

# GLOBAL STO, REGTECH BLOCKCHAIN INDUSTRY SURVEY & SENTIMENT ANALYSIS ("DIPSTICK STUDY")

## Executive Summary

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*This second survey of sentiment analysis showed the blockchain market as a whole has rebounded considerably from 2018 showing very high investor and industry confidence (caused by Facebook's launch of Libra.) North America, South America, and Europe exhibit the highest confidence levels for blockchain.*

Fewer institutional investors are currently in the market. Investors' stance in the market has shifted from "extreme caution" to a more neutral/normal stance concomitant with the blockchain/crypto recovery. The more aggressive investors are found in Singapore, North America, and South America. While there are more investors in Hong Kong per capita than other regions, they tend to be more conservative or extremely cautious.

CEOs looking for advisory firms to assist with STOs tend to look for technical expertise, experience, and connections to capital and investor networks. Each region has a different priority for these traits sought.

The survey comprised of CEOs (CXOs, Founder, Owner, Principal, Partner: (30%), senior management (VP, Director, SVP, EVP) (17%), mid-level management (14%), specialists or associates (9%), marketing and sales (5%), investors (exclusively) (4%).

Hong Kong, Singaporean and the Middle Eastern respondents think regulation is helping. While North Americans don't think regulation helps much to combat fraud and trust issues in the blockchain industry. Other regions have mixed results.

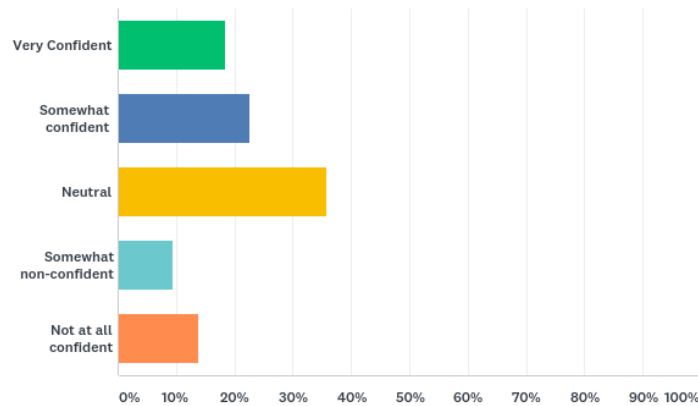
The respondents were located primarily in North America (28%), Europe (and Russia) (18%), The Middle East (9%), Asia (23%), South America (3%), Africa 17%

There were 1871 respondents to the survey worldwide providing a confidence level of 99% +/- 2.98% error.

# COMPARISON OCTOBER 2018 V JUNE 2019 (ICOS VS BLOCKCHAIN)

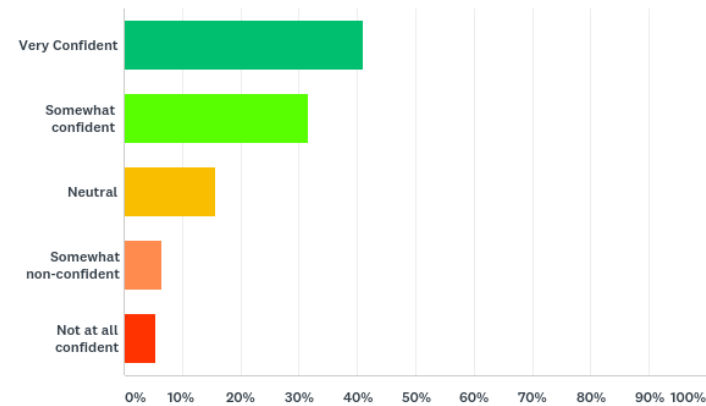
## October 2018

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



## June 2019

Q1 How confident are you about the Blockchain industry right now?

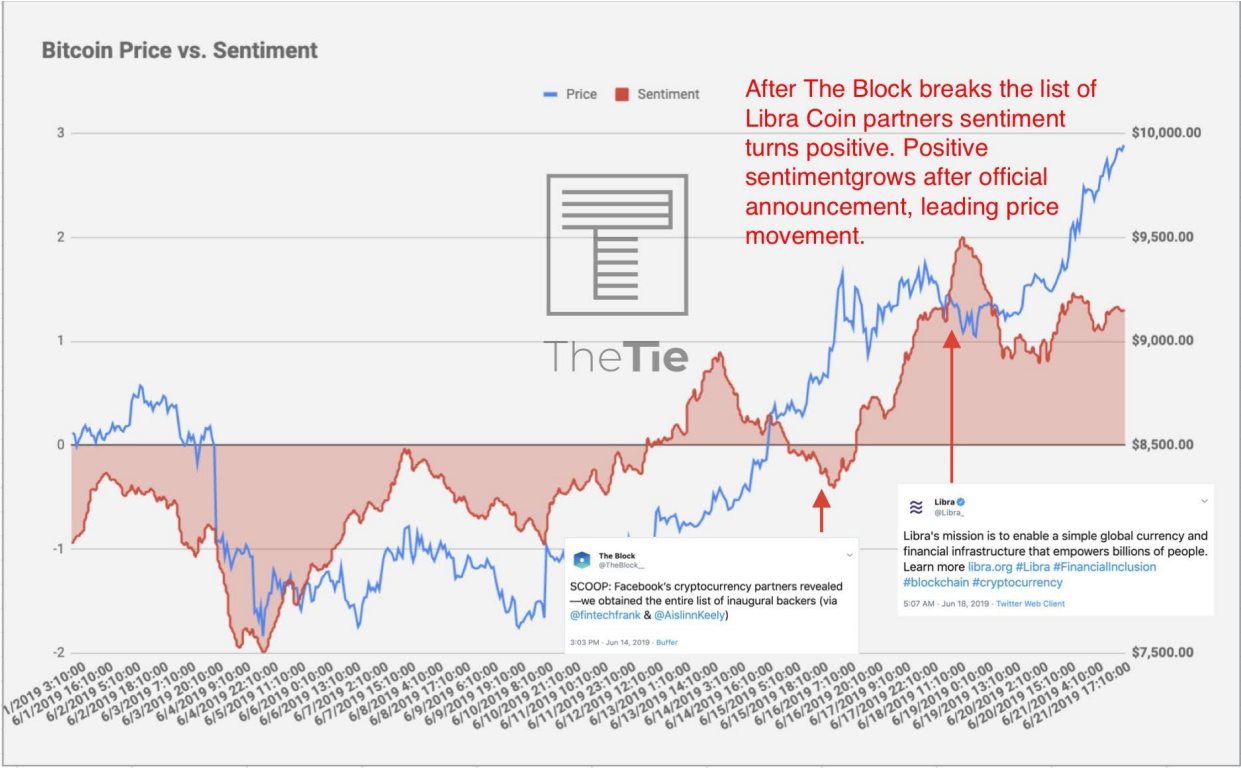


Survey respondents showed marked confidence in the blockchain industry with >40% of respondents saying “very confident.” Compare this in stark contrast to the “crypto winter” of 2018 where most respondents, when asked about the ICO industry, were largely “neutral” with a slight leaning to more confidence than not.

### We believe there may be several reasons for this:

1. The phrasing is comparing ICOs to Blockchain. There are industry and general support for Blockchain versus the temporary ICO fundraising craze up to 2018.
2. Second, the price of bitcoin has surged to new highs (\$11,000 USD/bitcoin) at the time of the writing of this report in the summer of 2019, arguably due to the launch of Libra by Facebook (providing credibility to tokens and blockchain in general). This may have a significant impact on sentiment.

# COMPARISON OCTOBER 2018 V JUNE 2019 (ICOS VS BLOCKCHAIN)



Next, it may be important to understand the regional differences in confidence for management applicability.

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



Taking a deeper look at confidence, by region, we find that Hong Kong and China blockchain professionals are “Somewhat Confident” when compared to most other regions that exhibit higher confidence levels.

Notably:

- **Hong Kong/China’s** responses of “Very Confident” is statistically significantly **lower** than North America, South America and Europe/Russia.
- **North America’s** responses of “Very Confident” is significantly **higher** than in Hong Kong/China, Southeast Asia, and Europe/Russia
- **South America’s** responses of “Very Confident” is significantly **higher** than in Hong Kong/China, Southeast Asia, Middle East and Africa
- **Europe/Russia’s** responses of “Very Confident” is significantly **higher** than in Hong Kong/China, Southeast Asia, Middle East and Africa

	VERY CONFIDENT	SOMEWHAT CONFIDENT	NEUTRAL	SOMEWHAT NON-CONFIDENT	NOT AT ALL CONFIDENT	TOTAL
Q7: ASIA - HONG KONG / CHINA (A)	27.78% 15 DFH	37.04% 20	24.07% 13 DH	3.70% 2	7.41% 4	2.98% 54
Q7: ASIA - SINGAPORE (B)	40.63% 13	21.88% 7 G	21.88% 7	6.25% 2	9.38% 3	1.77% 32
Q7: ASIA - SOUTHEAST ASIA / INDIA / MALAYSIA / VIETNAM / OTHERS (C)	36.13% 129 DFH	37.25% 133 D	17.09% 61 D	5.60% 20 I	3.92% 14 J	19.70% 357
Q7: NORTH AMERICA - USA (D)	52.03% 218 ACIJ	26.73% 112 CG	10.98% 46 ACIJ	5.97% 25	4.30% 18 J	23.12% 419
Q7: NORTH AMERI- CA - OTHER (CANADA, MEXICO, OTHERS) (E)	40.86% 38	29.03% 27	11.83% 11 J	9.68% 9 G	8.60% 8 GH	5.13% 93
Q7: SOUTH AMERICA (F)	52.54% 31 ACIJ	28.81% 17	11.86% 7	5.08% 3	1.69% 1	3.26% 59
Q7: EU - UK, GIBRALTAR (G)	42.27% 41 J	41.24% 40 BD	12.37% 12 J	2.06% 2 EI	2.06% 2 EJ	5.35% 97
Q7: EURASIA - EASTERN EUROPE, GERMANY, RUSSIA, FRANCE, ITALY, NETHERLANDS, BELGIUM, FINLAND, SWEDEN, SPAIN, OTHERS) (H)	46.19% 109 ACIJ	30.93% 73	12.71% 30 AJ	6.78% 16	3.39% 8 EJ	13.02% 236
Q7: MIDDLE EAST (I)	35.40% 57 DFH	30.43% 49	18.01% 29 D	10.56% 17 CG	5.59% 9	8.89% 161
Q7: AFRICA (J)	30.26% 92 DFGH	32.57% 99	22.37% 68 DEGH	6.25% 19	8.55% 26 CDGH	16.78% 304
TOTAL RESPONDENTS	743	577	284	115	93	1,812

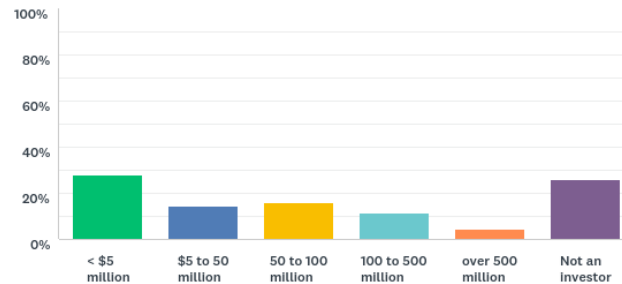
We see in other regions survey (Japan, Southeast Asia, North America-Other, South America, Gibraltar, Malta, and Eurasia) all have similar positive skews towards high confidence.

## If you are an investor (family office, hedge funds, institutional investors, crypto fund, etc.) how much capital do you control? (USD\$)

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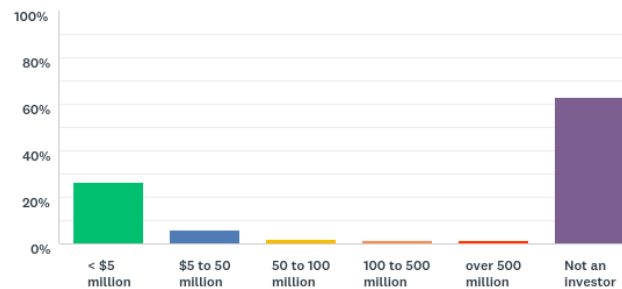
### October 2018

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



### June 2019

Q2 If you are an investor (family office, hedge fund, institutional investor, cryptofund etc.) how much capital do you control? (USD)

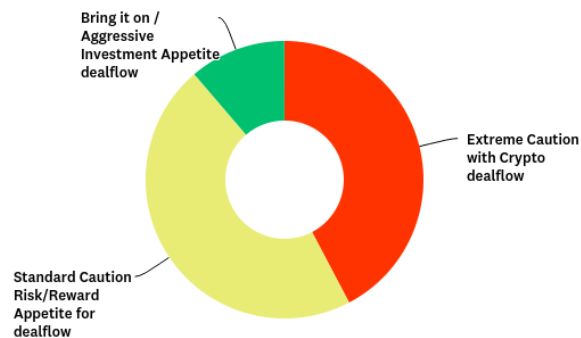


The noticeable trend in 2019 is that many respondents shifted from being an investor to being “not an investor.” There is a noticeable decline from investors controlling over USD \$5 million (VCs, institutional capital, funds) and this might be due to differences in sampling between the studies (a larger portion of the 2019 sample being non-investors).

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

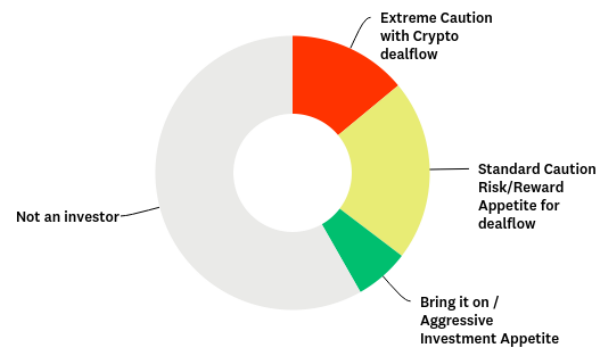
## October 2018

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



## June 2019

Q3 If you are an investor, what is your current stance in the market?

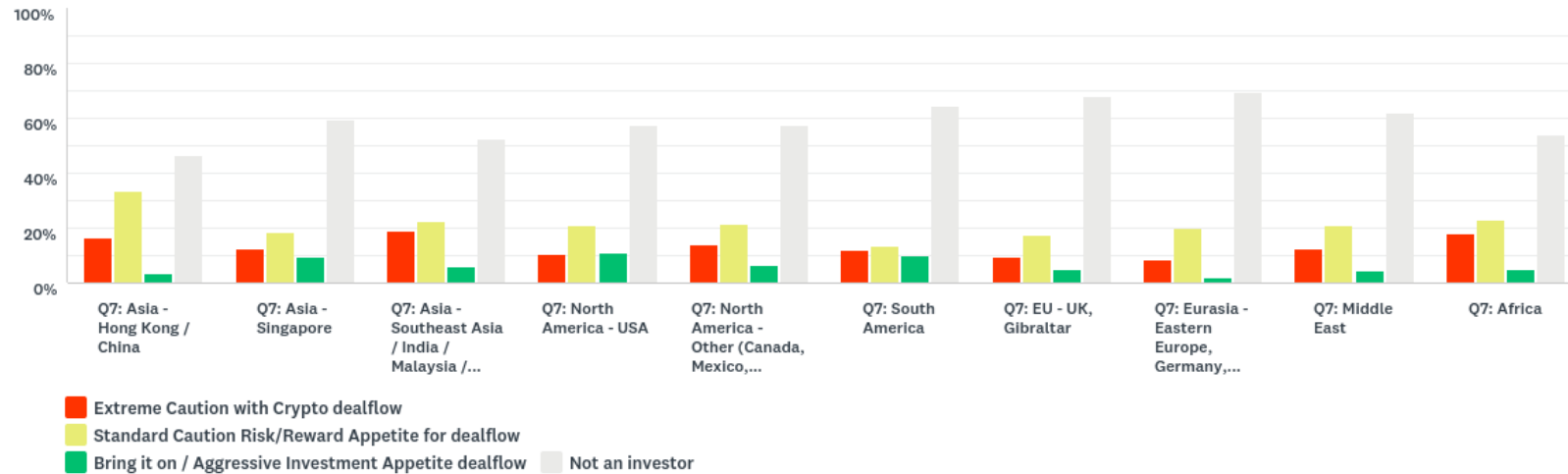


The addition of “not an investor” as an answer option was added to the 2019 Survey. To properly compare 2018 to 2019 we must compare the relative proportions of the Yellow (standard caution), Green (aggressive) and Red (extreme caution) with the two surveys.

Clearly, in June 2019, there is a significant decrease in the ratio of “Extreme Caution” (which, in 2018, was almost equal to “Standard Caution”). This reveals that investors, in general, have become more relaxed with the blockchain investment market. Arguably, the market, in general, has almost returned back to normal with a healthier balance between “Extreme Caution” and “Aggressive Investment Appetite/Bring it on.”



### Q3 If you are an investor, what is your current stance in the market?



We further analyze the investment stance in each geographic region.

**Hong Kong/China's stance is primarily "standard caution" with a healthy dose of "extreme caution"**

- Standard caution (neutral stance) is significantly higher North America, South America, UK, Europe/Russia.

**North America is more balanced and:**

- Significantly more investors than Europe/Russia

**South America is balanced with more aggressive investors, and:**

- Significantly fewer "Standard Caution" (neutral stance) than Hong Kong/China
- Significantly more "Aggressive" investors than Europe/Russia

**Middle east:**

- Significantly fewer "Aggressive" investors than North America
- Significantly fewer investors than Hong Kong/China and Southeast Asia

	EXTREME CAUTION WITH CRYPTO DEALFLOW	STANDARD CAUTION RISK/RE- WARD APPETITE FOR DEALFLOW	BRING IT ON / AGGRESSIVE IN- VESTMENT APPETITE DEALFLOW	NOT AN INVESTOR	TOTAL
Q7: ASIA - HONG KONG / CHINA (A)	16.67% 9	33.33% 18 DFGH	3.70% 2	46.30% 25 GHI	3.01% 54
Q7: ASIA - SINGAPORE (B)	12.50% 4	18.75% 6	9.38% 3 H	59.38% 19	1.78% 32
Q7: ASIA - SOUTHEAST ASIA / INDIA / MALAYSIA / VIETNAM / OTHERS (C)	19.15% 68 DGH	22.54% 80	5.92% 21 DH	52.39% 186 GHI	19.79% 355
Q7: NORTH AMERICA - USA (D)	10.34% 43 CJ	21.15% 88 A	11.06% 46 CHIJ	57.45% 239 H	23.19% 416
Q7: NORTH AMERICA - OTHER (CANADA, MEXICO, OTHERS) (E)	40.86% 38	29.03% 27	11.83% 11 J	57.45% 239 H	8.60% 8 GH
Q7: SOUTH AMERICA (F)	11.86% 7	13.56% 8 A	10.17% 6 H	64.41% 38	3.29% 59
Q7: EU - UK, GIBRALTAR (G)	9.28% 9 CJ	17.53% 17 A	5.15% 5	68.04% 66 ACJ	5.41% 97
Q7: EURASIA - EASTERN EUROPE, GERMANY, RUSSIA, FRANCE, ITALY, NETHERLANDS, BELGIUM, FINLAND, SWEDEN, SPAIN, OTHERS) (H)	8.66% 20 CJ	19.91% 46 A	2.16% 5 BCDF	69.26% 160 ACDEJ	12.88% 231
Q7: MIDDLE EAST (I)	12.50% 20	21.25% 34	4.38% 7 D	61.88% 99 AC	8.92% 160
Q7: AFRICA (J)	17.79% 53 DGH	23.15% 69	5.03% 15 D	54.03% 161 GH	16.61% 298
TOTAL RESPONDENTS	246	386	116	1,046	1,794

The implication for CEOs (projects) looking for investors: Find them in **North America**, and **Hong Kong/China**, **South America**, and **Southeast Asia** (notwithstanding regulatory landscape and compliance requirements for each region).

# 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 to handle your STO?

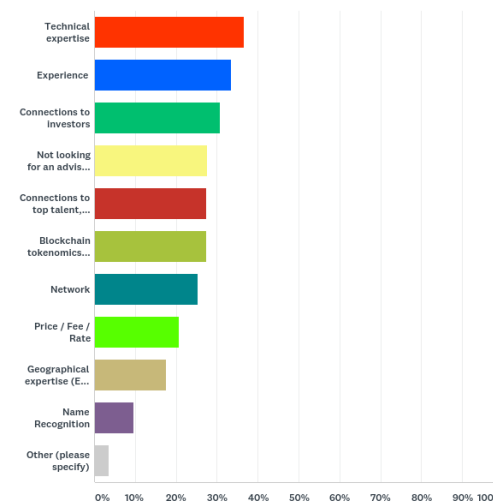
## October 2018

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?



## June 2019

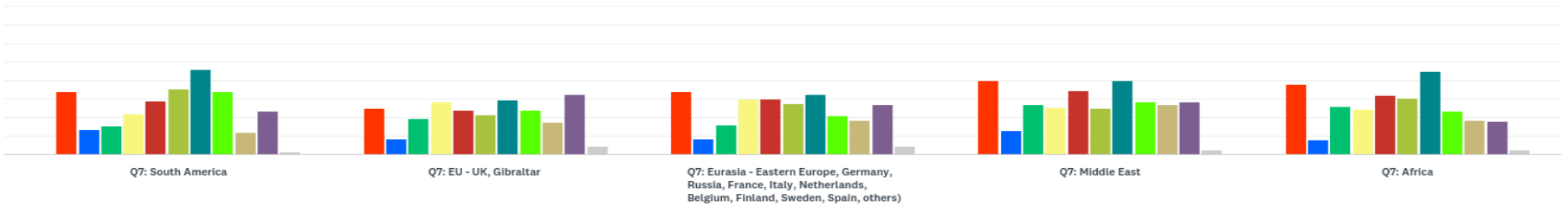
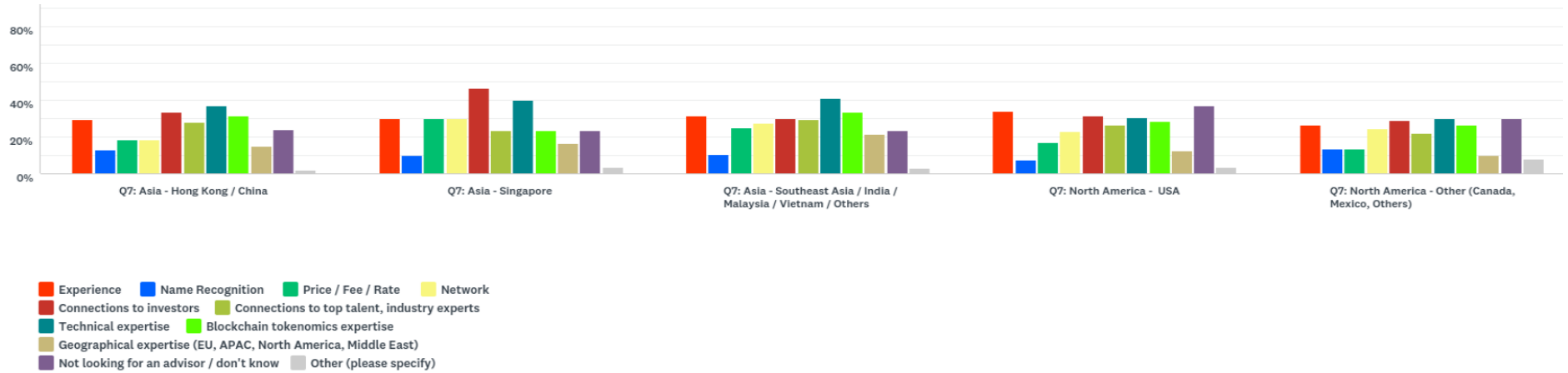
Q4 If you're a tech startup and looking for an advisor (professional, agency or company), what are the most important factors in selecting that person, agency or advisory firm to handle your STO?



The global needs for advisory shifted from “experience” to “technical expertise” in 2019. In 2018 Price/fee was second most important, then technical expertise. In 2019 “experience” and “connections to investors” became more important and rounded out the top 2 and 3 most desired traits for advisory teams sought by CEOs and Investors.

We decided to more carefully understand the regional requirements of CEOs and investors and analyzed each regions’ rankings.

# 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 to handle your STO?



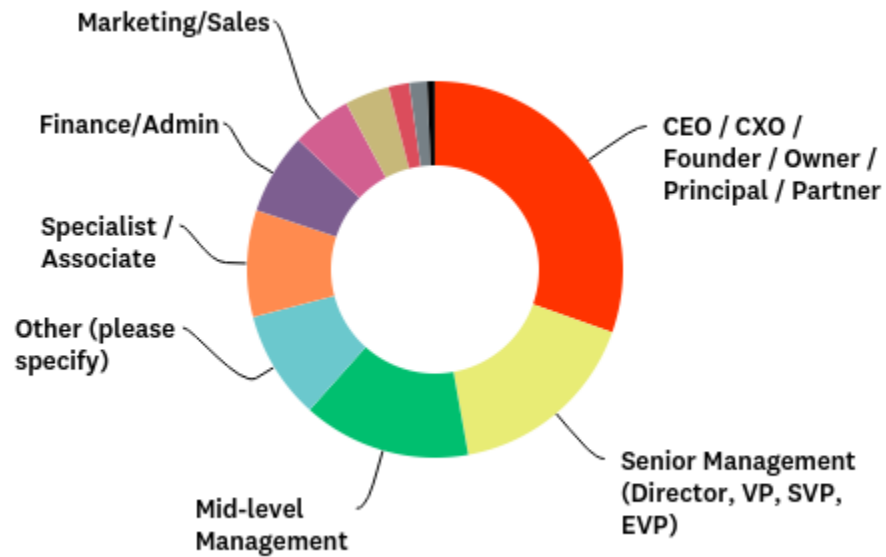
## The top 3 needs in each region:

HONG KONG/CHINA	SINGAPORE	NORTH AMERICA - USA	MIDDLE EAST
<ul style="list-style-type: none"> <li>• CONNECTIONS TO INVESTORS</li> <li>• TECHNICAL EXPERTISE</li> <li>• EXPERIENCE</li> </ul>	<ul style="list-style-type: none"> <li>• CONNECTIONS TO INVESTORS</li> <li>• TECHNICAL EXPERTISE</li> <li>• EXPERIENCE / FEE</li> </ul>	<ul style="list-style-type: none"> <li>• EXPERIENCE</li> <li>• CONNECTIONS TO INVESTORS</li> <li>• TECHNICAL EXPERTISE</li> </ul>	<ul style="list-style-type: none"> <li>• TECHNICAL EXPERTISE</li> <li>• EXPERIENCE</li> <li>• CONNECTIONS TO INVESTORS</li> </ul>
AFRICA	JAPAN (DATA SUFFICIENCY ISSUE)	SOUTHEAST ASIA	NORTH AMERICA (CAN, MEX, OTHER)
<ul style="list-style-type: none"> <li>• TECHNICAL EXPERTISE</li> <li>• EXPERIENCE</li> <li>• BLOCKCHAIN TOKENOMICS EXPERTISE</li> </ul>	<ul style="list-style-type: none"> <li>• NOT LOOKING FOR AN ADVISOR (ILLEGAL)</li> <li>• CONNECTIONS TO INVESTORS</li> </ul>	<ul style="list-style-type: none"> <li>• CONNECTIONS TO INVESTORS</li> <li>• TECHNICAL EXPERTISE</li> <li>• CONNECTIONS TO TOP TALENT</li> </ul>	<ul style="list-style-type: none"> <li>• CONNECTIONS TO INVESTORS</li> <li>• TECHNICAL EXPERTISE</li> <li>• EXPERIENCE</li> </ul>
SOUTH AMERICA	EU - UK, GIBRALTAR	MALTA (DATA SUFFICIENCY)	EURASIA
<ul style="list-style-type: none"> <li>• CONNECTIONS TO TOP TALENT</li> <li>• TECHNICAL EXPERTISE</li> <li>• EXPERIENCE</li> </ul>	<ul style="list-style-type: none"> <li>• NETWORK</li> <li>• CONNECTIONS TO INVESTORS</li> <li>• TECHNICAL EXPERTISE</li> </ul>	N/A	<ul style="list-style-type: none"> <li>• EXPERIENCE</li> <li>• TECHNICAL EXPERTISE</li> <li>• NETWORK</li> </ul>

These findings have implications advisory firms' messaging to project CEOs and investors about their core capabilities for each region. Although many skills are similar across these regions, they are not the same and an STO advisory firm may be prudent to highlight or adjust its messaging order and emphasis to suit a specific client in that geography.

## What is your occupation?

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30% of respondents were CEOs (CXOs, Founder, Owner, Principal, Partner: the key decision-maker).

17% were senior management (VP, Director, SVP, EVP)

14% were mid-level management

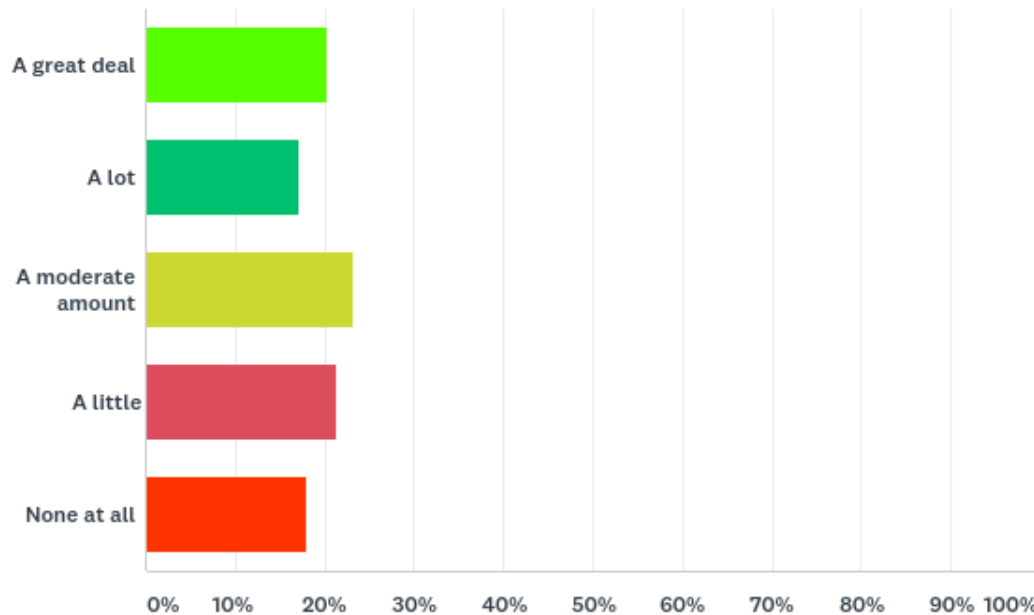
9% were specialists or associates

5% were in marketing and sales

4% were investors

## How much do you think regulation is helping to improve the Blockchain issues of trust and fraud in your geography/location/country?

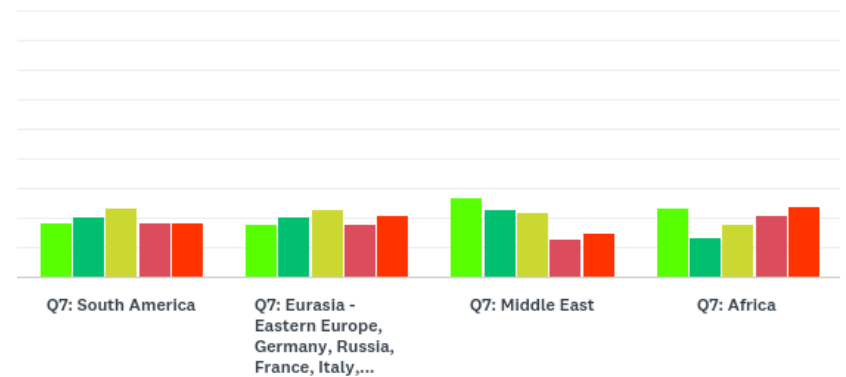
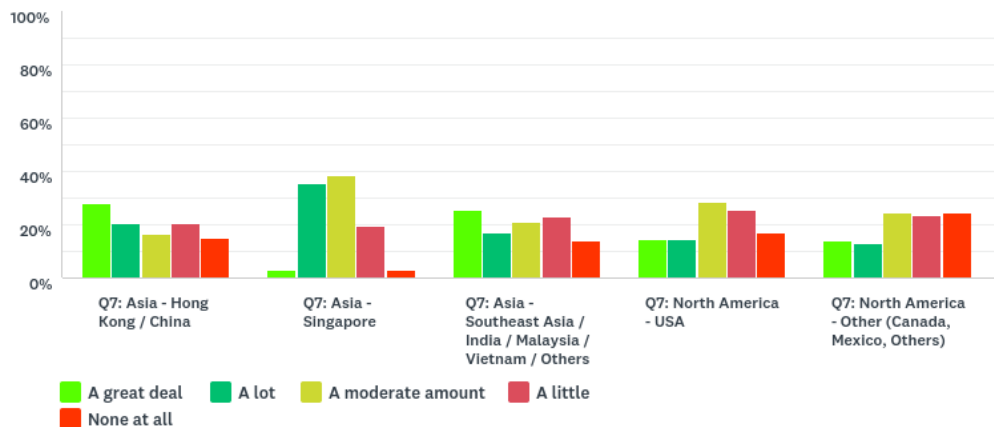
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It is important to understand how a blockchain professional thinks of regulation and this global response shows a widely balanced perception. A global summary survey analysis does provide sufficient operational insight because there is “global jurisdiction” or global legal framework for blockchain legislation (to combat fraud) and enhance trust. There are national laws.

It is essential to segment these findings to understand how each respondent thinks of the regulation within each region.

## How much do you think regulation is helping to improve the Blockchain issues of trust and fraud in your geography/location/country?



In key markets such as Hong Kong, Singapore and North America, we see significant variance on attitudes to regulation with Hong Kongers and Middle Easterners skewing positive to appreciating regulation, similarly with Singapore (moderately positively skewed with a normal distribution), vs. the USA that feels legislation only moderately helps or helps a little or none. In Africa, it appears to be bipolar (it helps a great deal or none at all).

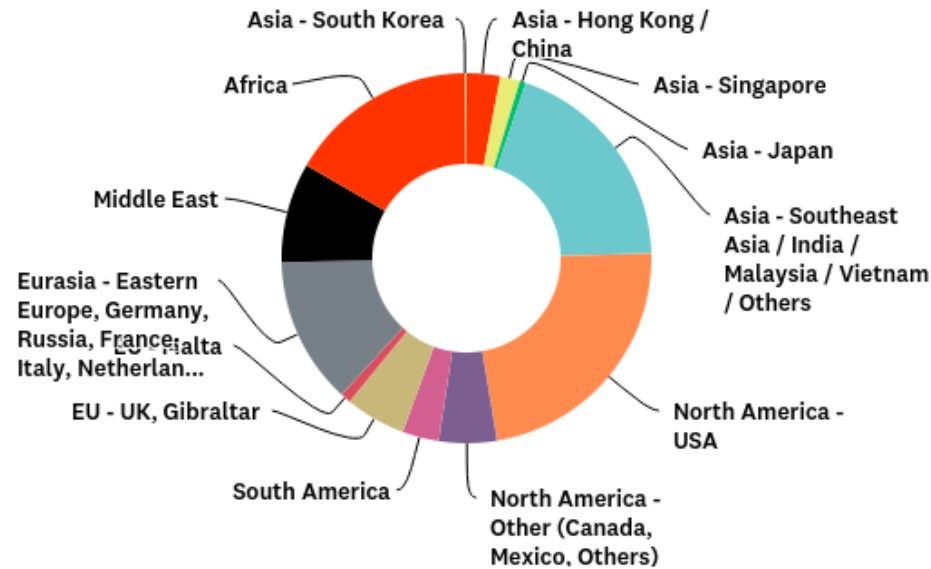
In Japan (there is not enough information--data sufficiency) responses are negatively skewed and Japanese legislation is not helping at all, or only moderately. In the remaining areas of interest, we see no clear pattern and responses are fairly balanced.

The implications for a Regtech firm is that some jurisdictions will see the benefits of Regtech sooner than others as regulators catch up to the blockchain industry. Regions with higher acceptance of regulation should expect to see speedier mass adoption of blockchain, investments, and Regtech integration into blockchain solutions because regulations must be in place before regulatory technologies can be created and implemented. The exception is where the regulations are not sufficient or debilitating (inappropriateness) for market conditions.



## Where do you primarily work/live? (in reference to your answer to the previous question)

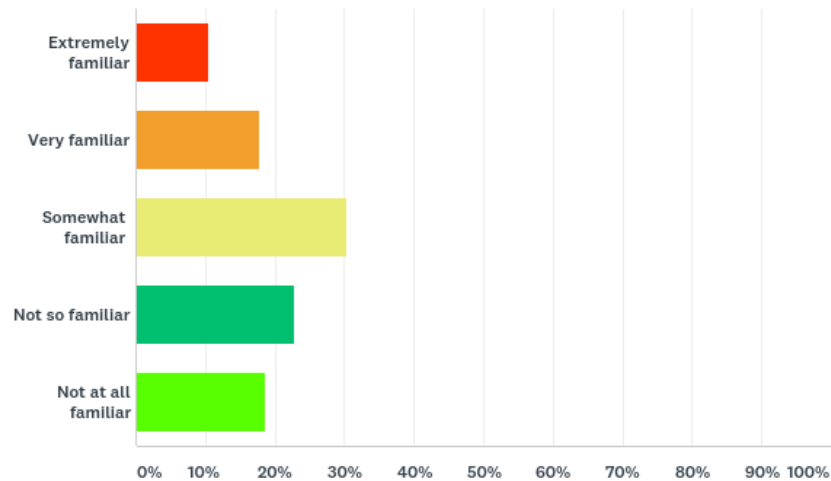
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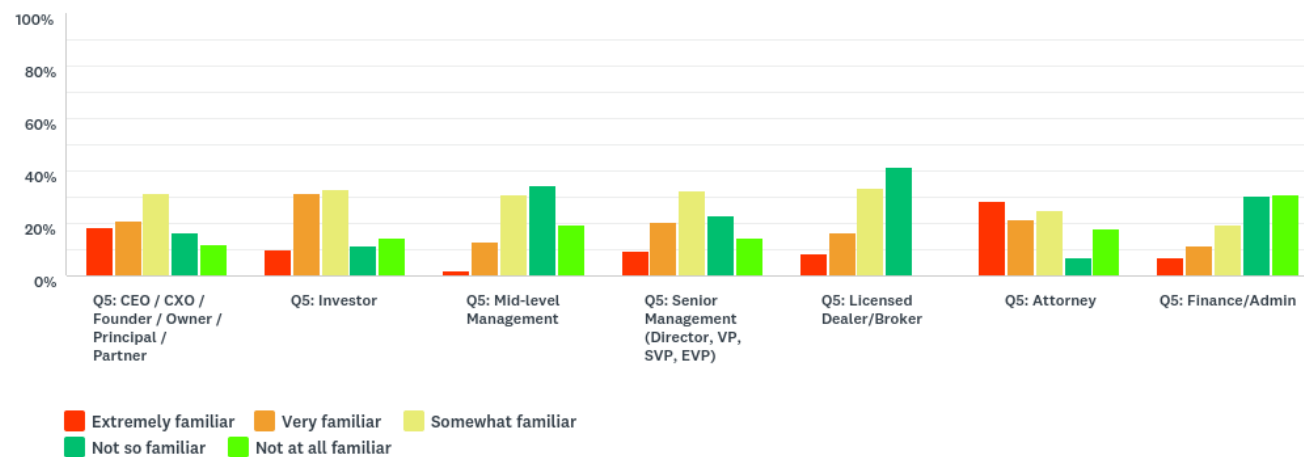
This survey was distributed globally to a list of blockchain professionals with the following distributions:

- North America 23% (USA)
- North America (Canada, Mexico, Other) 5%
- Europe/Eurasia (Russia) 13%
- The Middle East 9%
- Southeast Asia 19%
- UK, Gibraltar 5%
- Hong Kong China 2%
- South America 3%
- Singapore 1%
- Africa 17%
- Japan 1%

## "STOs" are a new fundraising approach. How familiar are you with the Security Token Offering (STO) process?

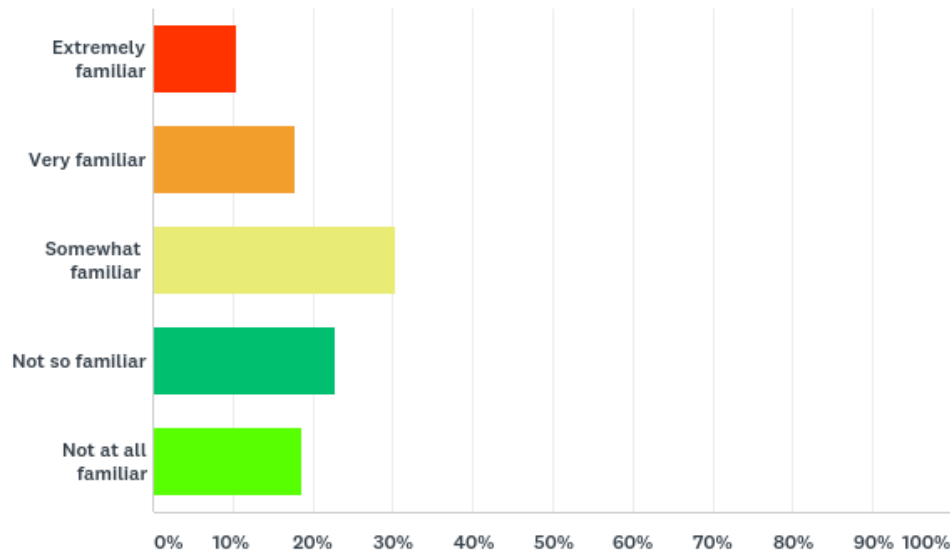


Overall, the majority of blockchain professionals are “somewhat familiar” or “very familiar” with the STO process. It is important to break this down by region and professional title for managerial decision making--specifically how to market STO advisory services and to whom, and with what level of an educational component to a client.



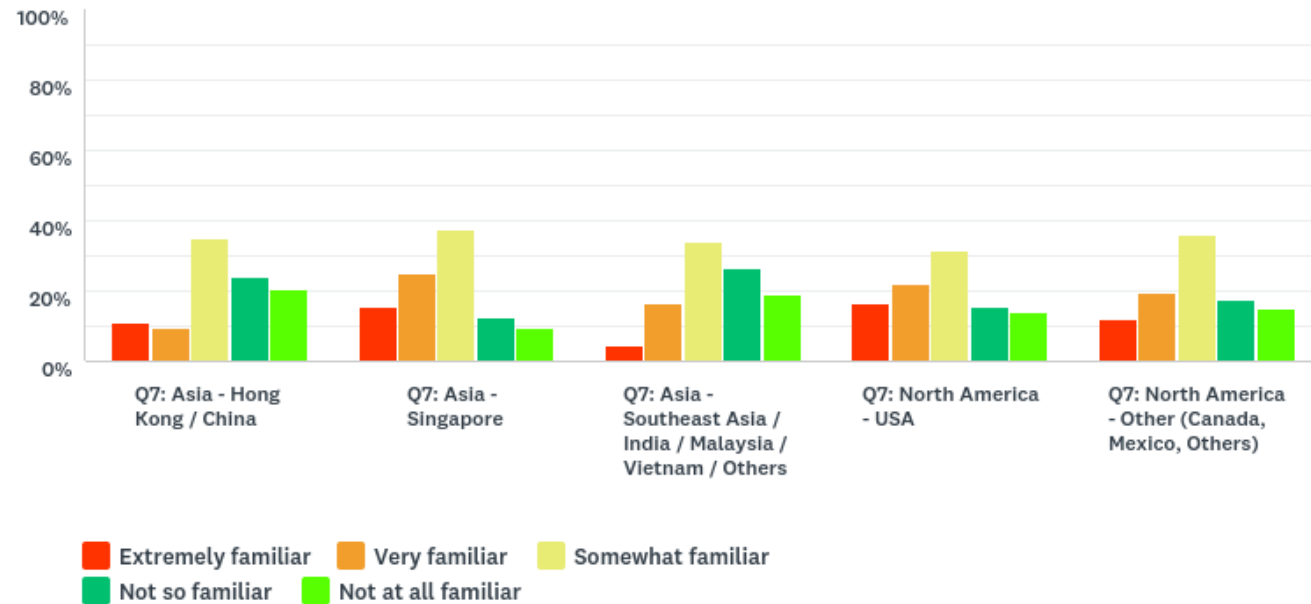
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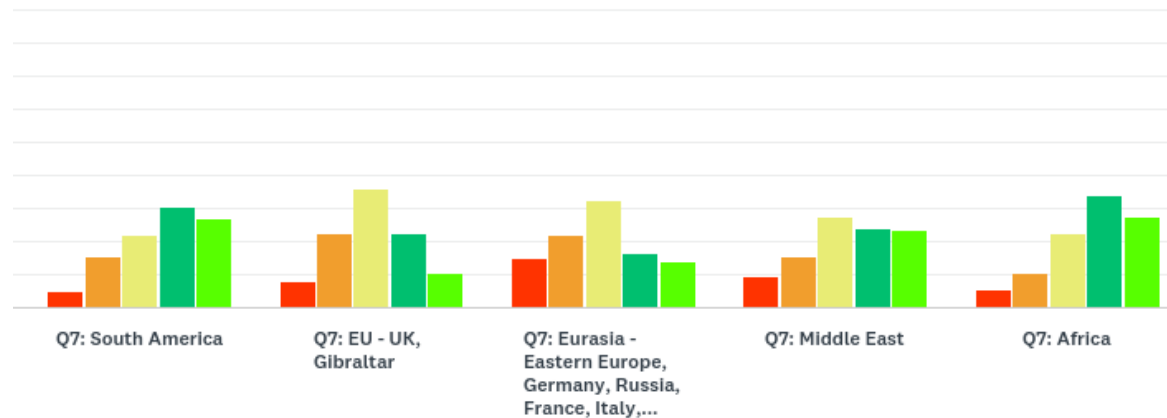
## "STOs" are a new fundraising approach. How familiar are you with the Security Token Offering (STO) process?



The bars are color-coded from the perspective that the more familiar a respondent is, the less opportunity (red/orange) for an advisory or consulting firm (to educate/advise clients in that region); The less educated/informed, then greens represent opportunities for advisory firms in the region.

## "STOs" are a new fundraising approach. How familiar are you with the Security Token Offering (STO) process?

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Hong Kong is representative of the global average of “somewhat familiar” and skewing towards “not so familiar and not familiar at all.” There is a significant opportunity for advisory services in this region.

Singapore is more well-versed with “Extremely familiar and very familiar.”

North America and the Middle East have a normal distribution around “somewhat familiar” while Africa has the most respondents with “Very Familiar” and a large portion who are “not so familiar”--this bipolarity shows up in the question about regulation being helpful to the region as well.

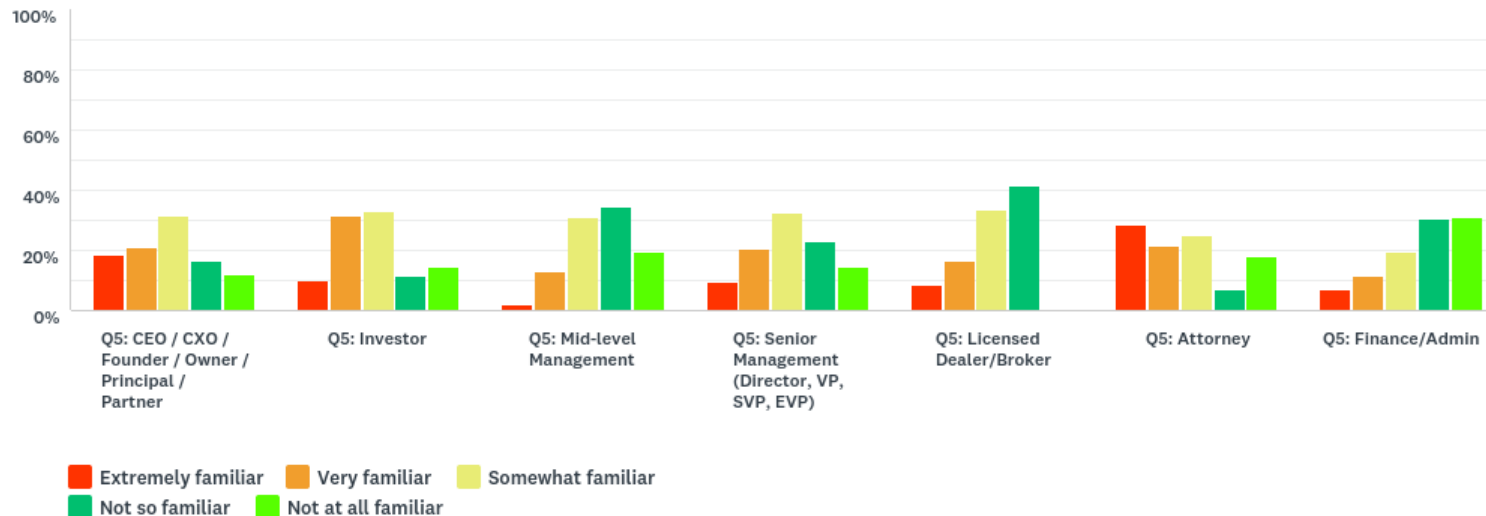
South East Asia, North America (Others), and EU (UK, Gibraltar) and Eurasia all exhibit normal distributions around “somewhat familiar”.

Notably, South America shows a negative skew towards “not familiar at all.”

Managerial implications: There are significant opportunities for STO advisory services worldwide especially in Hong Kong, the Middle East, Africa, South America, Southeast Asia, Malta and Japan. Overall there is a lot of opportunity for advisories but less in Singapore, North America and the UK.

## "STOs" are a new fundraising approach. How familiar are you with the Security Token Offering (STO) process?

### ALL GEOGRAPHIES:



Now, we take a look at familiarity with respect to their roles as either a CEO/CXO, Investor, Mid-level Management, Senior Management, licensed dealer/broker, Attorney or Finance/Admin roles. As expected Investors are very and somewhat familiar.

Surprisingly licensed dealers/brokers are not familiar with the STO process.

CEOs tend to learn quickly on the job and have the highest percentage self-reporting “extremely familiar” and more than investors and licensed dealers/brokers. Senior management is less familiar in general than their bosses and less than investors. Middle-level management is not familiar with the STO process.

Attorneys by far are the most familiar with the STO process, while finance and admin staff rival Licensed dealers/brokers with their unfamiliarity of the STO process.

## METHODOLOGY

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A survey invitation was sent out by email and also through SurveyMonkey's email collector function to target market locations:

Hong Kong, Southeast Asia, UK/Europe, USA/North America, Middle East and Africa.

The response was n=1,871 (out of approximately 250,000 invitations) or a 0.75% response rate. This sampling and response provide 99% confidence +/- 2.98% error.

## CONTACT

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### **For more information, contact:**

#### **Al Leong**

*Head of Customer Success*

QRC HK Limited  
5th Floor, 40 Bonham Strand  
Sheung Wan, Hong Kong

+(852) 3705 5341

Email: [al.leong@qrc.group](mailto:al.leong@qrc.group)

Telegram: [@alBCTio](https://www.instagram.com/alBCTio)