

Blockchain in Healthcare and Life Sciences

Token Launches:
Key Principles and Market Developments

November 30, 2018

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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

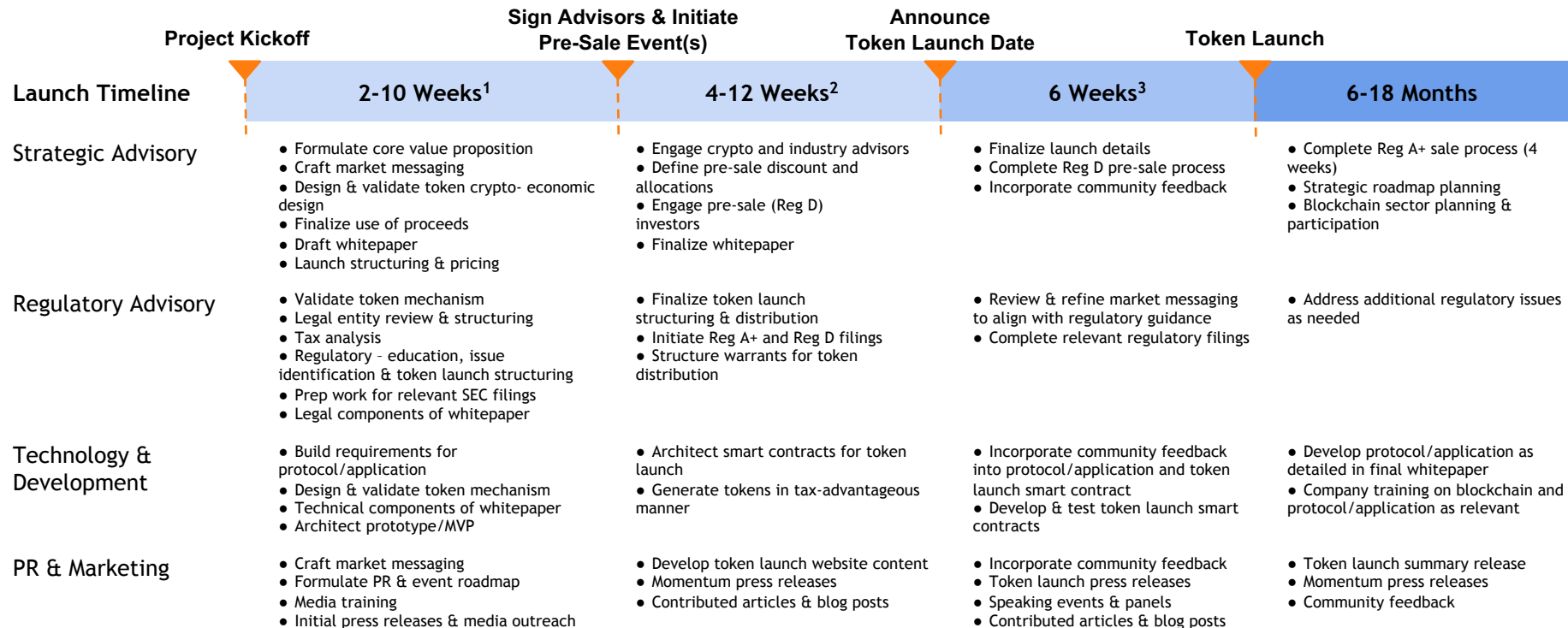
Public Relations & Marketing (cont.)

- Key Materials
 - Deck
 - WP (Full / Abbreviated)
- Digital Media / Marketing
 - Medium (see, e.g., https://medium.com/@raiden_network)
 - Telegram (see, e.g., <https://t.me/polymathnetwork>)
 - Other (Facebook, LinkedIn, Telegram, etc.)
- Advisors (see, e.g., <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



(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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