

ICO Safety Checklist

Initial coin offerings are one of the hottest things in the world of Bitcoin and cryptocurrencies at the moment. But in the middle of all the excitement it's all too easy to forget to do some basic checks before you participate.



We've created this handy checklist for you to run through whenever you want to give yourself that extra bit of confidence that you haven't missed anything major.

1. Is it clear how the project is going to make money?

If you can't work out how the project will make a profit, why would you put your money behind it?

2. Is it clear how contributors will be paid back?

Once you have established how the project makes money, how does a contributor get some of it?

3. Is the project targeting a clear market?

Confucius say man who chase two rabbits catches neither. In a noisy world, a very focused target market is best.

4. Is the project targeting a well established market or attempting to create a new market?

This is not a question of 'better' or 'worse' it's a question of risk. Targeting a well established market is lower risk, attempting to create a new market is higher risk.

5. Does the project have a well rounded team?

A balanced team with expertise in multiple business areas is often of great value.

6. Do the team members have relevant experience?

If the project is aiming to launch a new app for car dealers but is founded by a chef, that's a bad sign. Do the team members have experience in the specific area the project deals with? Do they have the skills to deliver on their promise?

7. Is it easy to get hold of your tokens?

In many ICOs there is often a nerve wracking period of time after you send in your contribution when you are waiting to claim your tokens. The quicker and easier this process is, the better it is.

8. Does the project need the amount of money it's aiming to raise?

For most projects, simply raising lots of money doesn't necessarily help them make more money. Does the project have a clear plan of what they will do with the funds?

9. Is the project based in a country with a stable economy?

For example, would you feel safer putting your money into a project based in Venezuela or Switzerland?

10. Does all the information presented by the project check out?

For example, can you verify that the people listed as team members are actually supporting the project?
Can you double check any of the other information yourself by referencing other sources?

11. Are they solving a real problem that actually needs to be solved?

The real test is whether people are willing to pay to solve the problem they have. It sounds weird but it happens in business all the time. A solution is created, but it simply doesn't sell because the problem is not big enough for people to part with any money for it.

Total Score Out Of 11...