Blockchain in Healthcare and Life Sciences

Token Launches: Key Principles and Market Developments

November 30, 2018
Agenda

1. Overview / Strategic Context
2. Token Mechanism / Ecosystem
3. Blockchain Implementation
4. Technology Framework
5. Legal, Compliance and Regulatory
6. Public Relations and Marketing
7. Token Launch Fundraising Strategy and Timeline
Overview / Strategic Context

- Blockchain technology has the potential to transform many elements of existing economic and businesses systems

- Businesses are exploring blockchain-based token launches as a new and exciting option for capital raising, product development and overall competitive strategy

- Objective is to help management teams understand the basic strategic framework for integrating blockchain technology and tokens into core business, and executing an associated capital raising event
Blockchain Implementation

- Core Issues
  - Why blockchain?
  - Why a token?

- What kind of blockchain?
  - Public
  - Private
  - Permissioned public

- How to integrate blockchain technology into core business offering and value proposition?
Technology Framework

- Smart contract codebase
- Token launch and management platform
- Audit and security
- Off-chain technology stack
  - Front, middle and back-end
- On-chain / off-chain interactions
- Protocol layer and platform efficiency
Token Mechanism / Ecosystem

- Participant
- Value They Provide
- Problems Faced
- Incentives
- Level of Impact
Token Mechanism / Ecosystem (cont.)

- Access
- Block Creation
- Contribution / Role
- Fees
- Governance
- Payment
- Profit Sharing
- Reward
Legal, Compliance & Regulatory

● Overview
  ○ U.S. Federal law
  ○ U.S. state law
  ○ Non-U.S. law (depending on scope / use of platform)

● Key U.S. Legal Issues
  ○ Securities
  ○ Anti-Money Laundering / Sanctions
  ○ Commodities / Derivatives

● Key Cross-Border Legal Issues
  ○ Purchaser eligibility / restrictions for transactions in securities
  ○ Secondary market liquidity
  ○ Data / identity / privacy
Legal, Compliance & Regulatory (cont.)

- Functionality of token
- Functionality of platform
- “Traditional indicia” of securities (ownership, control, residual interest)
- Ongoing creation / removal (burning, minting)
- Secondary market equilibrium
- Management team risk tolerance
Legal, Compliance & Regulatory (cont.)

- Regulatory environment for digital assets continues to evolve rapidly

- Key U.S. Federal Regulatory Developments
  - SEC issues report concluding DAO tokens were securities (Jul 25, 2017)
  - Munchee Cease and Desist Order (Dec 11, 2017)
  - Public remarks of SEC Chairman Clayton (Dec 11, 2017)
  - FinCEN suggests money transmitter laws apply to ICOs (Mar 6, 2018)
  - SEC Staff Speech on Digital Asset Transactions (June 14, 2018)
  - EtherDelta Enforcement Action (Nov. 8, 2018)

- Project must understand strategic and other implications of regulatory actions and execute/structure launch accordingly
Public Relations & Marketing

- Most important element of successful token launch

- Key Considerations
  - Importance of UX / UI
  - Landing page
  - Sustained, relentless and impactful marketing campaign

- Team / Staffing / Support
  - Internal lead
  - External advisors
  - Vendors / contractor resources
Public Relations & Marketing (cont.)

- **Key Materials**
  - Deck
  - WP (Full / Abbreviated)

- **Digital Media / Marketing**
  - Medium (see, e.g., [https://medium.com/@raiden_network](https://medium.com/@raiden_network))
  - Telegram (see, e.g., [https://t.me/polymathnetwork](https://t.me/polymathnetwork))
  - Other (Facebook, LinkedIn, Telegram, etc.)

- **Advisors** (see, e.g., [https://www.airswap.io/team](https://www.airswap.io/team))
Token Launch Fundraising Strategy

● Functional
  ○ Single or dual token
  ○ Security vs. utility token
  ○ Equity vs. non-equity

● Financial
  ○ Amount of funding
  ○ Sequencing / timing
  ○ Use of proceeds

● Other
  ○ Token Supply and Demand (and ongoing management)
  ○ Value creation mechanism
### Token Launch Timeline

<table>
<thead>
<tr>
<th>Timeline</th>
<th>Project Kickoff</th>
<th>Sign Advisors &amp; Initiate Pre-Sale Event(s)</th>
<th>Announce Token Launch Date</th>
<th>Token Launch</th>
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</thead>
<tbody>
<tr>
<td>2-10 Weeks</td>
<td>Formulate core value proposition</td>
<td>Engage crypto and industry advisors</td>
<td>Finalize launch details</td>
<td>Complete Reg A+ sale process (4 weeks)</td>
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<td>4-12 Weeks</td>
<td>Craft market messaging</td>
<td>Define pre-sale discount and allocations</td>
<td>Complete Reg D pre-sale process</td>
<td>Strategic roadmap planning</td>
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<td>6 Weeks</td>
<td>Design &amp; validate token crypto- economic design</td>
<td>Engage pre-sale (Reg D) investors</td>
<td>Incorporate community feedback</td>
<td>Blockchain sector planning &amp; participation</td>
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<tr>
<td>6-18 Months</td>
<td>Finalize use of proceeds</td>
<td>Finalize whitepaper</td>
<td>Review &amp; refine market messaging to align with regulatory guidance</td>
<td>Address additional regulatory issues as needed</td>
</tr>
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#### Strategic Advisory
- Formulate core value proposition
- Craft market messaging
- Design & validate token crypto-economic design
- Finalize use of proceeds
- Draft whitepaper
- Launch structuring & pricing

#### Regulatory Advisory
- Validate token mechanism
- Legal entity review & structuring
- Tax analysis
- Regulatory - education, issue identification & token launch structuring
- Prep work for relevant SEC filings
- Legal components of whitepaper
- Finalize token launch structuring & distribution
- Initiate Reg A+ and Reg D filings
- Structure warrants for token distribution

#### Technology & Development
- Build requirements for protocol/application
- Design & validate token mechanism
- Technical components of whitepaper
- Architect prototype/MVP
- Architect smart contracts for token launch
- Generate tokens in tax-advantageous manner
- Incorporate community feedback into protocol/application and token launch smart contract
- Develop & test token launch smart contracts

#### PR & Marketing
- Craft market messaging
- Formulate PR & event roadmap
- Media training
- Initial press releases & media outreach
- Develop token launch website content
- Momentum press releases
- Contributed articles & blog posts
- Incorporate community feedback
- Token launch press releases
- Speaking events & panels
- Contributed articles & blog posts
- Token launch summary release
- Momentum press releases
- Community feedback

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(1) Timeline depends on prior work to date, complexity of token mechanism and blockchain implementation, and client availability
(2) Timeline depends on token structure and regulatory process
(3) Scope of Prototype or MVP for protocol/application will depend on timeline of specific implementation versus token launch date
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