



C O N N E C T I C O

The infrastructure of
decentralized finance
investments

WHITEPAPER

2020 v1



Table of Contents

1. Executive summary
2. Introduction
3. Challenges
 - 3.1. Individual investors
 - 3.2. Traditional pooling
 - 3.3. Dealmakers / Affiliates
 - 3.4. Rating sites
 - 3.5. Service providers
4. Solution
 - 4.1. The complex nature of Connectico platform
 - 4.1.1. Connectico Members (Investment)
 - 4.1.2. Connectico Fundraising
 - 4.1.3. Connectico Rating
 - 4.1.4. Connectico Service provider
 - 4.2. Summary
5. Technical description of Connectico features
 - 5.1. Connectico KYC
 - 5.2. Collectico fundraising system
6. Roadmap
7. Market size
 - 7.1. General statistics
 - 7.2. Pools, VCs
 - 7.3. Connectico's position on the market
8. Glossary



1. Executive summary

Connectico is a decentralized finance investment platform, which brings simplicity in the ICO/STO private- and pre-sale ecosystem and makes investments in digital assets easily accessible.

Connectico is built on an existing retail investor community and provides the opportunity for them to join forces, so that they can get access to early rounds ICO/STO deals together. The already working platform therefore functions as a one-stop-shop solution for every stakeholder that aims to raise capital, invest in blockchain-based projects or offer allocations in a safe environment. Investors and fundraisers can easily connect with each other and take advantage of services like built-in smart contract based fundraising system and KYC solution. Full transparency is guaranteed by the diversified deal sources, while Connectico Rating with new revolutionary solution offers objective, customizable analyzes on projects to support investment decisions. Connectico Service provider platform will enable businesses to enter the industry and additional developments.

Connectico's mid-term goal is to become the number one decentralized private/pre-sale investment and fundraising platform for the digital economy, driving mass adoption of blockchain-based solutions. In the long term, Connectico aims to evolve from the basic and already working platform to an entity that offers full service portfolio for blockchain-based startups.

The team behind Connectico has in-depth experience and knowledge in the blockchain investment and fundraising ecosystem. In the past more than two years, we built up a 3.000+ investor community, raised more than 650.000 USD for blockchain-based projects and helped our investors in finding marketable businesses with market information and project analyzes. This activity also helped us to deeply identify the challenges of the market and develop Connectico that aims to solve them.

With its complex and integrated approach, Connectico delivers many benefits for each stakeholder:

Individual investors:

- Access to promising projects with discounts and in early phase
- All-in-one platform to manage ICO/STO investments
- Opportunity to compare deal terms
- Making investment decisions based on objective, customizable ratings



ICOs and STOs

- All-inclusive token sale management in one platform (Platform, KYC - optional, investment, marketing)
- Access to a smart contract based fundraising platform
- Connectico Rating as a new marketing tool
- Access to every different services they need to successfully manage product- or service development

Dealmakers: pools, VCs, affiliates

- All-in-one transparent, reliable platform to offer allocations
- Direct and simple access to a large investor base
- Reaching new investors
- KYC as a service (optional)

Service providers

- New way to get clients from the ICO industry
- Easy and more cost-effective way to enter the ICO/STO industry

2. Introduction

Our vision

Blockchain was born and new perspectives, opportunities came along with it. It also drove to new form of fundraising for businesses that wanted to develop products/services for making real changes. A new industry has been built up with the promise of empowering individuals and creating a fairer world. But something went wrong, in the past three years, it was not about creating value, but rather, taking advantage of the volatile market, manipulating prices, scamming individuals, not delivering business promises and so on.

It needs to be fixed to help mass adoptions. In order to do that, first of all, the ecosystem itself needs to be changed. All the methods, thinking, approach that characterized the industry so far.

Connectico aims to create a new era of blockchain investments and fundraising that is built on simplicity and mutually beneficial cooperation.

Connectico's starting point is the commitment to empower retail investors in the blockchain investment industry. Partly, the year 2018 was about individual investors losing their capability to invest in digital assets in early phase under favourable conditions due



to the rapidly growing presence of institutional capital. In 2019, IEOs came as a new form of fundraising, but it does not solve the pain points of individual investors either. Connectico strives to reverse this tendency by creating a pool of retail investors that providing transparency for investors and fundraisers as well. As a result, it also gives the possibility for companies launching an ICO or an STO to raise funds from retail investors with much better conditions compared to institutional capital.

In the following, this paper guides you through Connectico's comprehensive solution. Let's join us in our journey and be a part of our mission to revolutionize the blockchain investment and fundraising industry and make it more accessible for humanity.

3. Challenges

3.1. Individual investors

One of the core ideas of blockchain technology is decentralization, which empowers individuals and prefers them over banking and corporate giants. That is also applicable in the ICO investment industry: unlike the traditional investment sector, individuals here must have the power to invest in ICO projects with the same conditions as others. This idea has been challenged many times during the rise of ICOs. First, it was early 2018 when individual investors had to face with oversubscribed whitelists, overloaded contribution phases, maximum caps and mainly, with the growing number of funds raised in seed-, private- or pre-sale phases, where individual investors had no chance to participate. Then pools came and problem was solved. Pooling groups are able to empower again individual investors to invest with much better terms, even in seed or private rounds. However it is still risky:.

- More and more VCs and institutional investors have discovered the potential of ICOs. The usual practice is that they buy in seed rounds at low prices and then dump on individuals investing in a later phase, letting them even lose their initial investment.

Other challenges:

- Investors have to follow a lot of different pools, projects to find the best deals, the best terms, which may guarantee returns. Since there are a lot of different deals from VCs, any other affiliates or dealmakers, even scams, investors can easily be lost in the storm of deals, invest with bad conditions and losing money.
- The ICO investment market is lacking the transparency, investors can find one given deal with a lot of different terms

Most of the problems originate from the lack of transparency in the private/pre-sale investment and fundraising ecosystem. The ICO sale process contains a lot of investment



rounds with massive differences in the prices and lockup terms based on the size of investments, the timing or the willingness to promote the project on significant platforms (if one even got such an opportunity). That makes 8-9 different investments rounds from pre-seed and family rounds to public pre-sale and public sale with differences in the token price reaching even 90% (!). Moreover, entities that are able to buy into seed round at even a 60-90% discount, sell their allocations/tokens later to individual investors mainly via pools or any other stakeholders. That basically harms the whole ecosystem. VCs and institutional investors can have massive profits, while ICOs need to face legal problem because of the unknown investments and individual investors end up even with losing their money, because of the tokens dumped on the secondary market. Not to mention that this whole process between sellers and buyers happens in a risky, anonymous and unsafe environment lacking formalized platforms to manage the selling and with investors not having all the relevant information.

Initial Exchange Offerings (IEO), another fundraising method, was able to solve some of these problems, but it also lacks the ability to provide full transparency for investors. First, IEOs are mainly public sales, exchanges do not provide a platform for private- and pre-sale fundraising in most cases. Second, IEOs take place in a centralized environment without smart contract-based solutions, which means that investors do not have full control over their money and they must store their funds in a centralized wallet. Given the fact that crypto exchanges had been hacked several times, it raises lots of security issues for investors.¹

IEOs has been driving new investment hype towards blockchain-based projects. Investors' logic is that projects that are listed for an IEO on an exchange, will bring return for sure. They do not do research and fully trust the exchanges that pick the projects.

The problems of IEOs for individual investors are the below:

- Centralized nature: there is no full control over funds
- Low liquidity: token can be traded on one exchange in most cases
- Token sales filled within minutes, access to IEOs are hard
- Investors are dependent on exchanges in terms of listing projects for an IEO
- Lack of integrated solutions that could help make investment decisions
- Lack of smart contract solutions
- Additional exchange fees

3.2. Traditional pooling is unsustainable

¹ 40 million USD has been stolen in May from the world's biggest cryptocurrency exchange, Binance.
<https://www.wired.com/story/hack-binance-cryptocurrency-exchange/>



There have been nearly 200 different pooling groups, that plays an important role in ICOs' fundraising and in helping individual investors to get a chance investing in promising projects in early-phase. By doing that, pools also serve the core idea of blockchain and decentralization. Moreover, pooling groups are also needed for blockchain-based projects in order to raise funds with significantly better conditions than VC funding and to engage with large investor communities much easier and cheaper than traditional marketing.

However, pooling groups have to face a lot of difficulties:

- VCs have discovered the potential of ICOs, buy huge amount of tokens in early-phase and then sell them later at a much higher price, thus letting individual investors (with much less buying power) invest with much worse conditions. And if investors don't want to invest, then pooling groups' business model is at the edge of collapsing.
- Moreover, pools are limited to reach more investors directly for the simple reason that it's a competing business and brand-loyalty is very much present in the sector.

From the perspective of transparency, it is also a problem that investors have no idea who are the persons they send money to in many cases.

Unlike these tendencies, we think pools of retail investors have a bright future and need to play an important role in fundraising of blockchain-based solution and serving decentralization. Pools have been providing high added value for retail investors by empowering them to get access to early round projects. With ICO fundraising still in the business and with STOs that are about to conquer the market, pooling groups have a role to play. They can become basically a flexible entity that handle a mutual fund of retail investors and provide fundraising services for blockchain-based businesses.

3.3. Dealmakers / Affiliates

There are more and more people working as a middleman between ICOs and investors/investor groups. ICO (and crypto) industry is still risky, shattered by scams and lack the trust. Such deals are happening via video calls or Telegram messaging, there isn't any formalized, trustworthy platform for dealmakers where they can connect with investors or ICOs and manage the whole process from the basics. They have to chase investors, contact a lot of different groups, admins, people and prove credibility and trust.

From investors' perspective, their activity also raises a lot of security issues, that's why it is needed to have an integrated platform providing transparency and better investment environment.

3.4. Rating sites are still very important, but compromised and outdated



Rating sites play a very important role in the ICO ecosystem. They help investors to make decisions, they educate people, provide a place for companies to advertise their products/services and for experts/researchers to distribute contents or positionate themselves. However, rating sites are more and more unpopular, lose their reputation and don't show any sign of progress in order to keep up with the market trends.

- After scandals on selling good reviews², rating sites has started to lose their reputation, thus their significance in influencing people's decision
- Investors are in need of more customizable, user-friendly solution when it comes to review ICO projects and considering these projects to invest.
- Existing rating sites lack the ability/solution to integrate the opinions of the whole ecosystem (experts, influencers, research groups, individuals)

3.5. Service providers

ICOs need a wide range of services for the successful implementation of their token sales. It requires marketing and communications, community management, airdrop management, whitepaper, smart contract review/testing and other related programming issues, strategic partnerships, investments, events etc. These tasks are outsourced in most cases, a lot of different consulting companies and other specific firms have been established focusing on helping ICOs/STOs progress. Also, many companies working in the traditional business have started to discover the ICO/STO sector and tried to extend their activity.

However, finding the right and reliable, really helpful sources for certain elements of the projects can still be a challenge.

Why is that?

- Not all the necessary staff and talent are ensured at the start in many cases and getting a wrong fit could mislead the whole project.
- Unfortunately, we see projects many times being scammed by "so-called" marketing agencies or YouTube influencers that promised massive results and brought nothing.
- The market is full of unreasonable prices and given the young age of the industry, projects are not always able to make wise and reasonable decisions.

From the other point of view, freelancers may have a hard time finding the right employers where they would be able to exploit their skills. Many posts can be observed on different platforms like Bitcointalk, Discord, Telegram etc. where individuals are trying to sell

² Markus Hartmann - This Is How Easy It Is to Buy ICO Ratings—An Investigation
<https://medium.com/alethena/this-is-how-easy-it-is-to-buy-ico-ratings-an-investigation-13d07e987394>



themselves and seek to get a shot in whatever area they are good at – even for short term jobs. Finding clients is also hard for businesses without having any experience, network and knowledge on the ICO/STO industry. Blockchain (and ICO/STO or crypto industry) sector doesn't work quite similarly as other well-known industries. ICOs and STOs as new forms of fundraising and business model are in their early phases and have quite different logic compared to other industries. Without understanding them, there is low chance to successfully enter the market.

4. Solution

4.1. The complex nature of Connectico platform

Connectico has four different pillars, which are closely related to each other.

4.1.1. Connectico Members (Investments)

Platform for ICO and STO investors to get access to promising, marketable projects in seed, private and public phases even with special conditions. It also allows individual investors to compare deal terms, so they can invest with the best conditions available. Once Connectico becomes the main private/pre-sale investment platform, investors can basically find every deal floating around in the ecosystem in one place and can freely decide which terms they choose. It brings transparency and trust to the ecosystem.

Main features/solutions/advantages here are the following:

- Diversified deal sources. Multiple deal sources available on one platform, guarantee healthy market competition.
- Collectico smart contract based fundraising system: we developed our own, already working fundraising platform in order to give automation possibility to platform users.
- Investors can manage their investment portfolio and follow dealmakers that they trust.

4.1.2. Connectico Fundraising

Connectico Fundraising is a platform for any stakeholders wanting to raise capital from appropriate sources. The core element of it is a smart-contract based fundraising platform called CollectICO developed by Connectico team. This platform can be used by ICOs/STOs, pools, VCs and affiliates. Anyone, who uploads deal to Collectico fundraising platform, can offer it to our investor base. It has a lot of advantages for each stakeholder:

- For ICOs/STOs looking for funding from reliable sources



- For pools wanting to reach more investors
- For VCs to avoid chasing investors for allocations and directly offer them to investors
- For affiliates working for ICOs in the field of fundraising
- For investors wanting to have transparency in different ICO deal terms and investing with the best conditions available

This solution results in three different types of deals on the platform:

- Deals from Connectico Team: Those that are negotiated by Connectico team directly with the given projects. It is supported with different package solutions and offerings for ICOs.
- Deals directly from ICOs: Deals uploaded directly by an ICO without negotiate a cooperation with Connectico Team.
- Deals from so-called dealmakers, who are working between ICOs and investors, primarily VCs, affiliates, pooling groups or individual dealmakers.

Main features/solutions/advantages here are the following:

- CollectICO smart contract based fundraising system: anyone can upload deals to our system
- Connectico investor base Anyone who use our fundraising platform can directly offer deals to our large and rapidly growing investor base.
- KYC as an optional service mainly for ICOs, but for pools and any other stakeholders as well with the aim of meeting the legal standards of receiving investments.

4.1.3. Connectico Rating

Connectico rating is a brand new approach to disrupt the existing ICO rating sites and improve their efficiency. We collect the opinions of the most recognized influencers, rating sites and research groups. Together with that, we give the opportunity in the platform for our members to express their opinion and show their expertise.

We offer maximum transparency in a user-friendly interface, and the opportunity for every user to customize the ratings with the extraordinary “Weight calibration” function. It means that every single investor can have their own ratings in the platform based on who he / she trusts and also in what level. They can easily set the weight of each influencer, or other rating site in the platform, based on how relevant they think that rating source is, and the Connectico aggregated rating will be calculated based on this settings.

In addition, Connectico will track the “rating sources” by their efficiency, which will further help the users to make wise decisions, who to trust, and who do not deserve our confidence. We achieve it by comparing the pre-ICO ratings given by the rating source,



with the post ICO performance, and ROI. With our algorithm, we can provide a detailed analysis of the influencers, and other rating sources, which contains all past ratings, the success rate of judging an ICO correctly, etc.

We aim to create a place where investors feel safe with the greatest confidence and never get loss among the misleading informations. Connectico is working in the interest of the people and honest ICOs with good intentions.

Connectico Rating for investors:

- Reliable ICO ratings from the most recognized influencers, rating sites and research groups in one place.
- Ratings served consistently to achieve the maximum transparency in a user-friendly interface.
- 100% customizable aggregated ratings, thanks to the revolutionary Weight Calibration function.
- A place where investors feel safe with the greatest confidence, and never get loss among the misleading informations.

Connectico Rating for ICOs:

- A platform where trustworthy ICOs can represent themselves
- Paid advertising space available, but no review manipulation

Connectico Rating for influencers:

- Connectico supports every relevant influencer in the market, by showing their ratings in the platform
- The platform gives the opportunity for every individual, to show their hidden expertise
- Connectico aims to generate the new generation of influencers, where real competence will be more valuable, than simple marketing

4.1.4. Connectico Service provider - Under development, expected launch date: 2021

Connectico service provider is a platform to connect third-party service providers to ICOs looking for different type of services in order to have a successful business.

Connectico's complex platform features an open sphere where demand can meet supply. The marketplace will provide appearance for service providers – group or individual – who can offer valuable skills for those who are looking for services in the ICO world. Should it be software engineering, translation, marketing consultancy, legal advisory or anything else – Connectico Marketplace brings the sides together.



Employers are able to choose from a pre-filtered base of service providers with checked background and proven track record. They can look for the needed service in the database and can quickly connect with them.

- Every potentially needed services in one place. They can directly find every relevant service that they need for a successful product- or service development, token sale management and even for post-ICO operation.
- Reasonable prices. More and more service provider will be listed on the platform, which generates more competition among them, so prices will be reasonable.
- Transparency. They can hire a business or a freelancer based on their valid track record and they can also compare the different offers.

As the potential employers are already out there on our platform raising funds and implementing their product- or service development, service providers will be shown to the ICOs directly, without any third party or recruitment agency. So businesses wanting to enter the blockchain industry can enjoy a long list of ICOs or STOs looking for different services.

4. 2. Summary

	Problem	Connectico Solution
Individual investors	<ul style="list-style-type: none"> ● Bad investment conditions ● Almost impossible to invest in seed/private phases ● Lack of transparency means deals from multiple sources that are risky and unfavourable; growing number of scams ● Lack of objective, customizable rating sites ● Moving funds from different wallets is not secure, slow and complicated 	<ul style="list-style-type: none"> ● Multiple deal sources, Investing with the best terms available ● Access also to seed/private rounds ● Transparency, low chance to be scammed ● Customizable, objective rating site ● Investing faster, easier and safer ● Connectico Smart Wallet
ICOs and STOs	<ul style="list-style-type: none"> ● Difficulties in getting fund ● Lack of transparency in fundraising ● Lack of solutions providing all-inclusive service portfolio in one platform. 	<ul style="list-style-type: none"> ● Large investor base ● All-inclusive token sale management in one platform ● Advertising place and matchmaking ● Token Generator
Pools	<ul style="list-style-type: none"> ● Business model is unsustainable ● Lack of interest from investor side 	<ul style="list-style-type: none"> ● KYC as an optional service



	<ul style="list-style-type: none"> No scalability opportunities 	<ul style="list-style-type: none"> Direct access to more investors Fundraising platform
Vcs/Affiliates/Individual dealmakers	<ul style="list-style-type: none"> Lack of formalized, trustworthy platforms to connect ICOs and investors. Difficulties in reaching/maximizing investors 	<ul style="list-style-type: none"> Fundraising platform to manage allocations Large investor base Building trust, have followers
Third-party service providers	<ul style="list-style-type: none"> Market entry has high costs ICO market is quite young, requires other types of knowledge and skills Lack of network in the ICO industry No formalized platforms connecting ICOs and service providers 	<ul style="list-style-type: none"> Direct access to a large lists of ICOs Platform to get new clients Platform to engage with a large community (investors, ICOs, pools etc)
Rating sites	<ul style="list-style-type: none"> Recent scandals on buying good reviews No aggregated sites containing every relevant sources Lack of customizable solutions Lack of objectivity 	<ul style="list-style-type: none"> Customizable, aggregated ratings from many different sources based on investors' preferences Advertising platform for influencers, ICOs and other stakeholders Weight calibration

5. Technical description of Connectico features

5.1. Connectico KYC

The optional Connectico KYC is a one-stop-shop solution for investor verification needs audited by NMI GLI. It offers businesses a complete solution from handling signup till securely storing data with the aim of providing businesses the opportunity to fully focus on the core business. Leveraging advanced technology as biometric facial recognition, optical character recognition, artificial and hybrid intelligence, we help businesses meet regulatory compliance in the fields of KYC and AML requirements and provide a safe and efficient customer onboarding.

It's an ideal solution for ICOs/STOs for their token sale management and also for pooling groups and any other entities that want to raise fund in a legally appropriate way. Additionally, our KYC solution is integrated into a complex platform where our clients can



enjoy additional services, like all-inclusive token sale management, advertising, matchmaking with other third-party service providers and fundraising.

Our additional KYC services for businesses

- Document Verification: As an additional layer of identity proofing, customers may be requested to scan in their supporting documents as utility bills or other specific documents as proof of address or other required information. The textual data gets extracted and processed with the help of optical character recognition and artificial intelligence. A customizable rule set serves as a business logic in the specific cases according to customer needs.
- 2 step verification: As an additional verification point, the customers email, phone no. or physical address may be verified. The customer can be requested to type in the correct PIN code received by email, SMS or post.
- Tamper proof audit trail: Regulations or high demand security environments may require tamper proof audit trails related to the activities in the procedure and identity of the persons handling the processes. With our unique solution, our product can ensure compliance in such scenarios by implementing it in your existing stack or using our proprietary solution.
- Consulting: For clients not sure where to start, how to interpret and implement their KYC process and what the right solution is, we offer consulting services from technical perspective and legal assistance through our legal partner network.

Our flexible platform makes it possible to define the best user flow according to businesses' requirements and choose the exact services they need. We are able to fully accommodate KYC needs in a way that nobody else offers on the market. We let our clients focus on their core business, able to take over all aspects of acquiring, verifying, handling and storing customers data.

5. 2. Collectico fundraising system

CollectICO fundraising system is an Ethereum smart contract-based, easy-to-use and secure platform that is integrated into the comprehensive Connectico platform with additional features, like the optional KYC, rating site and investor base. Collectico is able to handle investments from investors and distribute tokens after the token sale according to the size of each contribution. Collectico has two main components:

1. The creator site where a pool can be created and parameters can be set up
2. The contributor side where investor can invest with ETH and get access to their tokens.



Deal creators can set up the following parameters:

- Size of allocation: maximum investable amount by the investors
- Fee: Amount what the investor need to pay
- Personal caps: Defining the minimum and maximum amount an investor can invest
- Defining the time frame until investors are not allowed to withdraw their contribution
- Defining the ETH address where the contributions will be sent to
- Creating whitelist in order to pre-select investors, so only contributions from predefined ETH addresses will be accepted

Contributors (members of the platform) can check each deal's terms on the user dashboard, compare them and the invested amount so far. The contribution can be made manually or using MyEtherWallet and Metamask that are integrated into the platform. Investors are free to withdraw their contribution until the pool is open. It is also applicable if the fundraising is not successful. If the contribution is successful, funds will be sent to the address and investors need to wait for token distribution. As soon as tokens arrive at the smart contract, they will appear on the investors' dashboard where they need to withdraw them manually from.

Thanks to CollectICO, we are able to offer the following services for our clients and members:

- All-inclusive token sale/fundraising management for ICOs/STOs and the option of directly offering tokens to Connectico investors³
- Smart contract based platform for every type of fundraisers (VCs, pools, individual dealmakers) to manage and offer allocations
- Every stakeholder using CollectICO platform can offer deals directly to Connectico investor base.
- Investors can enjoy an integrated, easy-to-use and transparent system for contribution to ICO/STO projects with a registration taking around 5 minutes.

CollectICO will be used independently from Connectico platform. In this case, deals uploaded to the system won't be visible by Connectico investors nor it has any connection to the platform. Everyone with the link can have direct access to the contribution page. There is no need to register on the platform.

Another option is to become a Tier 3 member on Connectico platform. Tier 3 members are free to upload deals to CollectICO platform. It has more advantages:

³ All-inclusivity will be fully met with the Connectico Token Generator platform scheduled for Q1 2021



- Deals uploaded to the system as a Tier 3 member will directly appear on Connectico investors' dashboard.
- As a member, you can build trust and community, have followers that will be always there to invest in your projects.
- You can manage allocations or raise fund in one place without any additional steps.

6. Roadmap

2020 Q4

- Launching Connectico Deal listing site
- Launching Connectico Rating site

2021 Q1

- Launching KYC as a service
- Integrate Collectico smart contract based fundraising system to the platform

2021 Q2

- Connectico Rating site "Post ICO" Analysing system
- Launching Connectico rating source analyzing system / Rating site, influencer and other rating source performance statistics

2021 Q3

- Launching Connectico Service provider platform
- Roll-out with Collectico feature: Besides Ethereum, accepting other cryptocurrencies for investments

2021 Q4

- Partnership with a trustworthy crypto exchange, which lists the most promising ICOs according to our analyzes

2022 Q1

- Launching a communication and data processing bot based on artificial intelligence (AI), which helps the communication between companies and members
- Partnership with venture firms and hedge funds

2022 Q2-Q3

- Launching the first automated crypto startup financing ecosystem that is available for every stakeholder, operates transparent and according to every necessary regulation across the world.



Deal listing site / developed /

The biggest development of the previous period was to make ICO investment opportunities more transparent. From now, investors do not need to collect informations from many sources, which pool has the best offers according to token price, and other details. On our platform, all ICO/Pool/VC can show their project / deal, so the investors can easily compare them and have the opportunity to choose wisely.

Rating site / developed /

It is typical that the positive reviews can be bought on most of the rating sites operating nowadays and so the principle of objectivity is violated. Besides that, the people writing reviews often miss to recognise important factors, because of the lack of capacity to fully examine the project. The negative reviews are rare.

Our rating site collects information from several sources, including the opinion of the crowd, but also the most relevant influencers and competitor rating sites. The weight of these sources can be set by the users and so the ratings are 100% customizable. We pay much attention to the “red flags” and so the investors have a better chance to avoid scam ICOs.

KYC system / developed /

In case of need, an automated, built in KYC solution is available for platform users. Our KYC solution is available not only for the Connectico members, but also any ICO can use the service, customized for its needs.

Collectico

We created an Ethereum Smart Contract based, automated investment and fundraising system. Investors send the Ethereum to an Eth address implemented into Collectico. After all the investors have sent the Ethereum they wish to invest, the system sends the amount to the ICO. In exchange, the ICO sends tokens to the same address, which will be distributed to the investors automatically by Collectico based on their investment sizes.

Connectico Rating site “post ICO” analysing system

We intend to follow the performance of the ICOs after their crowdsale as well. The platform will notify the investors, whenever it hits an exchange. Also we will make available its actual price, the price after hitting the exchange and other important details.



Connectico Rating rating source analyzing system

Connectico collects a wide range of information about ICOs and also rating sources. With all these data, we will be able to evaluate the performance of the different influencers, rating sites or simple members willing to use the site to express their opinion. Connectico aims to discover the real talents and weed out fake influencers from the ecosystem. We will create full transparency, a system, where professional knowledge will always beat marketers. We help people see who to trust and who to ignore.

Service provider platform

The use of blockchain based services is still very new. As we are talking about a decade old ecosystem, the different parties can find each other very cumbersome. The supply and demand can occasionally meet. The Service provider pillar will change this fundamentally. Every crypto, and blockchain related service provider can represent themselves on the Connectico platform, while the clients can find everything they need in one place: Ethereum developer, graphic, financial provider, ...

Introducing new features to Collectico

After developing Collectico, we will further improve our smart contract based, automated investment system and besides Ethereum, we will make it possible to invest with other cryptocurrencies.

Together with that, we also make it possible that the ICOs will get the investments in portions according to the roadmap milestones and only if they perform it. Our purpose is to make full transparency, and force ICOs to make realistic commitments.

Partnership with a crypto exchange

We will make an agreement with a good crypto exchange, which will regularly lists the most promising ICOs according to our analysis with our cooperation.

Communication- and data processing bot based on Artificial Intelligence (AI)

We launch a communication and data processing bot based on Artificial Intelligence (AI), which helps the communication between companies and members. The bot will automatically get in touch with the parties, give instructions, answers all the questions both in the Service Provider, and the Deal listing pillar.

Partnership with Venture Firms and Hedge funds



One of our main goal for 2019 will be to make strategic agreements with Ventures and Hedge funds, and so to redound the capital raising in the best projects.

Automated mutual fund

Until the end of 2021, we will launch the world's first automated, AI and blockchain based crypto startup financing ecosystem. Anyone can release their ICO/STO project on our platform, which will be automatically analysed by our system, so the decision will be made about possible investment. If the company accepts the offer of Connectico Venture Capital, they get the first part of the investment and later the rest, if they fulfill the milestones they promised in the roadmap.

7. Market

7.1. General statistics

ICO market outgrew from the ground four years ago in 2014 and went through an explosion during the last two years. The yearly 16 million dollars market reached 1,5 billion monthly peak in January 2018.⁴ After a few years of calm and reasonable growth on the ICO market, the total funds raised in 2017 skyrocketed and the first half of 2018's volume was even higher, but in the second half of 2018, the cryptocurrency market consolidation almost zeroed out the whole ICO market, November 2018's volume was about 1/10 compared to its peak.⁵

While in 2016 only 29 ICOs were conducted, that raised 90M USD altogether, in 2017, 875 ICOs received 6,2B USD. H1 2018 has been the greatest period for ICOs so far, more than 1200 projects raised funds through initial coin offering and collected 8,4B dollars. Nothing pointed to the crisis that reached the market by Q3 2018 and resulted in only 1.8 billion dollars raised fund, which is notably lower compared to the previous quarters. Q4 2018 was even worse with total raised funds at 1.1 billion USD.⁶

The following numbers describes well the actual market situation: in Q1-Q2 2017 only 13% of the projects failed to raise more than 100K USD, in Q3 2018 the same applied to 57% of the companies (grafikon kéne). Also, it's getting hard to stand out from the crowd for the projects since almost 600 ICOs took place just in Q3 2018⁷ and nearly 700 in Q4.⁸ Having

⁴ Data from <https://www.icodata.io/stats/2017> / Analyzed by Connectico Team

⁵ Data from <https://www.icodata.io/> analyzed by Connectico Team.

⁶ ICO Bench - ICO Market Analysis 2018 https://icobench.com/reports/ICO_Market_Analysis_2018.pdf

⁷ ICO Rating: ICO Market Research Q2 2018 and ICO Market Research Q3 2018.
<https://icorating.com/report/ico-market-research-q2-2018/> and <https://icorating.com/report/ico-market-research-q3-2018/> and
<https://icorating.com/report/ico-market-research-q4-2018/>

⁸ ICO Bench - ICO Market Analysis 2018 https://icobench.com/reports/ICO_Market_Analysis_2018.pdf



difficulties with raising fund is identifiable in terms of token sales' duration. In December 2018, average ICO duration increased to 92 days, which is a significant change compared to the previous year's 40-60 days.

In the meantime, venture capital has been constantly flowing into the ICO market. Until the end of 2016, a total of 1.5 billion dollars were raised via venture investment. While from 2017 until November 2018, around 2,6 billion USD came in the form of venture funding. Venture funding is not affected by the decline of funds raised via ICO, in Q3 2018, it almost reached the amount of ICO funding.⁹

So by Q4, ICO fundraising has been a very hard business. The total funds raised via ICO reduced significantly, we see many projects not even reaching their soft cap and delay their fundraising or the unlock of tokens. They are forced to chase investors to get some funding, which brings large investments from unknown, legally not appropriate sources, mainly via pools. And lastly, they raise more and more capital via institutional investors, which, as a result of the huge discounts, harms individuals investing in later phases. Moreover, cryptocurrency market is decreasing that has a direct effect to the funds raised via ICO, since ETH price and ICO market size has a strong positive linear relationship (0.8), which means the total raised ICO funds almost perfectly follow the changing price of Eth. Also, the so-called 'whitepaper projects' that promised a lot and brought nothing on the table completely broke investors' trust.

After the decreasing trend in late 2018, the market has started to recover by Q1-Q2 2019. It is driven mainly by the recovering cryptocurrency market, there is a 0.8 linear relationship between the investment and the trading markets. On the other hand, major exchanges has entered the ICO market with the so called IEOs. 19 projects raised approx 170 million USD in the given period on IEO platforms. This results 17% market share in the ICO market for the IEOs. IEO is the new hot topics in the industry, but it has also a lot of disadvantages discussed above in this paper.

Lately, from Q3 2019 a long-term decreasing tendency took over which seems to turn into a growing market with beginning of Q2 of 2020.

7.2. Pools, VCs

The overwhelming demand to participate in ICOs resulted in the foundation of syndicates (group of investors) with the aim of investing together in projects in the private or pre sale rounds. Some of them show more than 10.000 members. More than 200 ICO pools were established in 2017-2018.

One another stakeholder appeared on the ICO private- and pre-sale market, VC firms and other institutional investors. Venture funding seems not to be affected by the crypto market decline, in 2017 and 2018, 400+ deals raised 2,5B USD from VCs with an average

⁹ <https://blog.goodaudience.com/crypto-funding-trends-a87342b3943f>



deal size of 6M USD.¹⁰ Common practice was in Q2-Q3 among VCs to sell part of their allocations to pools or individual investors.

7.3. Connectico's position on the market

The ICO market yearly volume is around 15B USD and the market is only in its very early stage. Global regulation is yet to be announced by governments, which might lead to the real run up of the blockchain based crowdfunding. Connectico is way before the time of a more regulated blockchain investment and fundraising industry that attracts more capital and reaches mass adoption.

Our platform is already prepared for the upcoming regulation with the built-in KYC solution, the smart contract based CollectICO fundraising system and the fully objective rating site, so it can attract 200+ pool owners, even more independent dealmakers, blockchain ventures to sell their allocation and ICOs, which get all-in-one services at Connectico. From investor perspective, ICO funding become easier, more transparent and safer, KYC is enough to be done once, relevant ratings can be found at one place and all the deals on the market will be available at one place. Also, Connectico addresses the expected rise of STOs as a form of fundraising by building the platform in a way that is fully able to handle STO investments and fundraising.

All of these indicate clearly that with a blockchain industry on its way to mass adoption and attracting more capitals, Connectico can be a central stakeholder on the blockchain investment and fundraising market. Also, as detailed in the Roadmap section, Connectico has a lot of scalability opportunities in the near and long future as well.

8. Glossary

Affiliate: person who is working as a middleman between ICOs and investors striving to raise fund for blockchain-based projects. Typically, persons working for ICOs, ICO consulting companies.

Fundraiser: person or entity that aims to raise fund for ICOs or STOs or to sell ICO/STO allocations.

Deal creators: persons or entities that were background-checked via a video call and became a Tier 3 members. They are entitled to upload deals to Connectico fundraising platform and offer them to Connectico investors.

¹⁰ Sebastien Wurst: Crypto funding trends <https://blog.goodaudience.com/crypto-funding-trends-a87342b3943f>



Initial Exchange Offering (IEO): Token sale conducted on the platform of a cryptocurrency exchange and administered by a crypto exchange on behalf of the startup that seeks to raise funds with its newly issued tokens.

ICO or Initial Coin Offering: this is a form of fundraising. The company issues an own cryptocurrency for sell with the aim of developing product or service. The currency can be bought and later traded by investors. ICO token sales have different rounds with different discounts, such as pre-seed, seed, private, public.

STO or Security Token Offering. This is a form of fundraising. Difference compared to ICO lies in the fact that investing in security means shares in the company (voting rights, dividends etc.).

Pool: Large investor communities mainly operating on Telegram and Discord with the aim of getting access to private sales with discounts with a mutual fund base.

Pool admin: Person who runs a pool

Service provider: company or individual offering services for ICOs.