



# COINTELLIGENCE

STATUS

15/10/2018

# DUE DILIGENCE, DUE DILIGENCE , DUE DILIGENCE

Due diligence is one of Cointelligence's main foundations.

In the past year or so, the community has lost trust in projects due to the high amount of frauds and low standards of quality measurement.

We are trying to pour clarity into the crypto ecosystem and through that we intend to enable projects to regain that trust, allowing people everywhere to learn, become wise, and invest accordingly.

In order to do so, we have created an impartial rating system that rates ICOs using the highest standards the community has today. Here are some important conclusions from our ratings.

# RATING - SUMMARY

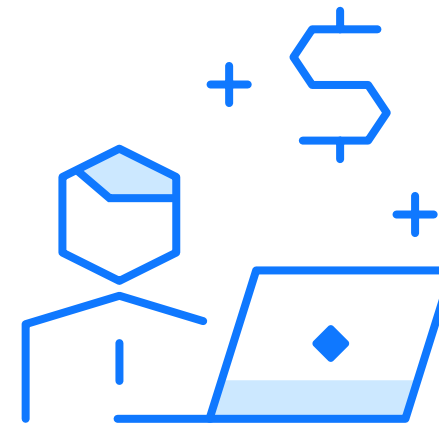
In our quest to help the crypto community, we have dedicated the majority of this presentation to both potential investors and ICOs. Hence, the following parts will focus on each score we give and why we give it.

OUR SUMMARY  
IS DEDICATED  
TO THE FOLLOWING  
AUDIENCE:



## ICOS

For ICOs, this is an important opportunity to learn from the mistakes of your competitors, colleagues, and community in order to help you improve in the future for the benefit of the entire community.

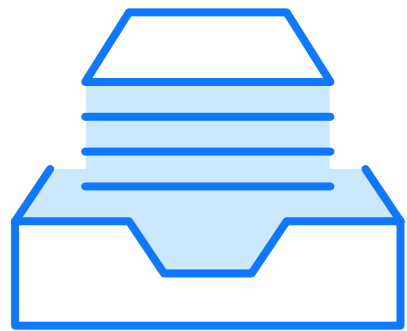


## INVESTORS

For potential investors, this is an important opportunity to learn how to perform your due diligence.

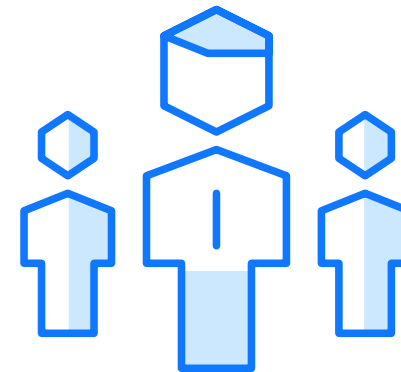
# RATING - SUMMARY

OUR RATING SYSTEM IS DIVIDED INTO THE FOLLOWING CRITERIA:



## DATA INTEGRITY

It is important to look at the website and the whitepaper of the ICO to check the validity and the quality of the information provided in both.



## TEAM IDENTIFICATION

Each member of the team should be researched via their social media accounts and activities.

It is necessary to look into the team members' past experience with other projects (GitHub for developers and social network profiles for other positions), as well as recommendations each member receives from the crypto community.

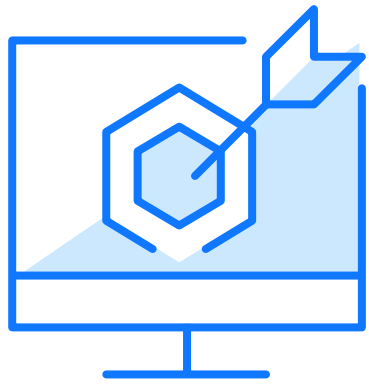


## VISION

How well-defined the project's vision is, how realistic it is, and the long-term plan that outlines how the vision will be realized.

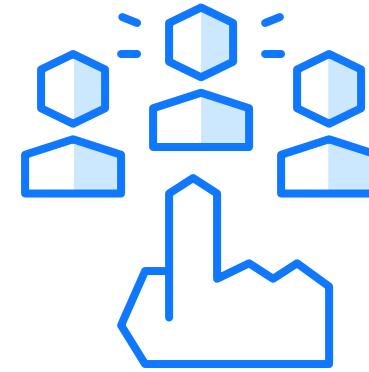
# RATING - SUMMARY

OUR RATING SYSTEM IS DIVIDED INTO THE FOLLOWING CRITERIA:



## PRODUCT

The product needs to be examined to see how well it aligns with the vision as well as how mature it is (POC/MVP/ Working Testnet/Mainnet).



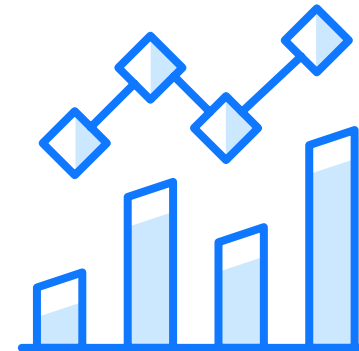
## SOCIAL ENGAGEMENT

The quality of community members who follow the project on different social networks, as well as their level of engagement and sentiment.



## LEGAL ENTITY

The existence of a legal entity and the jurisdiction. Preferably jurisdictions like Switzerland, Gibraltar, Malta where guidelines and regulations exist



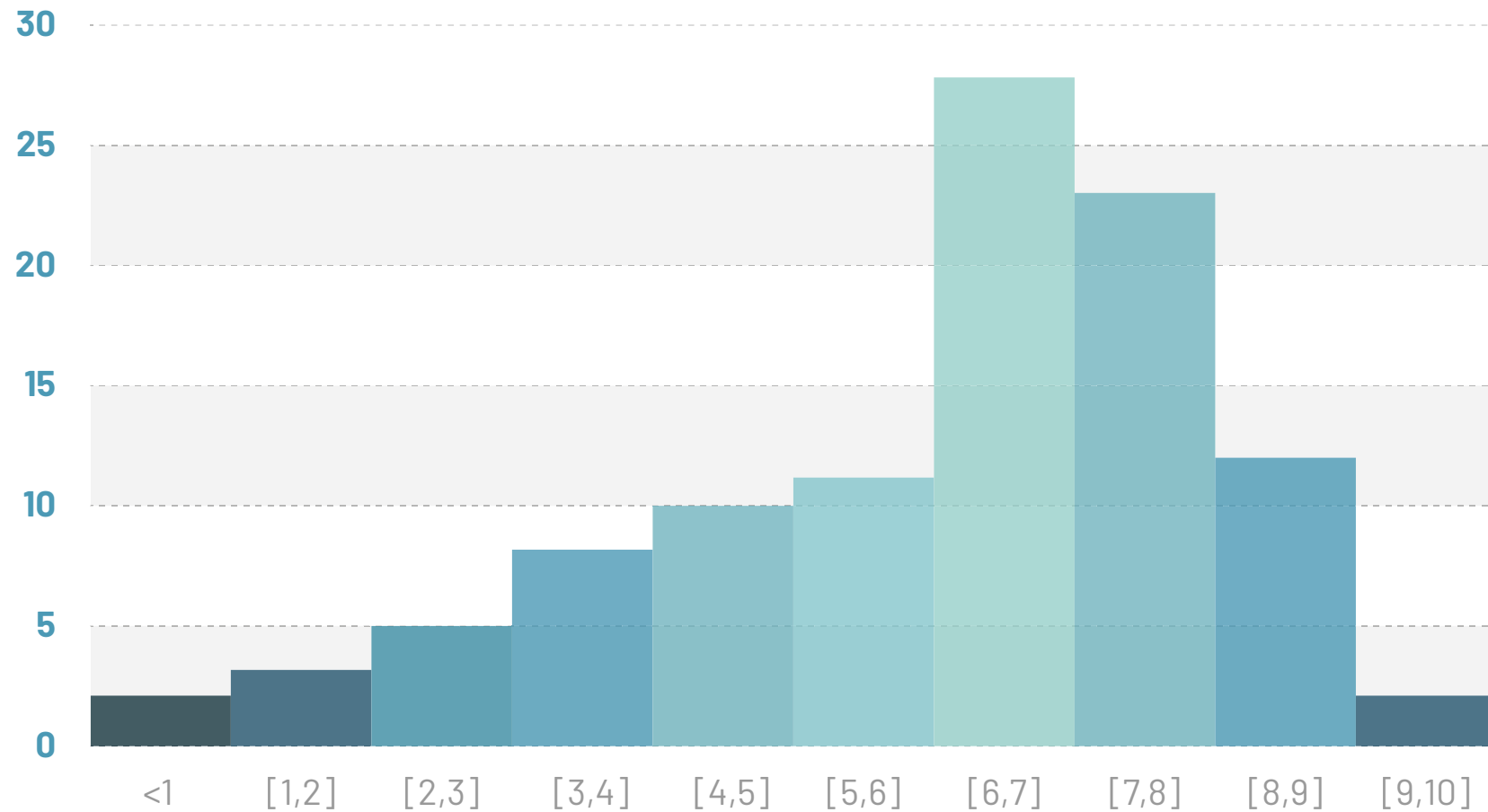
## MARKETING

The marketing efforts for each project need to be examined for both quality and quantity of publications on social media and news websites.

# RATING - STATISTICS

General division of the total score ICOs received in our rating system.

As is clearly seen on the chart, almost half of the ICOs today did not surpass the score of 6.5 in our system.



ICOs rated

110

Over

400

hours invested

TOTAL  
**6.7**  
Average

TOTAL  
**6.0**  
Median

# RATING - INTEGRITY

## INTEGRITY SCORE

The integrity score includes both the existence and the validity of content included in the whitepaper and the website.

The majority of ICOs have received a score of 7 or above for this criterion, a score which we consider as the acceptable minimum for an ICO.

Presenting complete and valid information is the minimum requirement an ICO should uphold.

Integrity

6.7

Average

Integrity

7.0

Median

# RATING - INTEGRITY

ICOs failed primarily in the following criteria:

## COMPETITOR ANALYSIS

30% of rated ICOs did not have a competitor analysis in their whitepaper or had a one which did not consider important competitors (both centralized and decentralized).\*\*

## PLAGIARISM

Almost 10% of rated ICOs lost points due to copied content in their whitepaper or website. This might be seen by some as a method of saving time and money, but many times this led to discovering scams. We see plagiarism as nothing less than a malpractice in our crypto community.

## OUTDATED / WRONG INFORMATION

More than 5% of the ICOs present outdated information on their website. This mainly includes outdated roadmaps, wrong rating scores, and outdated sale information.

Integrity

6.7

Average

Integrity

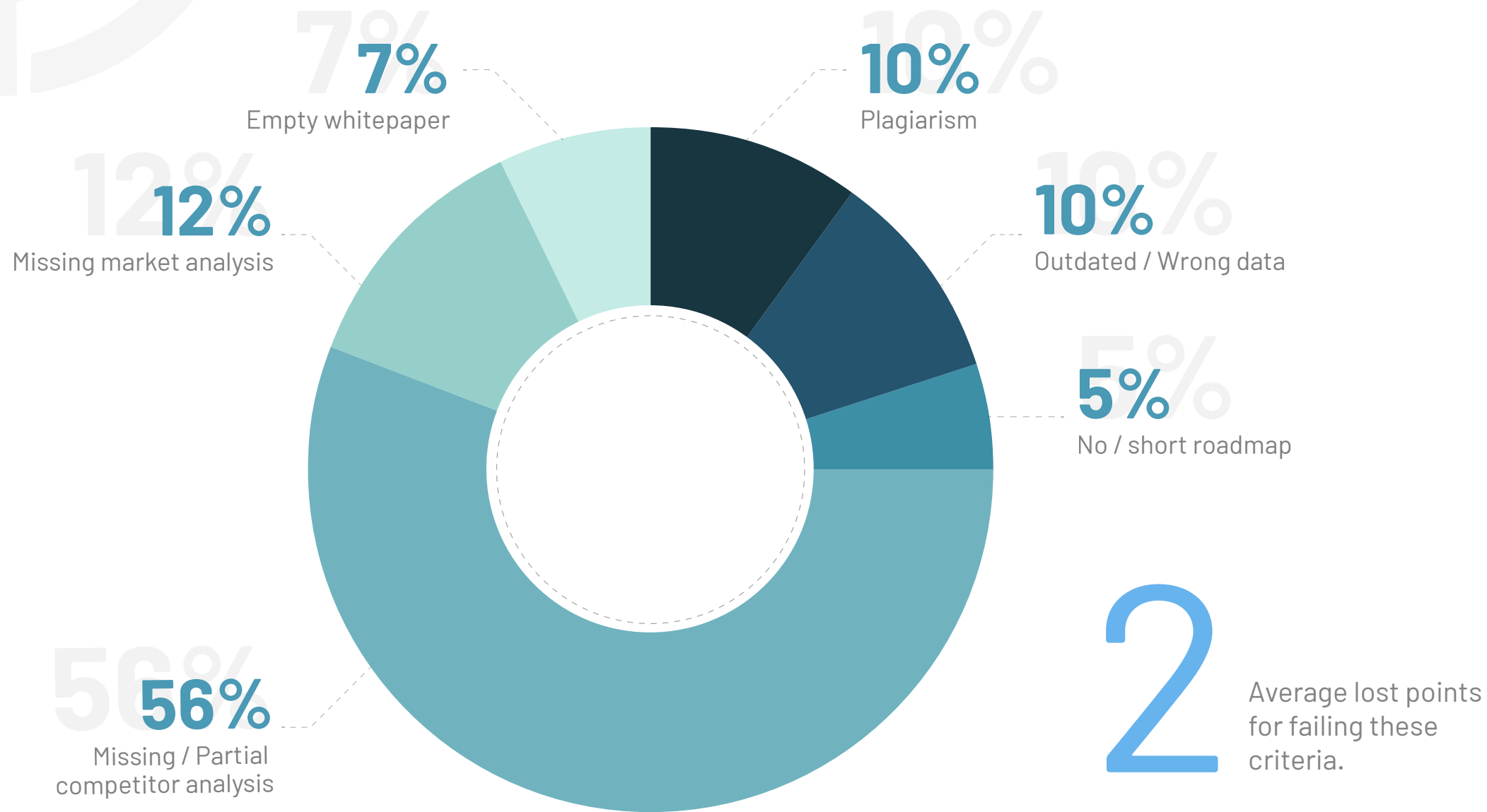
7.0

Median

\*\* We take into consideration the fact that some ICOs might choose to not present this information due to competition or fear of plagiarism. Nonetheless, we consider not presenting this information the same as not having it since we perform our assessment for the investor, and if he cannot see the information, proper due diligence is being hurt in the process.



# RATING - INTEGRITY



Integrity

# 6.7

Average

Integrity

# 7.0

Median

Fault division out of the total number of faults

# RATING - TEAM

The team score includes both the existence of a team and the experience of its members.

We go over the team members of each ICO we rate, reviewing and verifying their past roles.

The majority of ICOs have received a score of 7 or above for this criterion as well.

This is also the criterion where the most ICOs received a perfect score (10), and still, many received very low scores in this criterion, mainly due to the following:

- **Not having an industry-specific team member or advisor**

Many ICOs have a strong team, but almost 20% of the ones we rated don't have a member that actually knows or understands the industry for which the ICO is aiming.\*\*

- **Inexperienced CTOs**

More than 15% of the ICOs have chosen an inexperienced person as CTO.

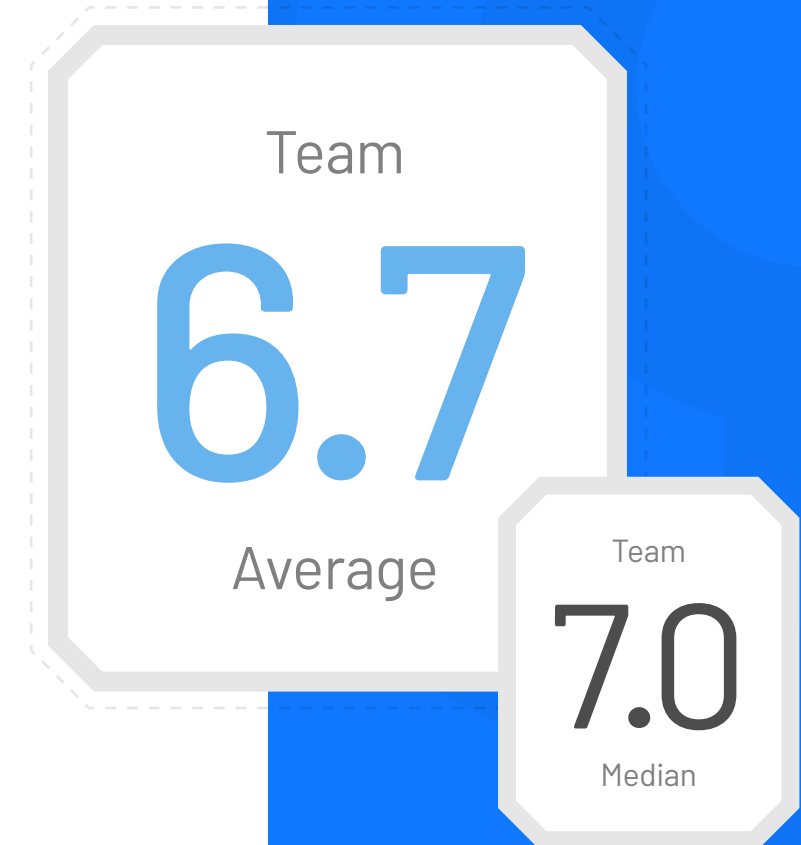
- **Not having a development team**

Almost 15% of the ICOs we rated didn't have developers in their team.\*\*\* Considering that all products always involve development, this is a bad practice. Not having a development team is equal to not securing means to create your proposed product.

- **Only 3 ICOs did not present a team at all.**

\*\*Some ICOs may have decided to consult an outside expert in the field and simply did not present it. We consider not presenting this information the same as not having it since we perform our assessment for the investor, and if he cannot see the information, proper due diligence is being hurt in the process.

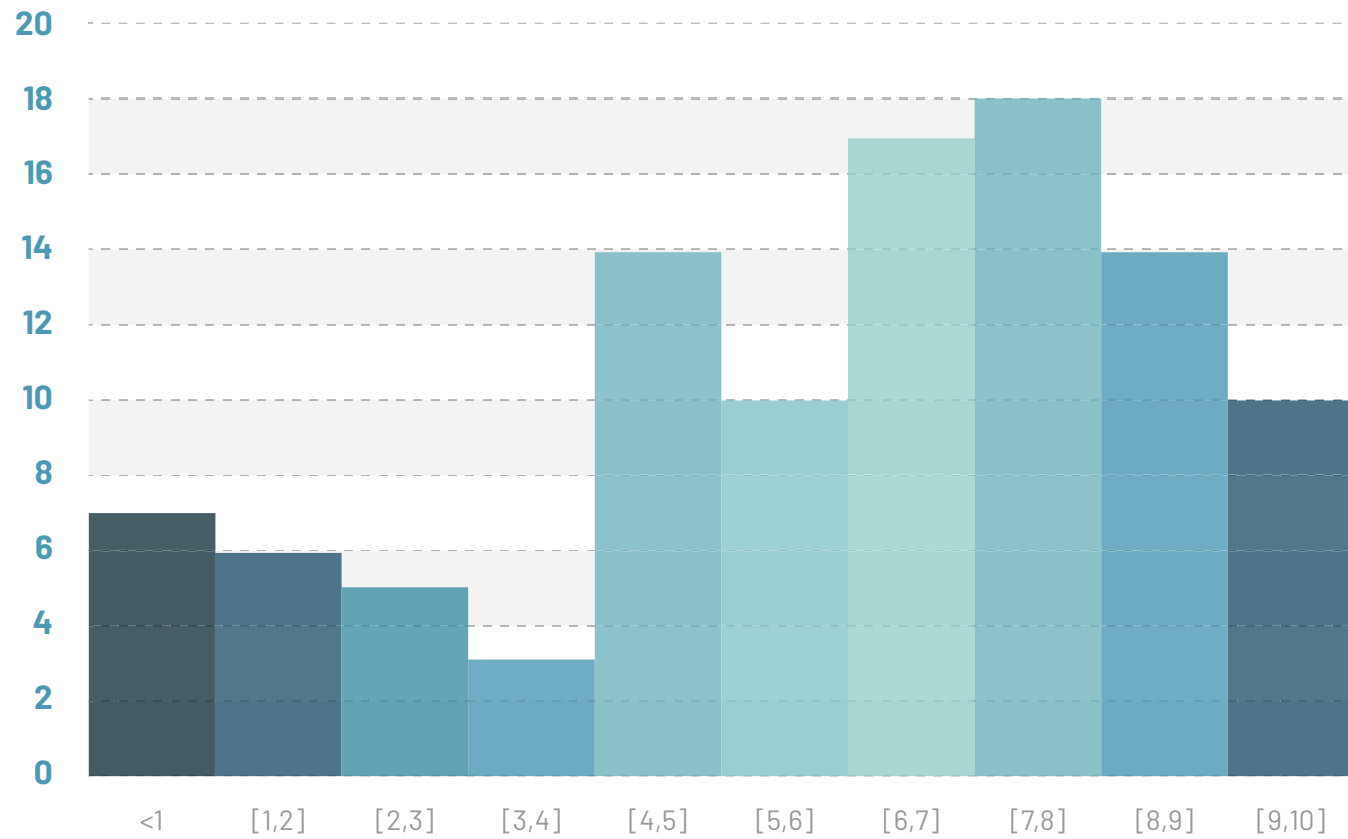
\*\*\*we count external third party development companies as part of the team.



# RATING - TEAM

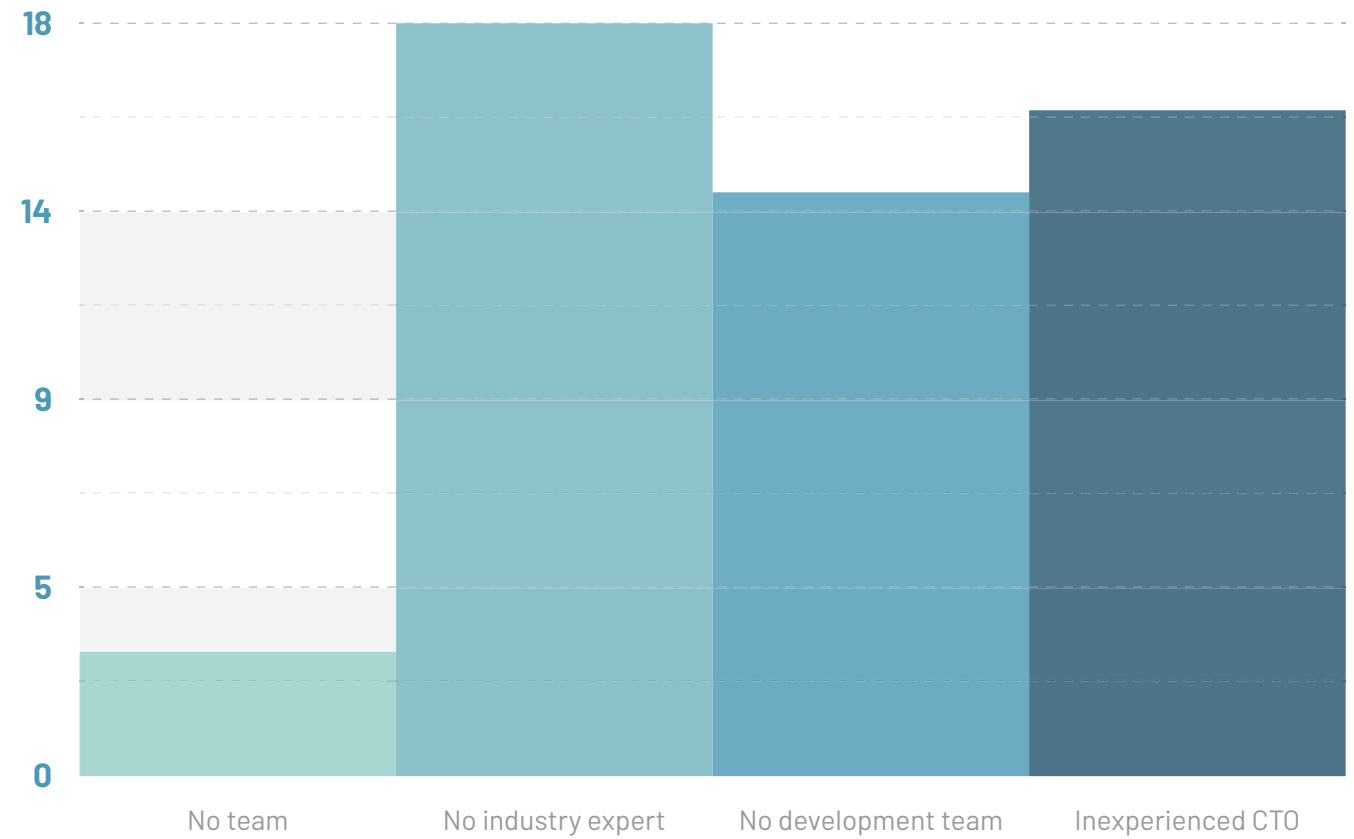
## SCORE FREQUENCY

The frequency of scores in the team criterion



## ICO PRIMARY FAULTS

The quantity of occurrences of primary faults



# RATING - VISION

The vision score is dedicated to the idea behind it all. Since the results of ideas are a gray area for absolute assessment, we have decided to take a more pragmatic approach and rate it by three main criteria:

## “FEASIBILITY”

The possibility of the idea to come to life and the ability of the team to do so. This also includes the jurisdiction under which the ICO is present and its possible future effects on the project.

## THE MARKET AS A FACTOR

The market and competitors are important parts in understanding whether an idea is innovative or even relevant.

## THE ROADMAP

Its relevance to achieving the goal which is the idea and the length to which the ICO plans ahead.



# RATING - PRODUCT

## PRODUCT SCORE

The product score is mainly focused on how ready the product is, considering the stage in which the ICO is at. The closer it is to an MVP, the higher the score is. It can go even higher if more planned functions are already developed and function properly.

More important sub-criteria we consider are advantages (if any) that the product will have by being based on blockchain technology and the actual uses of the tokens.

## THE MEDIAN

The median of this score is 5, with a very small difference from the average. This goes to show that ICOs are rather evenly spread when it comes to a prepared product.

Product

5.4

Average

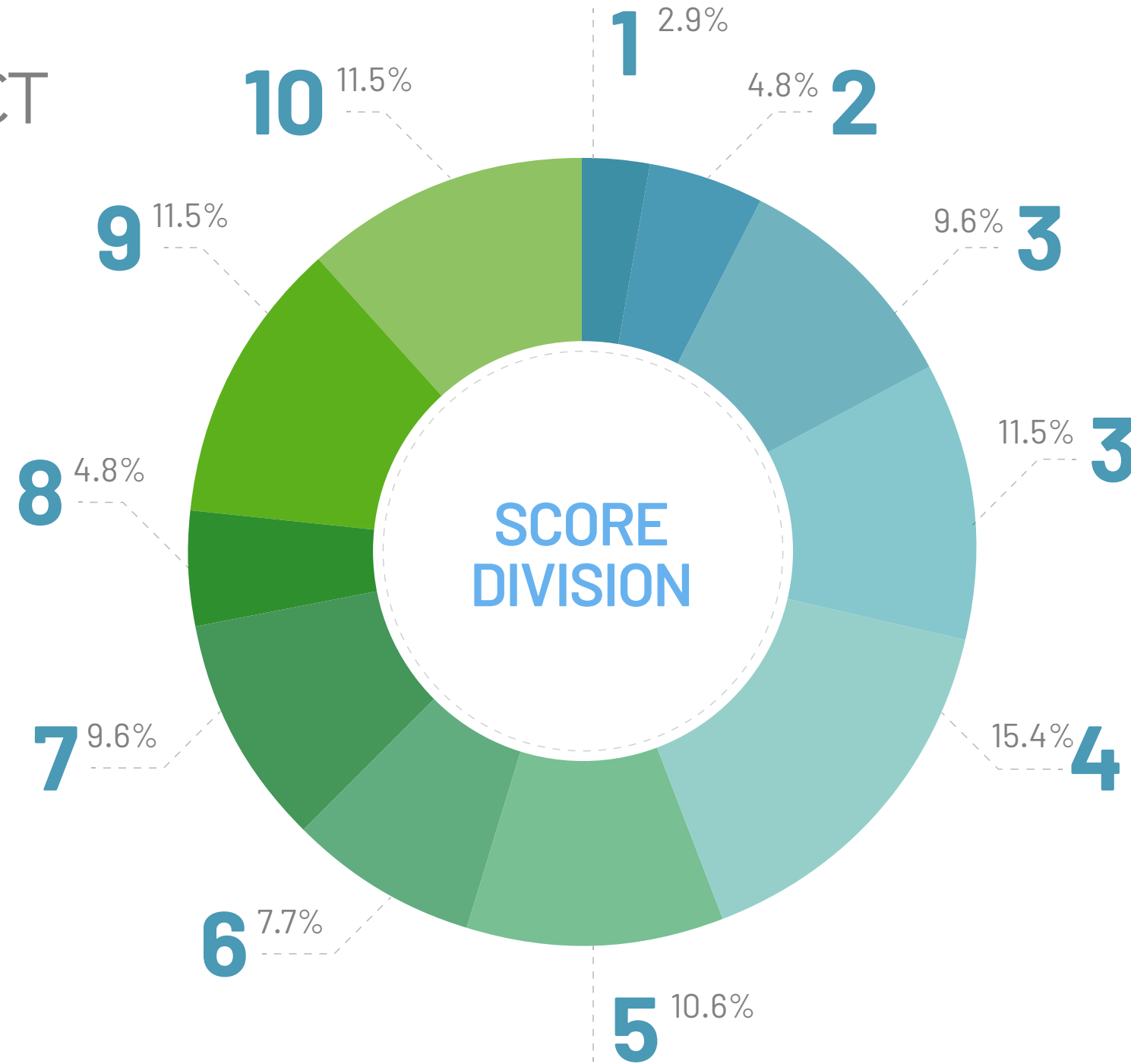
Product

5.0

Median

# RATING - PRODUCT

THE PRODUCT IS WHERE MOST ICOS FAIL



Product

**5.4**

Average

Product

**5.0**

Median

# RATING - MARKETING

The marketing criterion is dedicated to the amount and quality of the publicity efforts performed by the ICO. Including various social media networks, SEO performance, press releases, and accessibility.

Even though the median is “MID” this only partially reflects the reality. In fact, in 8 out of 11 sub-criteria, the majority of ICOs received the lowest score possible.

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ICOs failed primarily in the following criteria:

## UNIQUE POSTS

Many ICOs tend to post the same posts over and over and still think that this is publicity. Original content is the base for decent publicity, doing it demonstrates the investment of the ICO in their product.

## SUPPORTING SEVERAL LANGUAGES

Either on the website or the whitepaper, or even both. Not supporting languages except English hurts the potential client base of the ICO.



Both average and median

# RATING - SOCIAL ENGAGEMENT

The community criterion is dedicated to the response of the crypto community to the marketing efforts, which usually follows linearly. ICOs that receive a mid-high – high score on marketing usually receive a similar score on community.



COMMUNITY

LOW - MID

This graphic shows a comparison of scores. It features two red bars on the left and three grey bars on the right. The red bars are taller than the grey bars. The text 'COMMUNITY' is positioned above the bars, and 'LOW - MID' is positioned below them.

Both average and median



# RATING - RISK

BOTH AVERAGE AND MEDIAN:

The risk criterion is a cluster of many different criteria with one thing in common – having them in an ICO raises doubt about the ICO’s ability to perform, and future post-ICO intentions.

Receiving a high enough score on the risk criteria also hurts the total numerical score, since having such risk can potentially hurt an investor.



Both average  
and median

# RATING - RISK

Many ICOs failed different parts in the risk criterion, here are the main warning signs we see repeating throughout all ICOs:

## SOCIAL MEDIA WARNING SIGNS

Social media warning signs – almost 30% of the ICOs we rated had red flags raised because of a problem related to social media. This mainly involved having team members that are presented on the website without social media, so they cannot be verified as real or related to the ICO, and having team members that don't list the ICO as a place of work on their social media pages.

## LARGE SOFTCAP-HARDCAP DIFFERENCES

Almost 20% of the ICOs we rated had a large difference between the aforementioned which was unrealistically big, such as 10 times bigger or more.

## UNVERIFIABLE PARTNERS

Many ICOs present partners with which they work, yet only a few went the extra mile towards due diligence and added proof for that partnership. Presenting such partnerships without proof can be deceiving for investors and is a big warning sign for us.

## NOT DOING A KYC PROCESS

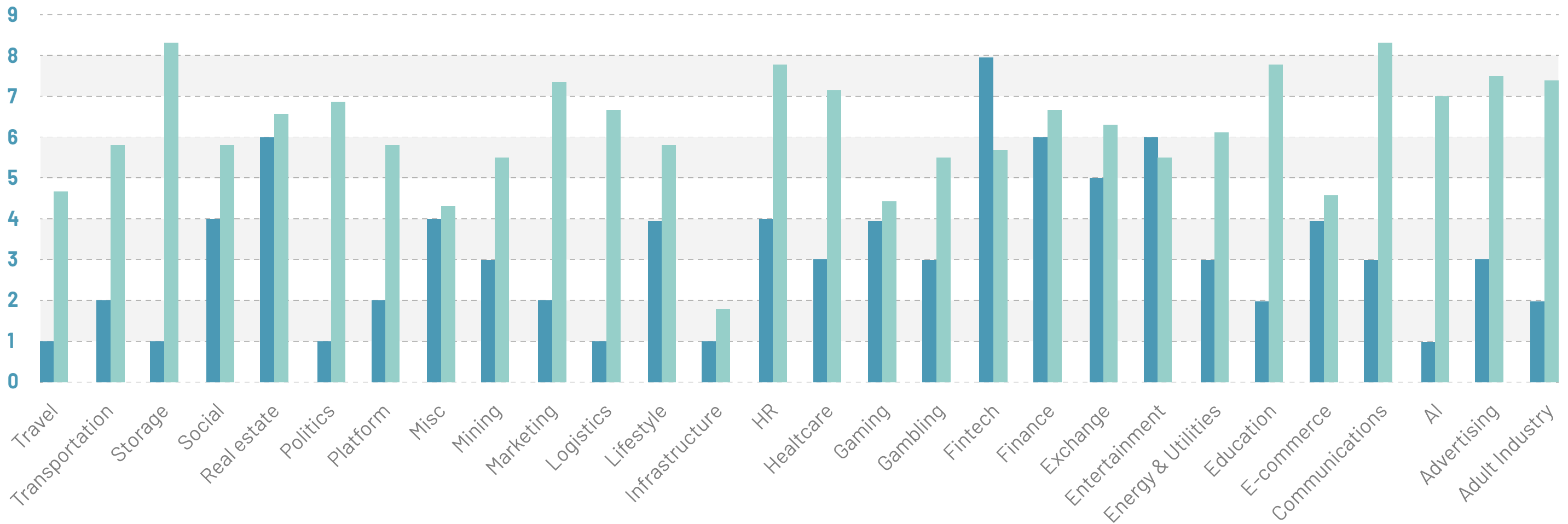
Almost 15% of the ICOs we rated did not have a KYC in place.



Both average  
and median

# RATING - AVERAGE SCORE BY CRITERIA

The graph below represents the amount of rated ICOs in each category on our website and their average score correspondingly.



Average score per category

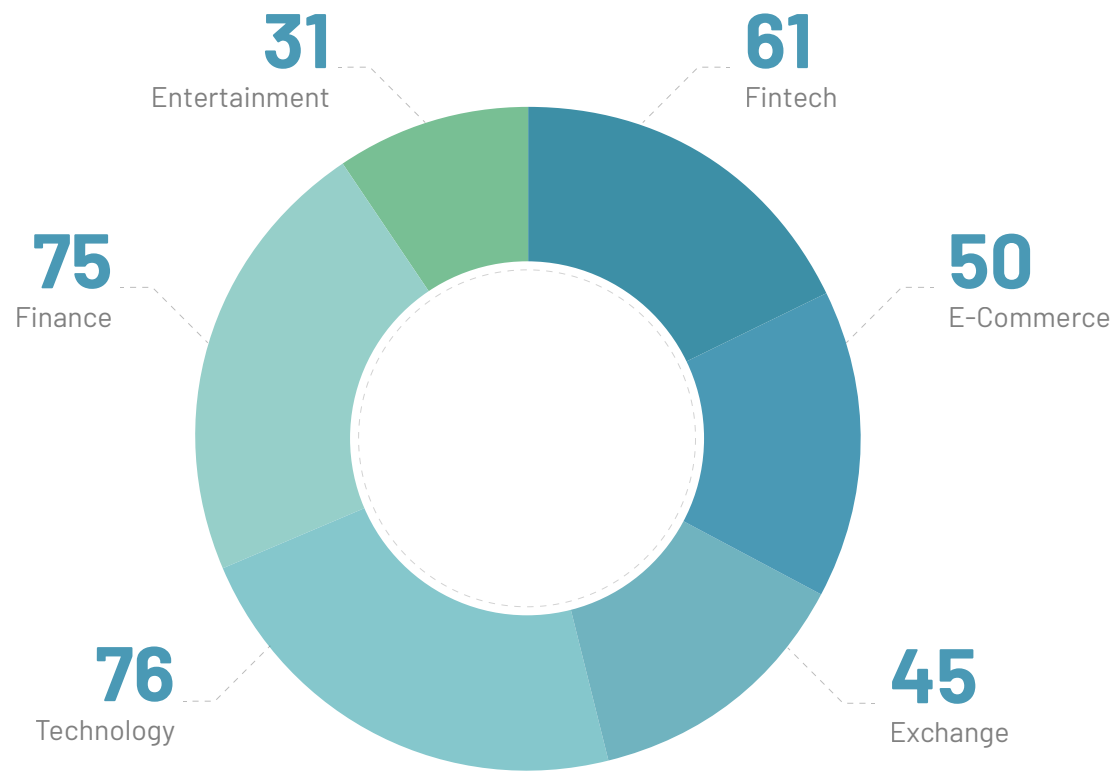
● Quantity of ICOs ● Average score

# ICOS – GENERAL STATISTICS

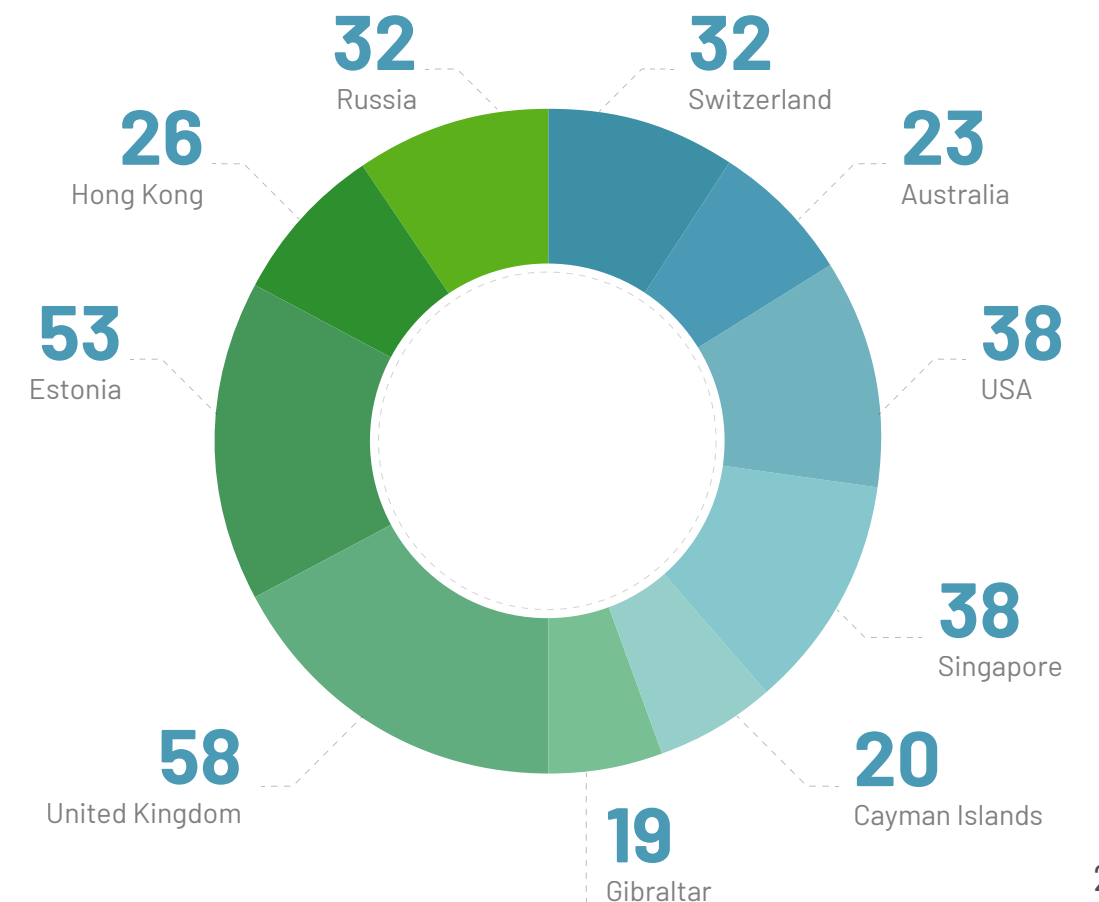
The following charts present the quantity of ICOs divided into the main categories to which they belong and to the main countries in which they are registered:

**684**  
 ICOs

## TOP CATEGORIES



## TOP COUNTRIES





THANK YOU

VISIT OUR WEBSITE

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