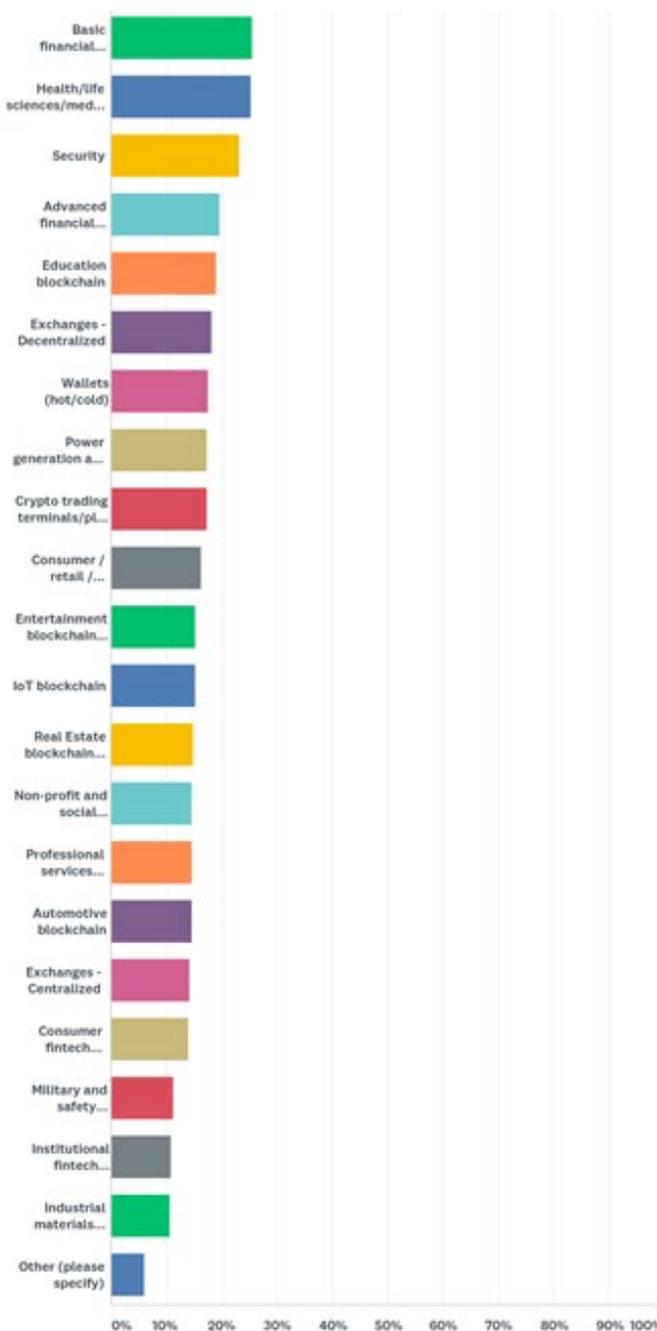
## Financial Services and Healthcare Opportunities Lead The Way

The ranking of the top 5 opportunities in the space as surveyed are: 1) Basic Financial Services (lending, interest) [26%], 2) Health and Life Sciences (Medical) [25%], 3) IT Security [23%], 4) Advanced Financial Services (derivatives, structured products) [20%], and 5) Education [19%]<sup>5</sup>.

The survey results show that the financial services industry is viewed as providing the most opportunity for blockchain-enabled products, with higher prospects for basic financial services as compared to more advanced ones (although the gap between the two is only 6 percentage points). Only about one-third of respondents who considered basic financial services as a top opportunity also selected advanced financial services.

After financial services, survey participants have earmarked health and life sciences as a key opportunity area. According to Deloitte, blockchain technology is considered important within the healthcare arena, as it has the capacity to make electronic medical records more efficient, disintermediated and secure<sup>6</sup>. Moreover, of the total respondents that answered this question, about 40% selected only one domain (out of 21 answer choices provided with the survey questionnaire, excluding Other) as a great opportunity area, whereas the remaining 60% of respondents selected more than one choice. In the former set (i.e., respondents that selected only one domain), health and life sciences scores the highest.

Q2 What do you feel are the great opportunities in the space (blockchain)?



<sup>5</sup> The figure in square brackets indicate the proportion of survey respondents that selected these domains as a great opportunity in ICO space

<sup>6</sup> Krawiec, RJ, Dan Housman, Mark White, Mariya Filipova, Florian Quarre, Dan Barr, Allen Nesbitt, Kate Fedosova, Jason Killmeyer, Adam Israel, Lindsay Tsai (2016), "Blockchain: Opportunities for Health Care," Deloitte, 1

## Scams, Lack of Regulation and Governance are Greatest Challenges Facing ICO Industry Today

According to CoinSchedule, a website that tracks ICO funding, there has been a dramatic growth in money raised via ICOs: companies raised \$6.6 billion through ICOs in 2017 (up from \$98 million in 2016), but in 2018 YTD, this amount has increased to \$21.4 billion<sup>7</sup>. However, a recent widely reviewed study by SATIS Group, prepared for Bloomberg, indicated that over 78% of ICO projects have turned out to be scams<sup>8</sup>. Whether our survey participants viewed this report and primed our respondents in their responses (causal or correlation) is uncertain, nevertheless, the majority of survey respondents believe scams are problematic and is the #1 response (cited by more than 36% of survey respondents).

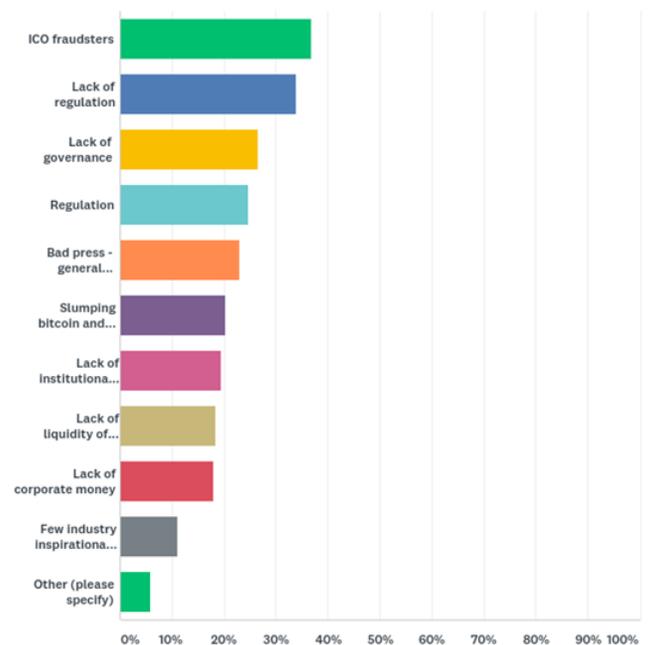
Further, SATIS Group believes that the crypto community is uniquely adept at identifying and exposing fraudulent projects. SATIS contends, “54% of ICO funding goes to projects categorized as successful.” Arguably this is why investors remain optimistic despite a concern for fraudulent behavior.

### Regulatory forces joining hands, albeit slowly

Lack of regulation and governance are vital reasons behind increasing fraud activities involving ICOs and therefore, these are highlighted as other key obstacles by survey takers. About 33% and 27% of survey participants rated lack of regulation and lack of governance as key challenges to ICOs, respectively.

Since the early days of ICOs, the level of regulatory risk and compliance requirements with regards to digital tokens has remained largely unclear (or even unknown), as per an article from Lupercal Capital, a specialist cryptocurrency and ICO advisory firm<sup>9</sup>. This may have caused respondents to consider the lack of regulation and governance as key roadblocks. However, concerns (primarily scams) have prompted several governments to define a legal framework around ICOs and regulate this sector<sup>10</sup>.

Q3 What do you feel are the greatest challenges to ICOs?



<sup>7</sup>“Cryptocurrency ICO Stats 2018,” (accessed October 23, 2018), [available at <https://www.coinschedule.com/stats.html>]

<sup>8</sup> DeLisle, Bill (July 17, 2018), “SATIS Group Report: ‘78% of ICOs are Scams,’” CryptoSlate, (accessed October 23, 2018), [available at <https://cryptoslate.com/satis-group-report-78-of-icos-are-scams/>]

<sup>9</sup> “How regulation has made obtaining ICO funding harder,” Hacker Noon, (accessed October 23, 2018), [available at <https://hackernoon.com/how-regulation-has-made-obtaining-ico-funding-harder-a7a001ed7129>]

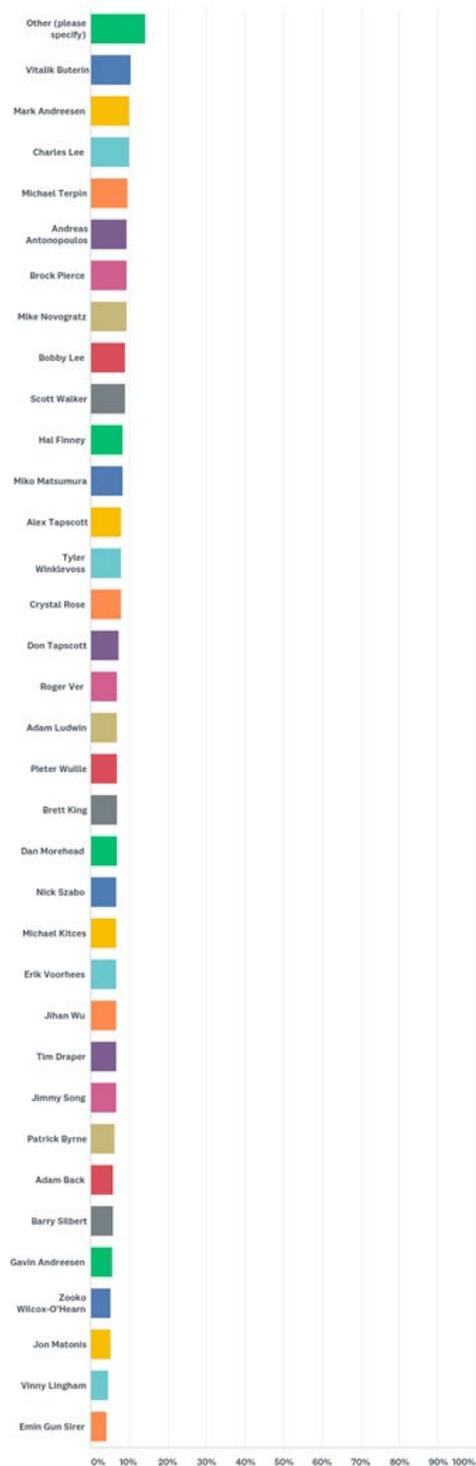
<sup>10</sup> Gómez de la Cruz, Alejandro (September 4, 2018), “The State of ICO Regulation: Insights From 3 Lawyers,” Medium, (accessed October 23, 2018), [available at <https://medium.com/coin-governance-system/the-state-of-ico-regulation-insights-from-3-lawyers-b326164681f9>]

## Top 5 ICO influencers: Vitalik Buterin, Mark Andreesen, Charles Lee, Michael Terpin, and Andreas Antonopoulos.

The top 10 well-respected advisors are: Vitalik Buterin, Mark Andreesen, Charles Lee, Michael Terpin, Andreas Antonopoulos, Brock Pierce, Mike Novogratz, Bobby Lee, Scott Walker and Hal Finney.

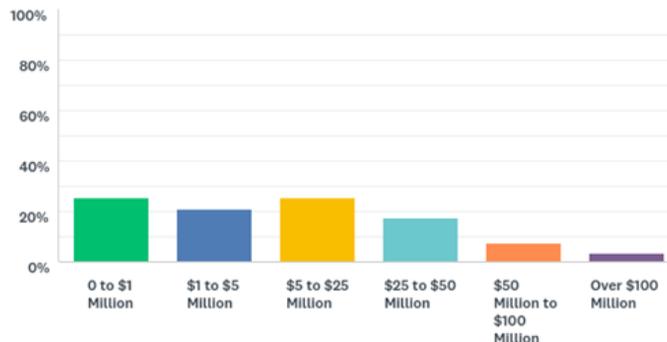
Given that the difference in votes received for any two advisors ranked consecutively is just 1-2 votes, the relative ranking remains flexible. A larger sample would have helped make any material distinction here. Hence, this ranking may be better understood as tiers or groups of advisors with high esteem or authority; i.e. advisors ranked 1, 2, 3, 4 and 5 in this group can be considered better regarded than advisors ranked 16, 17, 18, 19 and 20.

Q4 Who do you think are the most reputable advisors/consultants?



## \$5 to \$25 million is a Reasonable “Ask” for ICO Hardcap

Q5 If you do an ICO today, what is a reasonable ask/amount \$ (in USD millions) for a hardcap? (assuming you had a solid technology and a strong team).



The authors recognize the weakness of the design of this particular question and corresponding responses received with respect to the range of the available answers (0 to 1 million = 1 million gap, 1 to 5 million = 4 million gap, 5 to 25 million = 20 million gap, 25 to 50 million = 25 million gap, etc.); however, the results provide a general guidance to project CEOs of where their “ask” should be positioned and what is perceived to be a reasonable range to investors.

Coincidentally, both 0 to \$1 million and \$5 to \$25 million received equal responses ( $n = 73$ ), which is about 25% of the total responses obtained on this question.

### Investor vs. Non-investor

Investors gave the highest votes to ‘\$5 and \$25 million’ range, whereas non-investors are more attuned towards 0 to \$1 million. Of the total responses received from investors, about 23% selected 0 to \$1 million and 26% selected \$5 and \$25 million. On the other hand, among the non-investors pool, about 35% selected 0 to \$1 million and 23% selected \$5 and \$25 million.

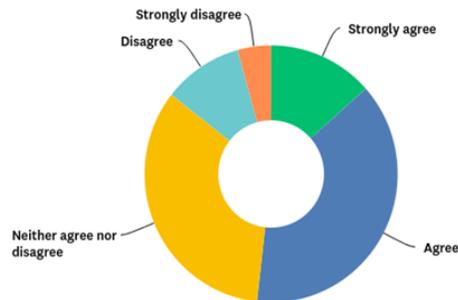
\$5 to \$25 million appears more reasonable range that project CEOs should be targeting. This is also based on average collected funds per ICO, which ranged between \$9.3 and \$19 million over April–August 2018, as per the Monthly Cryptocurrency and ICO Market Analysis published on a news and analysis source called Medium<sup>11</sup>.

<sup>11</sup> Zaitsev, Dima (September 5, 2018), “Monthly Cryptocurrency and ICO Market Analysis (August 2018),” Medium, (accessed October 23, 2018), [available at <https://medium.com/icobox-io/monthly-cryptocurrency-and-ico-market-analysis-august-2018-3e63747c0c68>]

## Most Believe Market has Bottomed Out, Many Don't Know.

On September 13, 2018, Michael Novogratz, Galaxy Digital CEO, tweeted “*I think we put in a low yesterday,*” as reported by CNBC<sup>12</sup>. A week later, he continued with his argument at Yahoo Finance’s ‘All Markets Summit’ that cryptocurrency markets have hit “seller fatigue” and prices have bottomed<sup>13</sup>. The prices have not gone below the ‘lows’ observed in September 2018 for the two most traded cryptocurrencies – Bitcoin and Ethereum – so far, as observed through price data published by CoinDesk<sup>14</sup>.

Q6 Galaxy Digital CEO and infamous Bitcoin (BTC) supporter Michael Novogratz says cryptocurrency markets have hit “seller fatigue,” repeating his belief that prices have bottomed. Do you agree or disagree with Novogratz's statement?



Even more than 50% of survey respondents either strongly agree or agree with Novogratz, with one-third of respondents remain neutral (neither agree nor disagree). If we compare the results of this question with responses received from question 1, it can be seen that higher the confidence levels, higher the agreement with Michael Novogratz statement (refer heat map below). For instance, 86% of ‘very confident’ respondents either strongly agree or agree with the statement. Surprisingly, even respondents that indicated lower confidence levels are not completely averse to Novogratz’s statement. 37% of ‘Not at all confident’ respondents either strongly agree or agree as opposed to 35% that either disagrees or strongly disagrees.

Correlation Matrix	Very Confident	Somewhat confident	Neutral	Somewhat non-confident	Not at all confident
Strongly agree	39%	10%	5%	7%	10%
Agree	47%	49%	32%	31%	27%
Neither agree nor disagree	8%	27%	52%	41%	29%
Disagree	3%	14%	9%	14%	15%
Strongly disagree	2%	0%	2%	7%	20%

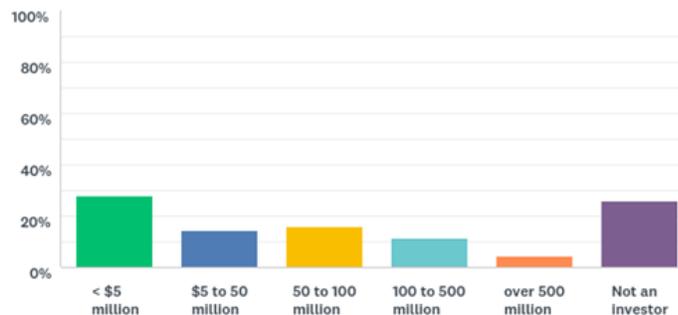
<sup>12</sup>Imbert, Fred (September 13, 2018), “Michael Novogratz calls a bottom in cryptocurrencies,” CNBC, (accessed October 24, 2018), [available at <https://www.cnbc.com/2018/09/13/michael-novogratz-calls-a-bottom-in-cryptocurrencies.html>]

<sup>13</sup>Suberg, William (September 21, 2018), “Bitcoin ‘Seller Fatigue’ Means Market Has Bottomed, Michael Novogratz Tells Yahoo,” CNBC, (accessed October 24, 2018), [available at <https://cointelegraph.com/news/bitcoin-seller-fatigue-means-market-has-bottomed-michael-novogratz-tells-yahoo>]

<sup>14</sup>“Bitcoin (USD) Price,” (accessed October 24, 2018), [available at <https://www.coindesk.com/price/>] and “Ethereum (ETH) Price,” (accessed October 24, 2018), [available at <https://www.coindesk.com/ethereum-price/>]

## ICO Confidence Levels Have Little Correlation with Size of Investor Holdings Assets Under Management (AUM)

Q7 If you are an investor (family office, hedge fund, institutional investor, cryptofund etc.) how much capital do you control? (USD)



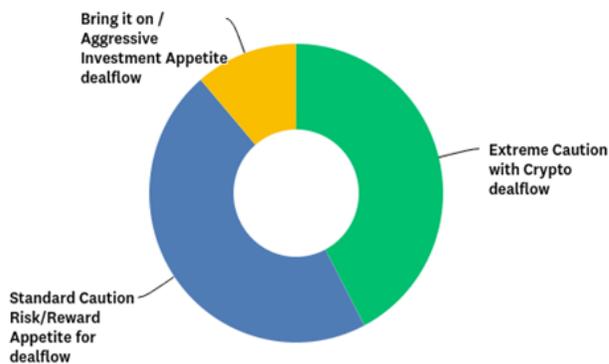
About 40% of investors who participated in the survey control less than \$5 million in capital. Investors that control \$5 to \$50 million and \$50 to \$100 million were more or less present in equal proportions in the survey sample, which is about 20% each. Another about 15% control \$100 to \$500 million, with remaining about 6% were part of ‘Over \$500 million’ club. Approx. 25% of the total survey participants were non-investors (mainly project CEOs or simply non-investors, non-participants).

Correlation Matrix of assets controlled (AUM) and confidence.	< \$5 million	\$5 to 50 million	\$50 to 100 million	\$100 to 500 million	Over \$500 million
Very Confident	18%	28%	27%	24%	57%
Somewhat confident	21%	37%	23%	24%	14%
Neutral	38%	23%	31%	32%	21%
Somewhat non-confident	10%	5%	10%	6%	0%
Not at all confident	13%	7%	8%	15%	7%

ICO confidence levels by the financial (AUM) size of investor firm (that participated in this survey) do not reveal any clear pattern. It cannot be deduced that higher the size, higher are the confidence levels (refer heat map). There is no clear correlation between investment firm size (AUM) and ICO Market Confidence.

## Proceed with Standard Caution, or Extreme Caution.

Q8 If you are an investor, what is your current stance in the market?



This question primarily tested the risk appetite of survey participants while undertaking ICO deals. Given the bearish sentiment and/or risk notion associated with ICO deals (maybe due to scams and lack of regulation), only about 10% respondents keep aggressive investment appetite. A majority of survey takers (more than 45%) who answered this question would exercise standard caution, with an almost equal number would exercise extreme caution.

Males appear to be taking more cautious stance than females. 45% of males who responded to this question would be extremely careful with ICO dealflow as compared to only 31% of females. A more surprising finding is that 'very confident' males are more cautious than their 'somewhat confident' and 'neutral' counterparts, who would rather perform standard risk/rewards assessments. On the other hand, 'very confident', 'somewhat confident' as well as 'neutral' females would primarily prefer conducting standard due diligence. This finding is surprising and contrary to some research studies demonstrating that women tend to be more risk-averse.

	Male	Female
Extreme Caution with Crypto dealflow	45%	31%
Standard Caution Risk/Reward Appetite for dealflow	43%	56%
Bring it on / Aggressive Investment Appetite dealflow	11%	13%

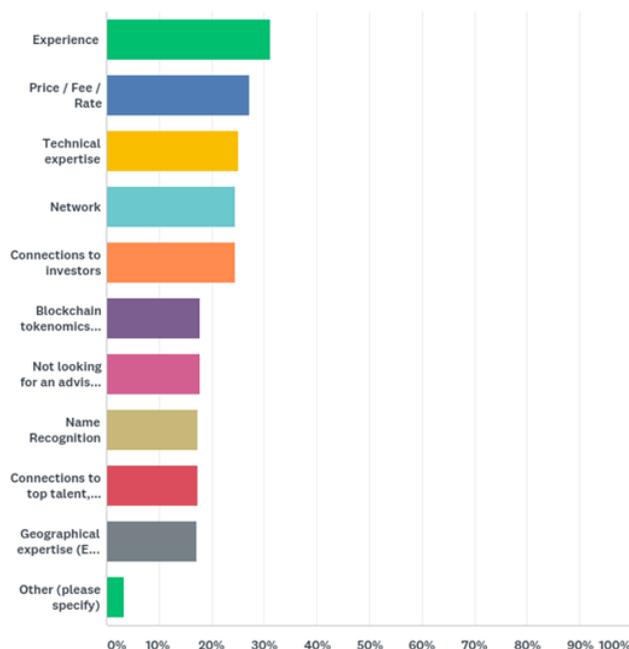
	Very Confident		Somewhat confident		Neutral		Somewhat non-confident		Not at all confident	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Extreme Caution with Crypto dealflow	17	5	10	7	15	16	12	2	11	1
Standard Caution Risk/Reward Appetite for dealflow	9	11	22	12	24	27	6	4	1	1
Bring it on / Aggressive Investment Appetite dealflow	5	2	3	4	4	3	3	3	1	1

	Very Confident		Somewhat confident		Neutral		Somewhat non-confident		Not at all confident	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Extreme Caution with Crypto dealflow	54.8%	27.8%	28.6%	30.4%	34.9%	34.8%	57.1%	22.2%	84.6%	33.3%
Standard Caution Risk/Reward Appetite for dealflow	29.0%	61.1%	62.9%	52.2%	55.8%	58.7%	28.6%	44.4%	7.7%	33.3%
Bring it on / Aggressive Investment Appetite dealflow	16.1%	11.1%	8.6%	17.4%	9.3%	6.5%	14.3%	33.3%	7.7%	33.3%

## Experience Matters Most In Selecting an ICO Advisor

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Q9 If you're a tech startup and looking for an advisor (professional, agency or company), what are the most important factors in selecting that person, agency or advisory firm?



Experience is the most critical factor that survey participants look for while onboarding any ICO advisor. Almost one-third of respondents consider this attribute an important factor among others. This is followed by the fee charged (hourly or fixed) by an advisor while participating in a project, which is considered by about 27% of the survey participants. For the third most important attribute, there is almost a tie among technical expertise, network and connections to investors. All these factors are selected by about 25% of the respondents (though technical expertise received 2 votes higher than the other two parameters).

Of the respondents that selected experience, about 45% also selected technical expertise, followed by connections to investors (about 40%). Therefore, a combination of experience, technical expertise and connections to investors, with a reasonable fee would make an ideal investor for project CEOs in their ICO journey.

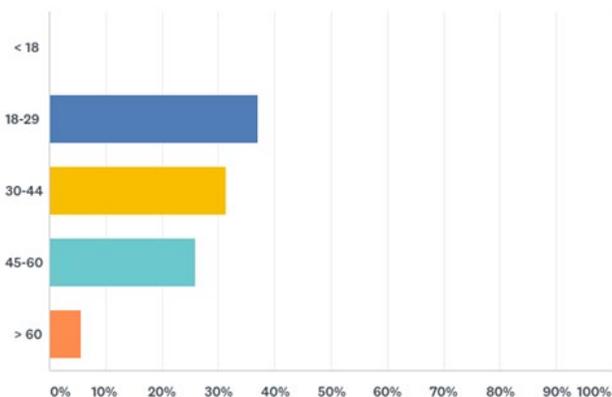
### Question 10

Omitted for confidentiality (respondents asked if they would like a copy of the report and to provide an email address).

## Survey Demographics

### Question 11

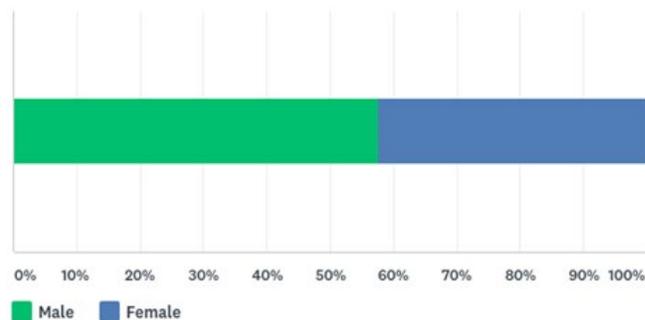
Q11 Age



From the 262 respondents who answered this question, the majority was younger than 44, with 37% of participants aged 18 to 29 and 31% aged 30 to 44. Approximately a quarter of the respondents was aged 45 to 60, and nearly 6% (15 respondents) were over 60 years old. There were 57 respondents that did not answer this question.

### Question 12

Q12 Gender

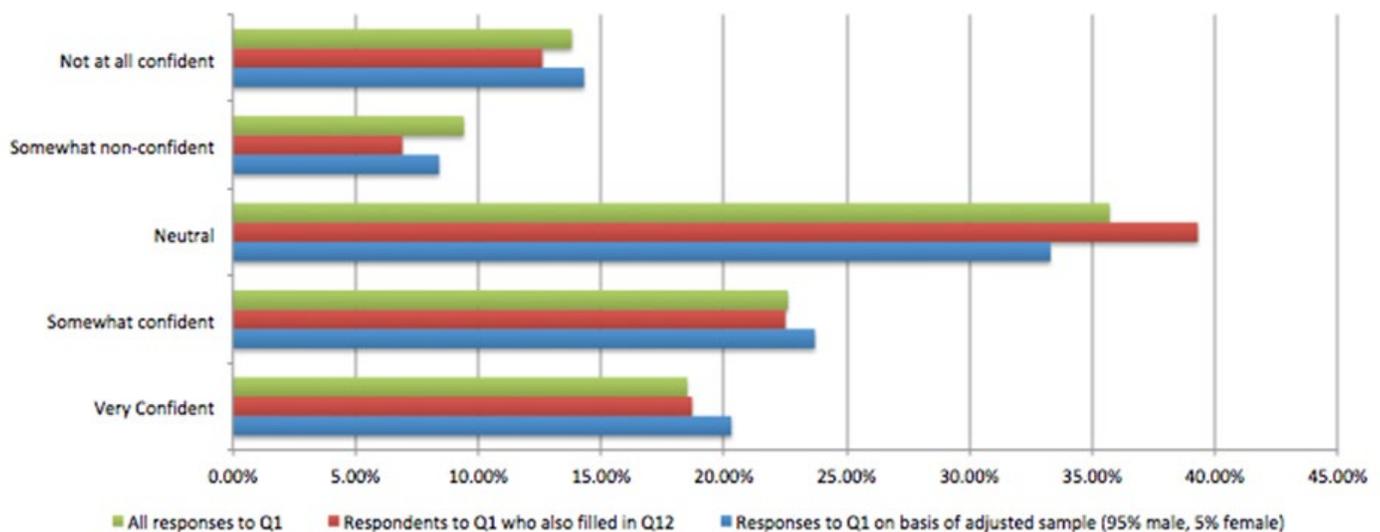


As indicated earlier in this report, the blockchain and cryptocurrency industry heavily skews towards males. In contrast, this survey received responses from men and women almost more equally and arguably. Our survey may be a better representation of global market sentiment (including the public at large) vs a niche market industry-focused sentiment. Specifically, of the 262 respondents who indicated their gender, approximately 58% were male, and 42% were female.

From this data, one can argue that women may be overrepresented in this survey compared to the niche cryptocurrency industry at large. So, we must perform a sensitivity analysis of our findings with respect to gender. How might we expect the survey results to change if the sample consisted of 95% men and just 5% women? To find an answer to this question, an analysis was conducted on question 1 (“How confident are you about the ICO industry right now?”) and question 8 (“If you are an investor, what is your current stance in the market?”).

## Question 1 revisited: Potential Overrepresentation of Women

There were 262 respondents who both answered question 1 (“How confident are you about the ICO industry right now?”) and question 12 on gender. This means that 57 respondents did answer question 1, but neglected to indicate their gender. On the basis of an extrapolation of the data from the 262 respondents that indicated their gender, we created an adjusted sample with a ratio of 95% males and 5% females.



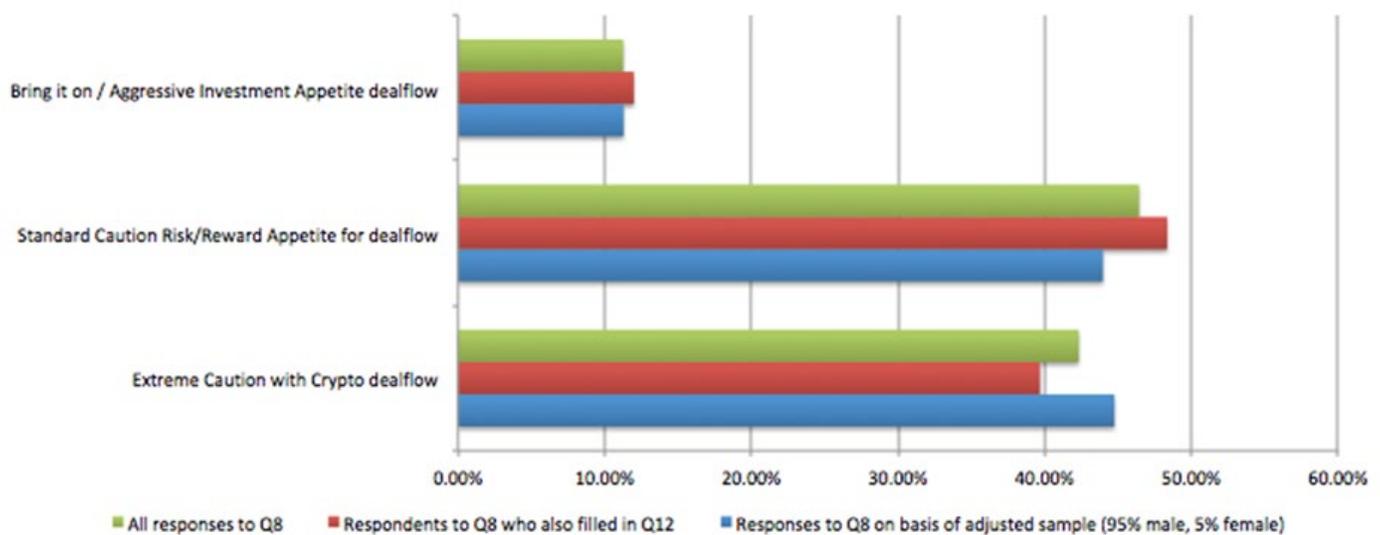
The data shows that in the case of a sample that is representative of the cryptocurrency industry in terms of gender ratio, the responses move away from the center; a higher share of respondents would indicate they either are not at all confident, or are more confident about the ICO industry. However, these differences are relatively small.

Therefore, there is no material difference in the skew of the responses based on the sampling with respect to question 1: Confidence.

## Question 8 Revisited: Potential Overrepresentation of Women

Several studies suggest that women are generally more risk-averse than men<sup>15,16</sup>. To see if this finding also applies to professionals in the cryptocurrency industry, an analysis was conducted on question 8.

Of the 293 respondents who answered question 8 on investors' stance in the ICO market, 242 also filled in question 12 on gender. On this basis, an adjusted sample was created with a gender ratio of 95% male and 5% female.



In contrast to the aforementioned studies, this sensitivity analysis shows that with a gender ratio representative of the industry, this survey would provide even more conservative results had the sample been 95% male and 5% female. In this case, investor respondents would show more caution with crypto dealflow, suggesting that male investors in the cryptocurrency industry are more risk-averse than their female counterparts.

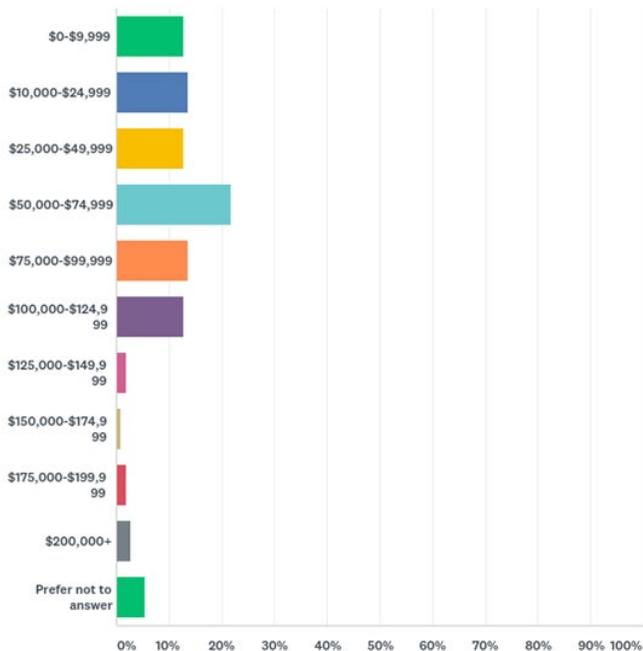
We posit that this may arise because of males' direct experience with losses or scams and that the female population may have had less direct experience with losses. We suggest future research to investigate this hypothesis.

<sup>15</sup>Charness, G. & Gneezy, U. (2012), "Strong Evidence for Gender Differences in Risk Taking", *Journal of Economic Behavior & Organization*, 50

<sup>16</sup>Borghans, L., Golsteyn, B.H.H., Heckman, J.J. & Meijers, H. (2009), "Gender Differences in Risk Aversion and Ambiguity Aversion", *Journal of the European Economic Association*, 649

## Question 13

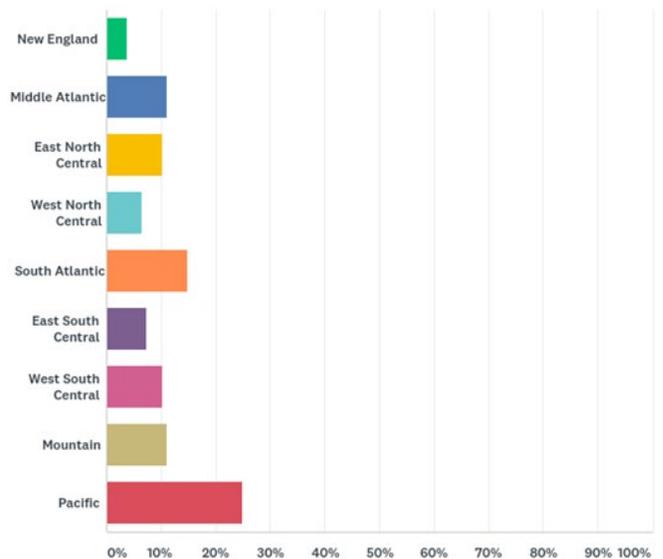
Q13 Household Income



A large majority (67%) of the respondents skipped this question or preferred not to answer it. Of the 110 respondents that did answer the question, 24 indicated their household income was between \$50,000 and \$74,999. This corresponds to the US median household income in 2017 of \$61,372<sup>17</sup>. Of the other answers, approximately 39% showed a household income of below that range, whereas around 34% indicated a household income higher than \$74,999.

## Question 14

Q14 Region

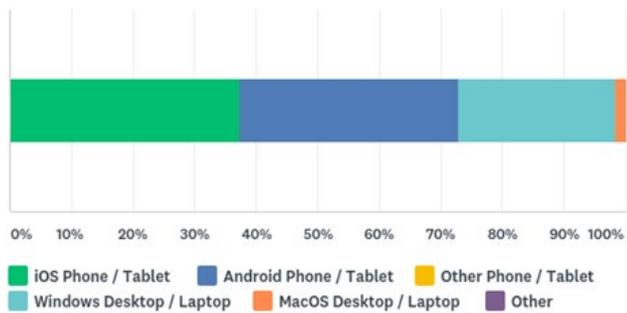


Question 14 was only answered by respondents from the USA, representing around one-third of the total sample. Of these 108 participants, exactly 25% came from the Pacific states. The rest of the respondents were fairly evenly spread among the different US regions.

<sup>17</sup> Fontenot, K., Semega, J. & Kollar, M. (2018), "Income and Poverty in the United States: 2017", United States Census Bureau, 1

## Question 15

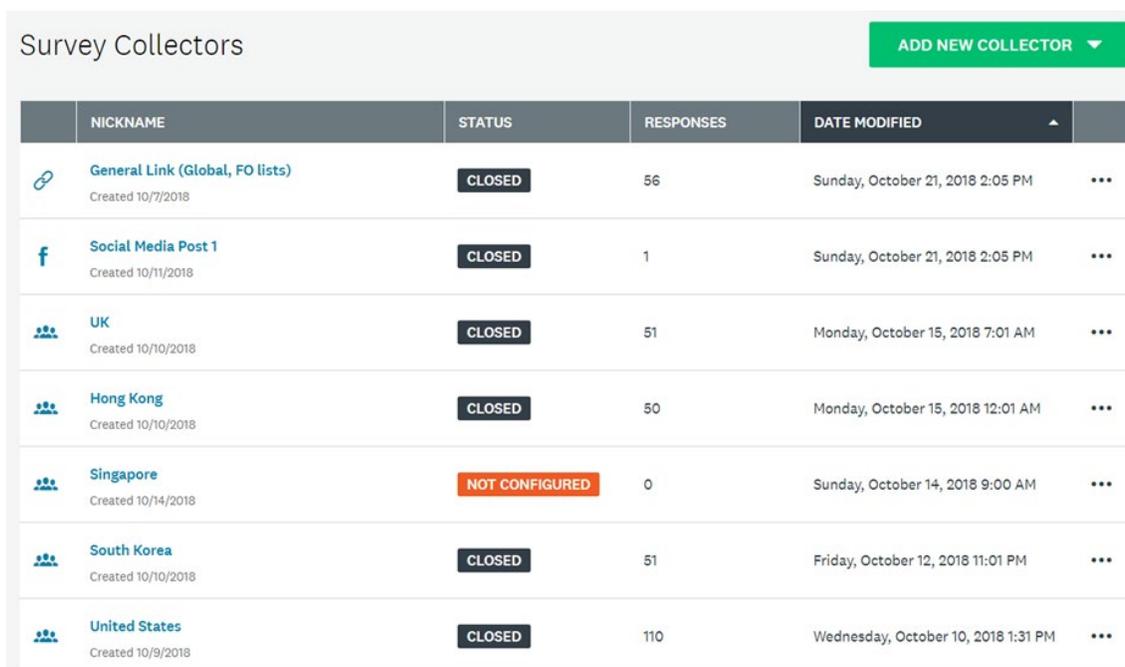
Q15 Device Type



Of the 262 respondents who answered the question about their device, 35% used an Android phone or tablet, and 37% used an iOS phone or tablet. The rest of the respondents either used a Windows PC or laptop (26%) or a MacOS desktop or laptop (2%).

## Methodology

319 participants took part in the survey (n=319). Survey “collectors” were set up to provide relative weighting to global capital flows of ICOs: Asia, USA, Europe. This participation rate provides a 95% confidence level with +/- 5.485% error that the answers are valid and reliable to represent the niche ICO Blockchain market industry segment, as well as a general global ICO/Blockchain market.



	NICKNAME	STATUS	RESPONSES	DATE MODIFIED	
	<b>General Link (Global, FO lists)</b> Created 10/7/2018	CLOSED	56	Sunday, October 21, 2018 2:05 PM	...
	<b>Social Media Post 1</b> Created 10/11/2018	CLOSED	1	Sunday, October 21, 2018 2:05 PM	...
	<b>UK</b> Created 10/10/2018	CLOSED	51	Monday, October 15, 2018 7:01 AM	...
	<b>Hong Kong</b> Created 10/10/2018	CLOSED	50	Monday, October 15, 2018 12:01 AM	...
	<b>Singapore</b> Created 10/14/2018	NOT CONFIGURED	0	Sunday, October 14, 2018 9:00 AM	...
	<b>South Korea</b> Created 10/10/2018	CLOSED	51	Friday, October 12, 2018 11:01 PM	...
	<b>United States</b> Created 10/9/2018	CLOSED	110	Wednesday, October 10, 2018 1:31 PM	...

A general link was first created and this link was distributed to a list of professional contacts in the industry including family offices (4000), crypto-funds, institutional investors and VCs. This link was also sent to LinkedIn groups (8.7 million group participants/readers) associated with blockchain and ICOs. A second “social media link” was created from within SurveyMonkey and sent to Facebook and Twitter (tweets) - 85,000 followers. The general link provided 55 respondents and the social media link provided 1 respondent.

Then, survey responses were purchased from SurveyMonkey’s panels (direct and international partner panels) in the United States (110 respondents), South Korea (51), Hong Kong (50), UK (51).

Singapore was considered because of the significant ICO and Blockchain activity in that city, however, SurveyMonkey panelists were not purchased in this region to avoid a bias of Asian respondents with the global framework of this survey.

## Conclusions

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Survey findings show continued confidence in ICOs despite a standard or extreme caution within the investment community. This caution is fueled by key challenges including fraudsters, lack of regulation and lack of governance.

The top 7 verticals/industries viewed most favorably for blockchain opportunities are: Basic financial services, health/life sciences/medical, security, advanced financial products, education, decentralized exchanges, wallets (hot/cold).

The top influencers / advisors include: Vitalik Buterin, Mark Andreessen, Charles Lee, Michael Terpin, and Andreas Antonopoulos, followed by Brock Pierce, Mike Novogratz, Bobby Lee and Scott Walker.

The majority believe Novogratz's statement the market has bottomed out.

Project CEOs place high value on experience, price/fee, technical expertise, and network connections (including investors) when selecting advisors.

Sensitivity analysis was conducted to find out how responses would have differed, if the sample had a male to female ratio of 95 to 5, as is representative of the cryptocurrency and blockchain industry. The first analysis looked at the confidence of respondents in the ICO industry. It found that with a 95% male and 5% female ratio, respondents would have been both more confident and less confident in the ICO industry, with fewer neutral answers.

A deeper analysis found that male investors in the cryptocurrency industry show more caution than female investors. A possible explanation for this finding is that men have been active in the cryptocurrency space longer than women. As such, they would also have experienced the volatility, losses and scams in cryptocurrency markets for a longer period of time, resulting in a more cautious stance towards crypto deals.

## Recommendations

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### For investors and participants, family offices, cryptofunds

#### Focus on stronger ICO Opportunities along with your portfolio strengths

Although blockchain technology finds applications in several verticals, this survey highlights priorities in basic financial services and healthcare sectors.

#### Conduct Standard or Enhanced Due Diligence

The study findings as well as external references claim that ICO scams pose the greatest challenge to ICOs. Investors should look for messaging and clear thinking from project executives on issues of governance, capital controls, financial auditing and ability to deliver according to the project roadmap. Do standard or enhanced KYC/AML on project teams.

### For CEOs and technology projects looking for funding

#### Hire Advisors with Significant Up to Date Experience, and Strong Networks

Project CEOs should look to involve advisors who possess relevant experience (in line with project objectives and long-term business goals), along with technical expertise to define token metrics (pricing, caps, supply, token sale allocation, etc.) and launch a successful ICO. Advisor's connections to investors is also paramount in securing the funding. Therefore, an ideal advisor would be someone who scores high on these 3 parameters with a reasonable fee.

The status of the advisor (brand name) may be underestimated in the survey responses in terms of how the project scores on ICO ranking sites, and the networks that a brand name advisor brings to the project. More research should be undertaken to investigate this hypothesis.

#### Define Reasonable Hardcap as per Project Scope

CEOs should aim for a reasonable hardcap, by not pegging it too high (upwards of \$50 million) or too low (<\$ 5 million). Setting a reasonable cap sends a message to the community that the project scope, as well as team expectations, are realistic and meets with investors expectations. Based on survey findings, \$5 to \$25 million is a reasonable hardcap, or even a slightly narrower range tending toward \$10-15 million (anecdotal evidence only). Further, we recommend further research in exploring if men have more experience (and losses) in crypto/ICO investments and if this is a reason why currently men are more conservative than their female counterparts.

## Authors

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### **Daniel Araya, Ph.D.**

Daniel Araya, Ph.D., is a technology consultant and advisor to government with a special interest in technological innovation, public policy, and ‘augmented intelligence’. He is a Sharing Cities Policy Fellow and a regular contributor to various media outlets including The Brookings Institution, Singularity Hub, Futurism, and Medium. His newest books include: *Augmented Intelligence* (2018), and *Smart Cities as Democratic Ecologies* (2015). He has a doctorate from the University of Illinois at Urbana-Champaign and is an alumnus of Singularity University’s graduate program in Silicon Valley.