

# TSM GLOBAL

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One decision can make or break an Initial Coin Offering (ICO) and determine whether you raise millions or nothing. Are you willing to do it without the advice of people who have experience in ICOs? This guidebook should help you on your journey in making an Initial Coin Offering that makes a difference, and we would be delighted if the knowledge below is useful to you and your team. In our work with over 20 ICOs, we have seen Telegram groups go from 0 to 10,000 in less than 12 hours. We have seen clients raise USD 15 million in three minutes, and we have seen one client raising more than USD 200 million. But we have also seen companies who change their minds about their intentions to do an ICO and go away with the money from the private placements. We have seen companies that have returned the money raised to clients because they realized it wasn't worth it. We have also seen countless founders flop because they had the wrong assumptions about what doing an ICO means. So, after reading this guide prepared by my colleagues, I hope that you will have a better understanding of what does a successful ICO mean. Contact us so that we can do it together to the benefit of the crypto community, yourself and everyone involved who will add a foot to the step in our joint revolution to create a better and more efficient global economy.”



**Aleksandar V. Ribak**

CEO, TSM Global  
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# HOW TO DO AN ICO

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## YOUR FUNDAMENTAL GUIDELINES

Disclaimer: This article is not meant to be taken as investment or legal advice but as a rough template to show the process behind an Initial Coin Offering and what the project's stakeholders should consider when running one. Given that this field is relatively new, best practices on what to do and what not to do are still being defined. If you have suggestions or contributions, share them with us, and we will revert.



# DO YOU NEED AN ICO?

In creating a blockchain platform via an Initial Coin Offering (ICO), like in other businesses, the primary motivation should be solving a real problem. If you don't have a problem to solve, or a customer needs to take care of, you don't have a business to build. There are examples of problems that the blockchain community is solving by organizing ICOs. It can be a blockchain company that allows borderless credits at lower rates in developing countries, free international transfer of money, decentralized sharing and storing of files, or it can be even an automated gambling game that the House (the organizer) cannot cheat to its advantage.

Blockchain technologies may be beneficial and have many applications, but they are not always the best option for all businesses. Many try to raise funds via ICOs just because they believe it is easy. It is not, as it requires a lot of knowledge, financial and human resources to do it. Others try to do it because they find it "cool." It may be, but blockchain ICOs are only cool if they serve to create a company that can solve a real problem that is optimally solved with blockchain technologies. Not all projects pass this simple rule.

## What do you need for an ICO?

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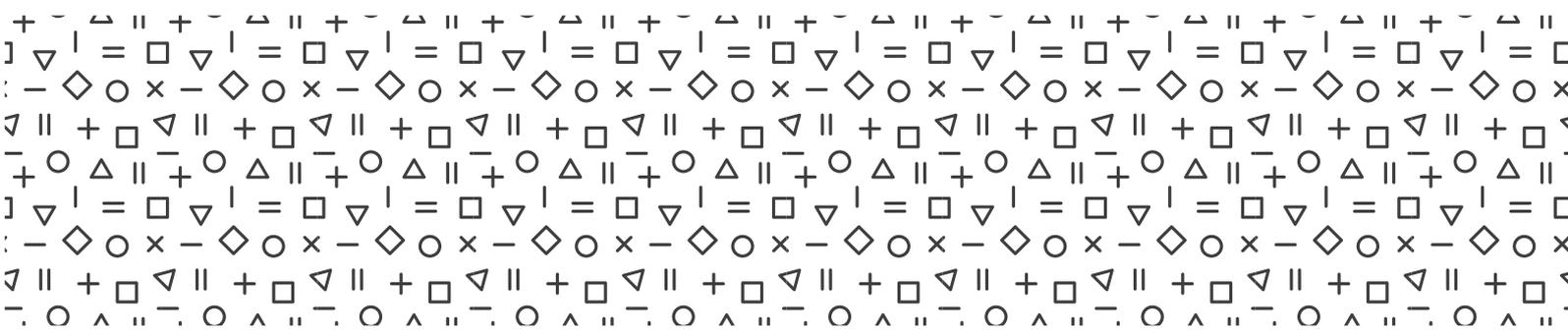
- At least \$250,000
- Good connections with the target community
- Quality people on your team
- Long-term strategy - post-ICO

## What can you compensate it with?

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- You need to motivate people to invest sweat equity - which will lower your equity/tokens
- You can build good connections in three to four months yourself
- You can maintain an organization that will continue developing the project after you are gone





## ALTERNATIVES TO ICOS

If you have already registered the company with revenues, you can think about an IPO instead. You can also contact VCs and angel investors. However, if you are a start-up company and you would like to create change, you can raise some money by seeking help from your family and friends first before asking millions from strangers. If they don't support you, why should others?

The fact of the matter is that the flexibility, enthusiasm, and opportunities that ICOs represent are difficult to match with any alternatives. The returns on the invested time and capital compared to the amount of money raised are unmatched by any other funding source today.



# HOW TO DO AN ICO?

Once you are ready and committed to doing an ICO, remember that despite all the craze and exuberance, ICOs are a necessary aspect of the blockchain technological revolution. Although every project and ICO is different, most of them share **a set of basic criteria** that has organically emerged as a way to identify serious and respectable projects.

**Making sure you cover these at an early stage is a crucial part of your initial efforts so:**

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- Be sure to solve the technical problem or can solve it before the ICO starts
- Be sure to have a good and professional policy for hiring the right people and agencies –sign contracts with all partners
- Make sure your company is incorporated in a location where you won't have legal problems

**And then, please pay attention to the elements that most investors tend to look at first in an ICO such as:**

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- Team
- Business model
- Advisory Board
- Whitepaper
- Code and prototype
- Roadmap
- Token sale terms



## **BUILD YOUR STRONG TEAM**

Who's involved in the project is probably the first thing investors will look at when doing their due diligence. Showing competent people who will work on the ICO and have experience go a long way in building trust. While different projects require different team members overall, you should look to build a team that demonstrates technical experience, business development capacity, knowledge of the blockchain space and interacts on an open-source collaboration basis.

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## **FORM YOUR EXCEPTIONAL ADVISORY BOARD**

Any shortcomings from your core team should be filled in with your advisors. This can be for technical knowledge, or inside knowledge about the industry you are building. If you are a high-school dropout, you might benefit from having advisors who are senior. Choose your advisors based on the value they can add to your project rather than as "popular faces." Eventually, you will get much more out of them while you will pay roughly the same.

## **BUSINESS MODEL**

Unlike conventional business models that revolve around profits and shareholder value, the blockchain business models are different as they maximize the token-holder's value by increasing the number of people who hold/use a token (networking effects). Yes, there are profit based blockchain ICOs as well, but the most successful ICOs (Ethereum, Ripple, Filecoin, etc.) offer a decentralized platform where profit is not the primary element that determines the long-term success of the business model. It is the utility and the number of users on the platform (marketing).

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## **IMMERSE YOURSELF IN YOUR WHITEPAPER**

The whitepaper document explains in depth how your project will work. It has come to represent a guarantee of credibility and seriousness. The people that are interested in your platform and the most serious investors will want to read a whitepaper before investing. Important segments to include in a whitepaper are project background, market problems, market size, token business model, product and unique selling point, usage of funds, roadmap, team. The whitepaper should be appealing to investors with no technical knowledge and developers alike.



## CREATE YOUR CODE AND PROTOTYPE

You may be great at communicating a vision, but can you build it? Currently, most ICOs raise funds based on the promise of the product. Developing a working prototype can deliver a huge advantage. Alpha version is often not good enough as many investors require Beta version now.

## PACE YOUR ROADMAP

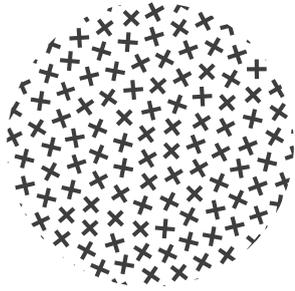
A roadmap is a straightforward presentation of project ambitions and goals alongside a timeline. One of the primary roles of the roadmap is to serve as a tool to help people hold you accountable. Uses of a Project Roadmap include; to quickly communicate project plans & goals, to manage stakeholder expectations, to generate a shared understanding across the teams involved and to communicate plans with other important teams/organizations

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## DEFINE YOUR TOKEN SALE TERMS

In addition to the platform and the utility of the token, investors will want to know the terms of your token sales. How much is being distributed and how much will be kept, the duration of the sale, any soft or hard caps and other mechanisms that will affect their interest. Aside from the Whitepaper, these terms should be shown on your website as well.





THE ICO  
PROCESS WE  
RECOMMEND,  
**MADE SIMPLE**

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# GET READY FOR INITIATION

- **DO YOUR RESEARCH**
- **DIVE INTO DATA/INFO MINING**
- **CREATE YOUR ACTIVITY PLAN**
- **MAKE YOUR LISTS –**  
*SOCIAL MEDIA, ICO WATCHERS, BLOGGERS,  
TELEGRAM, FACEBOOK, TWITTER, ICO TRACKING, ETC*

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**ADD YOUR ICO TO TRACKERS, ACTIVATE SOCIAL ACCOUNTS, FORUMS, ETC....  
GET READY FOR LIFT OFF.....AND GROW YOUR COMMUNITY.**

The core components of the ICO in the preparation phase are deciding on the offering, whitepaper, legal, precautions against the inevitable hackers and being prepared for communication – website, telegram, social media, press, interviews, etc.



# OFFERING

In general, you want to have a well thought out and crafted offer in which all the information is presented to the person looking to participate in your ICO.

## To achieve this, ask yourself:

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- How much do you want to raise and why?
- What do you want to accomplish with the particular distribution method you are choosing?
- Are you trying to raise the highest amount of money possible? Are you trying to build a broad base of supporters that will use your platform afterwards? Are you trying to target a specific profile of potential users? Are you trying to incentivize developers to build on top of your platform? Etc.



## Other questions to think about:

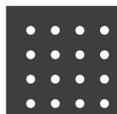
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- Allocation - What percentage of tokens or equity are you giving to your team, investors, partners, reserving for the ecosystem, reserving for the company/foundation?
- Where will the money that you raise go to?
- Do you want a cap? What types of hard cap or soft cap would be optimal for you? This depends on the amount you are targeting to raise.
- Do you want to do a pre-sale?
  - Depending on the goals of your raise, a pre-sale can be used as both social proof and getting tokens to the people who you most want to align with your ecosystem. The downside of a pre-sale is that it does favor specific people/groups over the participants in the general crowdsale.
  - If you are doing a pre-sale, you should consider building a specific reservation contract for the pre-sale to reserve a specific amount of allocation for each of the pre-sale buyers and being transparent about who participated in the pre-sale and at what price.
  - If you decide to do a pre-sale, you'll also need to think about what percentage of allocation of tokens is distributed in the pre-sale in relation to the number of tokens you are selling in the crowdsale.
  - Pre-ICO Listing & Support: List your ICO date on all ICO-related platforms such as ICO Alert. Talk to private investors before the ICO. Ask if you could announce their names before the official ICO start. Potentials investors gain confidence in your project when they see professional investors commit to your project.

## About the ICO itself

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- What currencies will you accept? (BTC, ETH, anything else?)
- Depending on your goals, do you want to split an even number of tokens for all registrants or via "first come first serve"? With first come first serve, you run the risk of having a small number of people buying up most of your tokens.
- Will you be offering rewards for getting in early? Tiered pricing?
- How long will your offering be for? (10 days, 30 days, etc.)
- Will you be geo-fencing? (excluding specific countries from participating, e.g. sanctioned countries - seeing more projects exclude both US and Chinese investors)
- Will the tokens be released right after the token sale is complete? If not, when?
- Will you allow funds/institutional investors to invest or only individuals?



## Whitepaper

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- The whitepaper is where everything above comes together and is synthesized in one key document. The whitepaper should cover all the inner workings of your application, how the whole system works, and how the token will be used within the system.
- Ideally, your whitepaper would include all the technical information about your project, all of the token allocation information, and all of the relevant information about your team.
- This one document should give a prospective contributor a full picture of your application and give them enough information to make an informed decision.
- The whitepaper should be appealing to investors with no technical knowledge and developers alike.
- It needs to include: Credible **technical roadmap**; plausible **business roadmap**; clear **token distribution model**.

## Legal

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- You'll need a law firm which has experience with incorporating blockchain companies/ foundations and running an ICO process.
- The most significant legal question you'll need to answer is:
  - Is the token you are offering during the ICO a security or not?
  - What do you need to do to alleviate the concerns that the token may be a security?
- Other legal considerations:
  - Are you geo-fencing the offering?
  - Are you setting up a foundation to be a steward of the token?



# COMMUNICATION

In general, you want to have a sustained presence on the web well before your ICO, during your ICO, and well after your ICO. Potential contributors need to know that your team is serious and in it for the long-term. All your channels need to be in sync, your whole team needs to be on deck, and you need to respond to people on time.

Here are some of the KEY components:

## WEBSITE

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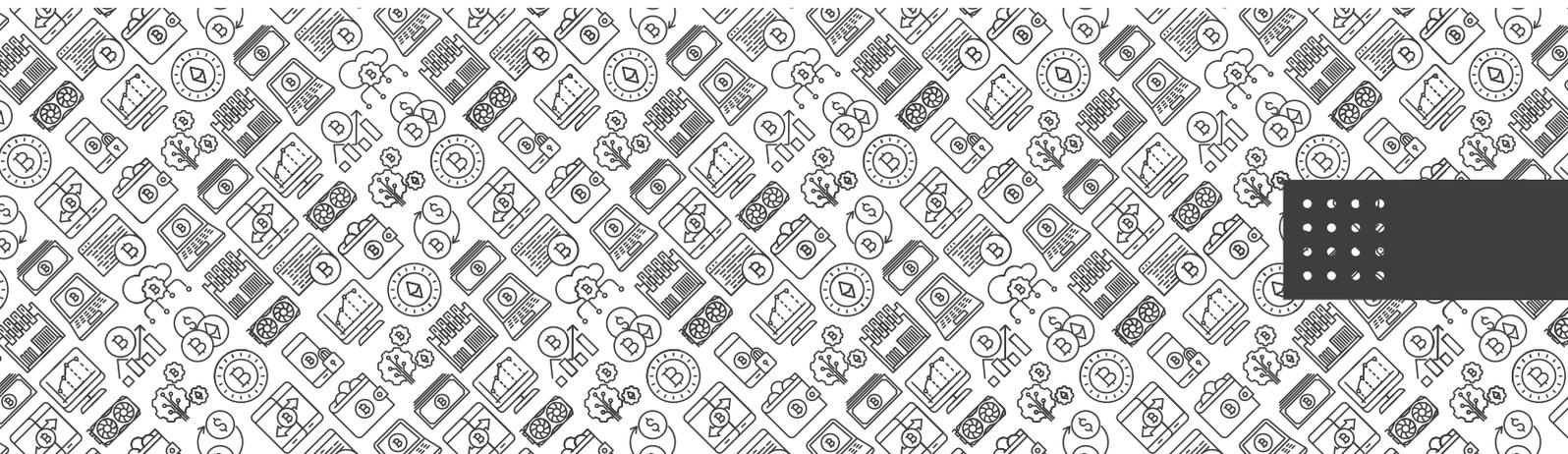
- Landing page for the crowdsale
  - Whitepaper
  - Team
- Each team member needs a clear and updated LinkedIn profile
- Potential contributors will be researching each person.
- Advisors
  - Each advisor needs a clear and updated LinkedIn profile.
  - A potential red flag to contributors is when there are fewer advisors than team members.
- Previous investors (If any)
- Budget
  - Can be included in the whitepaper or as a separate section on the website.
  - Need to have clarity on where the funding is going towards, and how long it will be projected to last.
- Roadmap
  - Can be included in the whitepaper or as a separate section on the website.
- Token allocation
  - Can be included in the whitepaper or as a separate section on the website.
  - Need to be transparent about what you are selling, terms of the ICO, and terms of the pre-sale (if applicable).
  - At a minimum, potential contributors need to be able to calculate their effective market cap and understand what the circulating and total supply will be.
- Contribution details
  - To be released when the ICO/pre-ICO is ready.
- Links to social accounts
- Translations



## SOCIAL MEDIA

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- Github
  - Need to have a clean, updated Github repository.
  - Anything that has been built should be in a public repository so that potential contributors can review everything themselves beforehand.
- Internal communication channel (Telegram)
  - Need to have a central communication channel and the team needs to be active there.
  - Strongly consider hiring a community manager full-time to moderate the communication channel you choose. This community manager can also act as the bridge between the broader community and your internal team.
  - Need to set up the channels correctly and moderate them heavily. Examples of channels: Announcements, Developers, General, Random, Support, and Scam Alerts (to be able to notify all users of potential scams)
- BitcoinTalk
  - Create a bitcointalk announcement of the token.
- Reddit
  - Own your own subreddit, brand it, and put in a few posts.
- Newsletter
  - Set up a newsletter on your website.
  - Email is the best way to directly share relevant info with potential contributors on the day of the ICO.
- Blog
  - Need to have a clean, updated blog ideally with a history of posts already.
- Twitter
  - Need to have a clean, updated Twitter account.



## **PUBLIC RELATIONS**

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- Press: Getting into both crypto publications and general news.
- Interviews: Q&A, speaking engagements, tech talks, etc.
- AMA (Ask Me Anything): Get the founders answer questions and give interviews. A powerful technique is hosting AMA (Ask Me Anything) sessions on Reddit or Quora.
- Events: Conferences, meetups, technical talks, etc.
- Podcasts: Epicenter, Unchained, Ether Review, etc.
- YouTube: Record your interviews and presentations and upload these to your YouTube channel. Create small explanatory videos about your project. These could be short interviews or animated videos. Some founders use YouTube as a communication channel (e.g., Julian Hosp, TenX) to engage with the community.
- Publicly share interesting activities: Share info about collaboration with other projects or companies. This will give your followers the confidence that you are doing an excellent job. Announce bounty programs. Use industry experts who genuinely support your project, invite them as advisors and share it on social media.

## **TRANSLATION**

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- Foreign language translations require real commitment.
- Not only do you need to translate your whitepaper and web site, but you'll need to translate all the changes and announcements going forward. You might even need to hire someone to manage the translations for Q&A and inquiries on various social channels.
- If you do decide to translate - what languages will you be targeting?

## **COMMUNITY MANAGEMENT**

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- All crypto projects have a platform for direct engagement with the community. This is the place where the main discussions happen and where you gain credibility if you can survive a swarm review of your idea.
- Need to have extra people or staff ready to answer questions on all channels, all the time.
- The more successful your ICO is, the more community support you will have.



## SMART CONTRACT/BLOCKCHAIN/WALLETS

- What blockchain technology will you be using? ERC20 token?
- Need to create the smart contract well in advance. Once people give you their monies, they would expect some form of security coming from your smart contracts that need to be transparently shared with the community
- Security audit on the smart contract
  - You need to do this well ahead of time and publish the results. You can choose a brand name like Deloitte or KPMG do this due diligence.
  - Your entire fundraiser is predicated on this smart contract, so it needs to be 100% correct. If it's only 99% correct, you leave yourself open to potential hackers. Almost billion dollars have been lost this way.
  - To be extra safe, some projects now have multiple parties do their own independent audits and publish all the individual results.
  - Setup a bug bounty to motivate volunteers who believe in your team.
- Need to set up the wallet you will receive the ICO payments.
  - The safest options are hardware wallets or even multi-sig hardware options.
  - Depending on what currency you accept, you might need more than one setup.



# GENERAL SECURITY TIPS

This is not an exhaustive list by any means. If you are worried, you should consult with a security engineer who has been through the ICO process before.

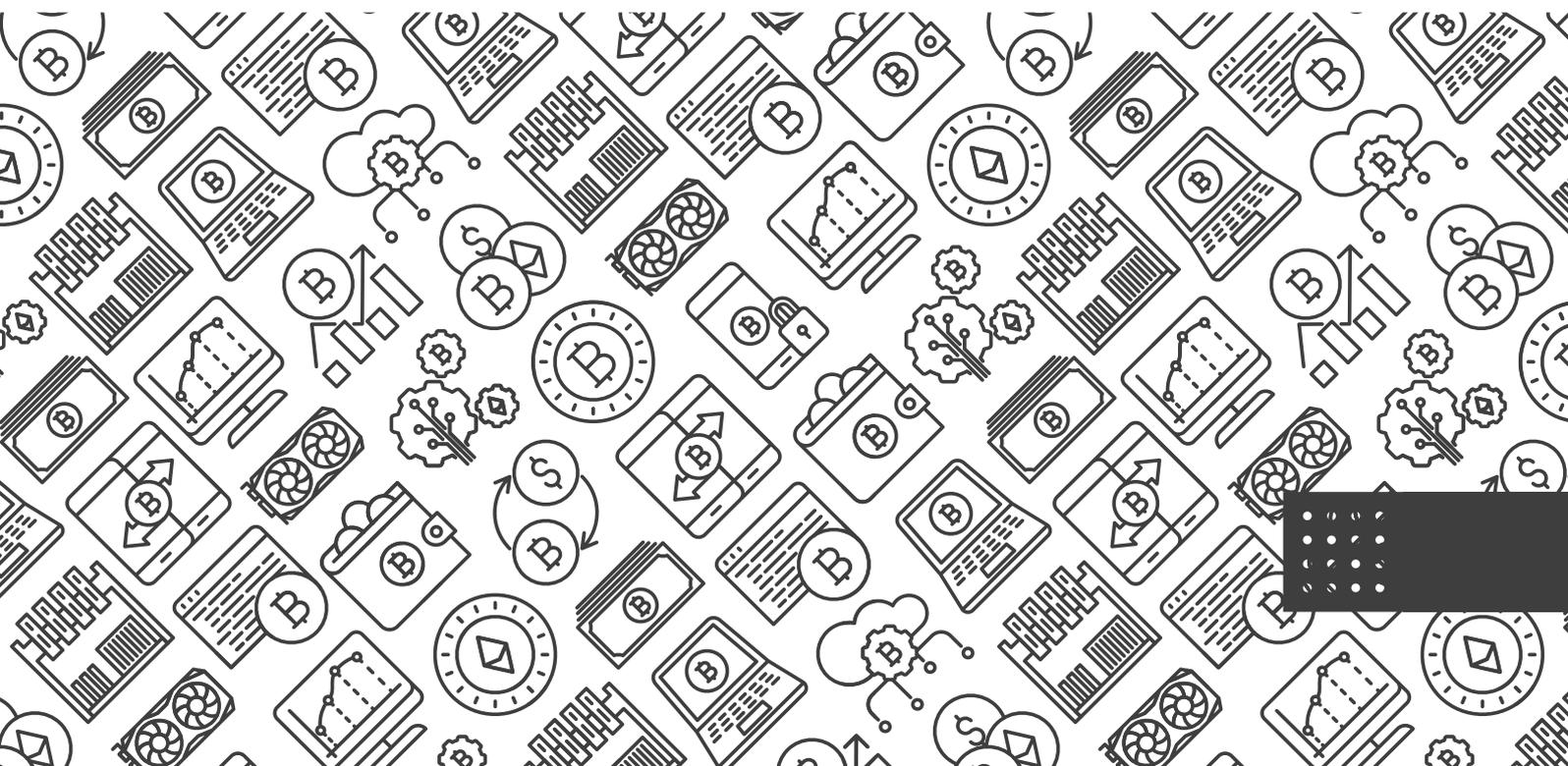
- Buy all the website domains that look like yours, and all of the various TLD variations of your name.
  - Hackers may try to re-create your landing page with a domain name that is similar to yours, using their own address instead of yours. You need to be on the lookout for any potential scam leading up to the ICO and even after the ICO.
- Register all the social media accounts of all the names that look like yours.
  - Similar to a website, hackers will also try to copy and spoof your social media accounts and point them to a different landing page than yours. You'd need to be on the lookout for this even after your crowdsale is over. One move scammers try to do is "extending your crowdsale" and tricking potential supporters.
- Setup cloudflare or other security measures on your landing page.
  - Your website is vulnerable. Be sure to internally set up two-factor authentication to make changes to your website and monitor your site extensively.
- Restrict the ability to change/commit to your page/github/social media/everything. Have two-factor authentication set up on everything - even for your internal team.
- Tell people to bookmark your site and don't click on links.
- Don't release your wallet public address until the day of the pre-ICO (Release simultaneously on all your communication channels at once).
- Remind people to send in their contributions from a wallet which they control, and that is compatible, and not from exchanges (e.g., MyEtherWallet).



# BOUNTY CAMPAIGN

The bounty campaign is a set of rewards that companies give to make people continuously contribute time or connections to the ICO. These bounty campaigns will yield best results if they are customized. No two ICOs are the same, and the bounty campaign needs to vary accordingly. There are two types of bounty programs in the ICO space:

- **Pre-ICO bounties:** The primary objective of pre-ICO bounties is to generate hype and awareness about the token offering of a blockchain startup. Therefore, pre-ICO bounty campaigns are often exclusively focused on marketing tasks. Examples of Pre-ICO bounties: Twitter bounties; Facebook bounties; Articles bounties; YouTube bounties; Bitcointalk signature bounties; Meme and infographic bounties.
- **Post-ICO bounties:** Post-ICO bounties are aimed at improving the product or service of a startup by getting direct feedback from the crowd. These bounty campaigns often reward bounty hunters with currency instead of tokens. Examples of Post-ICO bounties: Translation bounties; Bug bounties; Improvement bounties; Community management bounties.



# ICO PREPARATION CHECKLIST:

- **Concept of idea/project:** Like any traditional startup, everything starts from an idea to solve a problem.
- **Assembling core team:** The founder(s) assembles the core team members that will drive the project forward.
- **Product planning:** With a team of diverse, skilled members, important decisions such as the technology to be used, the product functionality, the token/ICO characteristics, etc. are decided.
- **Getting advisors:** Fulfilling the shortcomings of your team with experienced individuals that can provide advice, mentorship, and connections.
- **Product/Community marketing:** Start building an engaged community and introducing the project to the space. Create a communication plan to introduce the product and the vision for the project.
- **Developing a whitepaper:** Authoring a white paper to introduce the problem, the solution, the product and its technology, the token and the ICO, team, business, etc.
- **Releasing a roadmap:** Present a feasible plan of action with commitments for development and milestones to keep the team accountable to the community and supporters.
- **Seeking legal counsel:** Define jurisdiction and get legal counsel to operate under the corresponding legislation including corporate structure, taxes, securities, etc.
- **Token sale marketing:** Announce and develop a communication strategy to inform people about the token sale, the specifics of the token, its distribution, sale terms, etc.
- **Releasing code and audits:** Share your smart contracts code for revision and ideally have a specific auditing service to do a revision.
- **Token Sale (optional pre-sale):** Run the actual crowdsale or a pre-sale (public or private) to collect some “seed” money for development.
- **Proceeds conversion:** Teams liquidate some of the received money to secure cash and pay to build up the team, technology, and business.
- **Releasing prototype:** The sooner a prototype is presented, the better - if it is before the ICO that's even better.
- **Transparency reports and post-sale:** After an ICO is completed the real work and responsibility to your community begins. Being transparent, showing progress, and keeping constant updates is essential.

*Not every successful project has covered all these steps. However, the more you cover, the more convincing your proposal will be.*





IF YOU HAVE SPARE CAPITAL AND WANT TO DO AN ICO, OR YOU WANT SOMEONE ELSE TO DO IT FOR YOU, BUT YOU DO NOT KNOW WHICH ICO AND WHAT TYPE OF ICO TO DO, WE HAVE THE BEST FOUNDERS WHO CAN EXECUTE THE BLOCKCHAIN PROJECTS OF TOMORROW THAT ARE IN NEED OF CAPITAL.



**Aleksandar V. Ribak**  
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