

# cofound.it

**A distributed VC ecosystem for the  
distributed future**

Business plan

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## Our vision

Great ideas come from the most unexpected places. Until now, great ideas had an advantage when born in Silicon Valley. Apple, Facebook, Google and Amazon all benefited from being in the right place and reaching the right people. The distributed economy will change this for blockchain startups.

We have been working hard for months to find the best experts and exceptional entrepreneurs who just need a bit of extra help to reach their full potential. With your support, we will be able to showcase these hand-picked projects to visionary supporters like yourself.

But this is just the beginning for Cofound.it.

Today, Cofound.it is a self-sustained business consultancy, focusing on carefully-selected projects. But just as we know that great ideas can come from anywhere, we also know there are many experts all over the world that can help good ideas grow into exceptional businesses. That is why our ultimate goal is to build a platform where hundreds of thousands of the best startups go to expand their potential and find investment. A platform where millions of experts with proven track records offer their expertise. And a platform where tens of millions of investors go to find the best projects to support without worrying about their legitimacy.

In doing so, Cofound.it will become one of the platforms that will harness the disruptive power of the blockchain and translate the logic of interactions into successful distributed business models that shape the future.

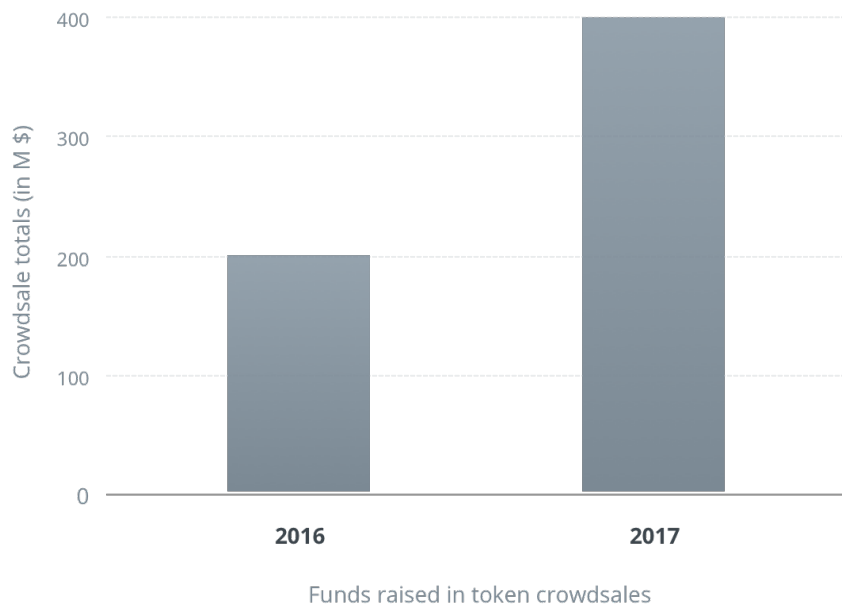
### **A distributed VC ecosystem for the distributed future.**

This is our vision. We have started building it by forming a network of exceptional advisors like William Mougayar, Evan Van Ness, Vincent Eli and David Prais and exceptional partners like Deloitte and Wachsmann PR. We're constantly adding great experts to our network and have selected the first amazing projects to debut on Cofound.it in the coming weeks.

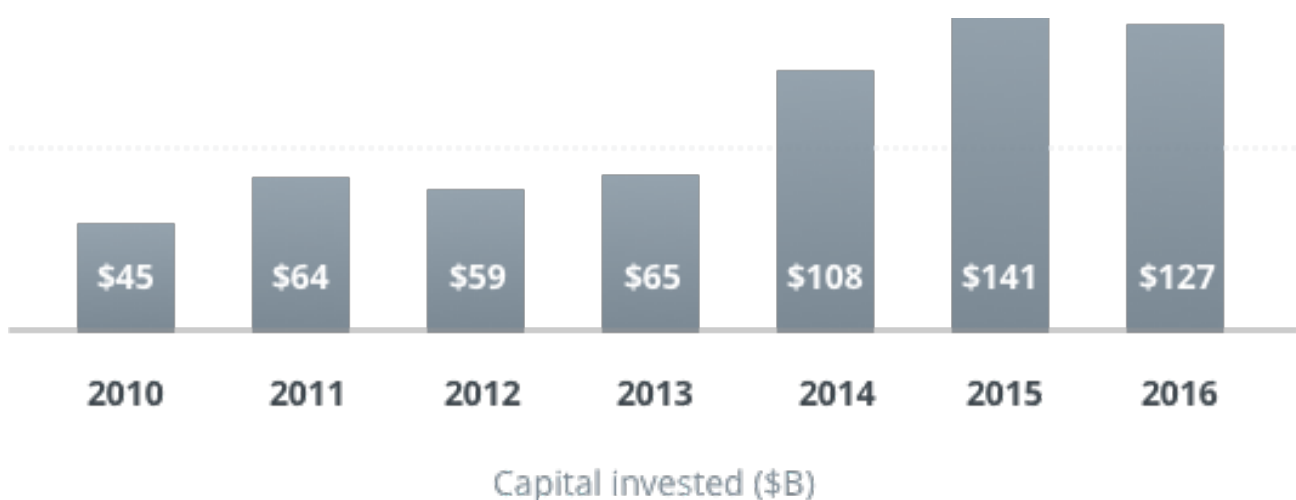
Cofound.it is using the concepts, support, feedback and funding of the blockchain's early adopters. Cofound.it will first be built **by the blockchain community for the blockchain community**—and then for the whole world.

## Opportunity

The token crowdfunding space is growing quickly. In 2016, a total of \$200M of investments was raised, and \$400M is projected for 2017 ([Techcrunch](#)). This represents around half of the traditional venture funding last year in the blockchain space ([Coindesk Report](#)). This year we expect blockchain companies to raise more capital through ICOs than any other form of financing, an historic event that flips over the traditional venture capital pipeline ([Harvard Business Review](#)). There is a clear need for a service providing additional structure - from carefully selected teams to active mentoring. Such a service could capture the whole “high end” segment of around 25%-50% of the market (the Apple strategy).



Looking at the bigger picture, it has become apparent that the token crowdsale model can not only provide funds to startups but also connect them to early adopters and evangelists - a marked improvement over the traditional VC model. The service built for the crowdsales of today could grow to support the startups of tomorrow, world-wide, capturing a significant percentage of the total investments (source: KPMG).



The booming number of token crowdsales is making it ever more difficult for the **supporters** to pick the right ones. A large part of a project's success depends not only on the idea or technology, but on the founders, their relationship and their tenacity. It's impossible to judge that from a slick web page alone. Despite the rise of promising opportunities, supporting projects is becoming more and more of a gamble.

**The teams** face a different challenge. Often they have a strong technology background and a clear vision for their service, but are not quite so fluent in the language of business. The token crowdsale process is a startup process on steroids: supporters expect the teams to start executing from the moment the crowdsale threshold has been successfully reached. They are extremely engaged and vocal when feeling disappointed. But growing a company is not easy, especially for those new to it.

**Traditional startup investors** mostly still remain on the sidelines. Due to the lack of a structured due diligence process, it's hard to pick the best blockchain project to support. A more structured and secure space is required before we can expect a large amount of funds to flow into the distributed economy.

Despite the progress of technology, most **experts** still only work with local companies. While there are several platforms supporting the “gig economy”, they do not provide opportunities for world-class experts to work with world-class projects.

## Solution: Introducing Cofound.it

### Selecting the best teams

There has never been a shortage of ideas. But selecting the teams with the highest potential is very challenging. Cofound.it has created extremely thorough evaluation criteria based on Daniel Zakrisson's crowdsale analysis to select only the best projects to work with on our platform. At the time of launch, out of 35 projects that Cofound.it has engaged with, only 3 have been selected. In addition, selected projects will be reviewed by Deloitte, bringing an unprecedented level of clarity into the token crowdsale space.



Cofound.it insists on meeting all the teams in person for at least one full-day workshop before committing to working together. We also constantly monitor and supervise progress and reserve the right to suspend collaboration right until the crowdsale starts.

## Preparing teams for a successful crowdsale

Raising funds via a token crowdsale is superior to the traditional VC model in many ways — especially for startups not based in one of the really great startup hubs. However, the similarity between “IPO” and “ICO” (“Initial Coin Offering”) is not coincidental. A good crowdsale has more in common with a company IPO than a company raising a seed or Series A round, and investor expectations after a successful raise are very different.

Cofound.it communication and coaching processes are designed to **help teams conduct a successful crowdsale** and **get the business running** on a great foundation as soon as possible.

After the selection process (Building a crowdsale evaluations process), the first step for the teams accepted to Cofound.it is to work on the business essentials. Cofound.it identifies potential barriers to success and brings in experts with years of experience and a proven track record in each of these areas. The process is described in more detail here. The team and Cofound.it then define different funding scenarios, business strategy, a roadmap and the minimum and maximum fundraising thresholds.

The second step is to define the key investor communities the project will be targeting during the token pre-sale process. Specific value propositions are defined for each, then built upon with a communication and PR strategy for each in cooperation with external partners like Wachsman PR.

Defining the token and the best legal structure of the token and company comes next. We work with partners like Novak Rutar Law to explore the possibilities and decide on the best one.

Cofound.it also helps in executing the communication strategy by helping write and optimise content, and monitor and engage with potential investors on social media channels.

## Launching the business

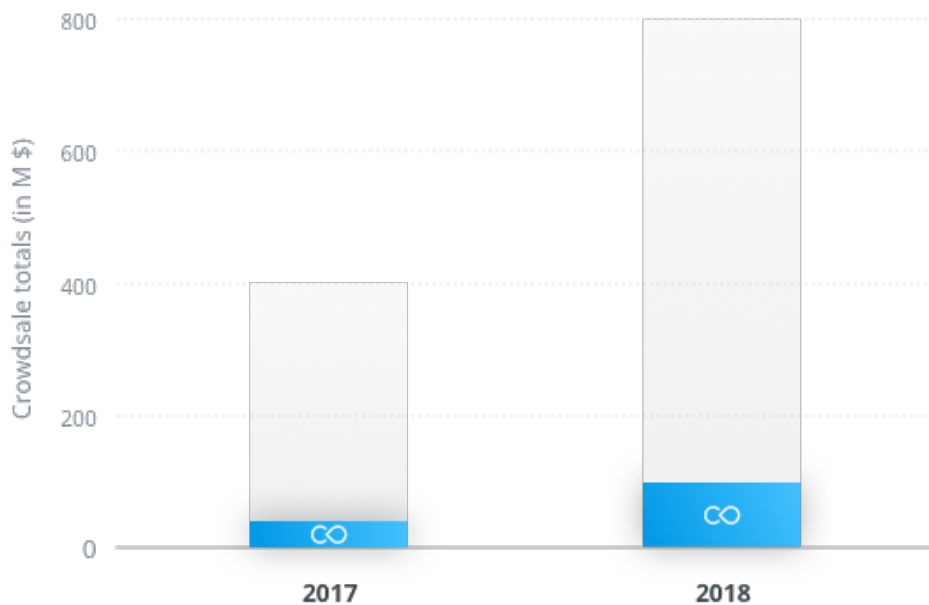
Like all the startups, the teams planning on token pre-sale are understaffed by definition. Typically, teams would spend the weeks and months after their pre-sale trying to scale the company by defining new roles and finding the appropriate people—a very complex process.

A part of the Cofound.it team evaluation is to define the key roles that are not only crucial for the token pre-sale itself, but for the business. We use our coaching network to find experts to temporarily fill the role and define both the basics of the role and guidelines for future hires. This means that once the funds have been raised the company can start hiring and executing at once, based on a solid foundation.

## Market, business model, target segments

### Target markets

As mentioned already, the combined amount of token crowdsale investment in 2016 was an estimated 200M USD, with 400M USD expected in 2017. The goal of Cofound.it is to capture a majority share of the targeted premium segment representing 10% of the total market share by the end of 2017.



Estimated crowdsale volume and Cofound.it market share  
(Cofound.it share based on current pipeline and projections)

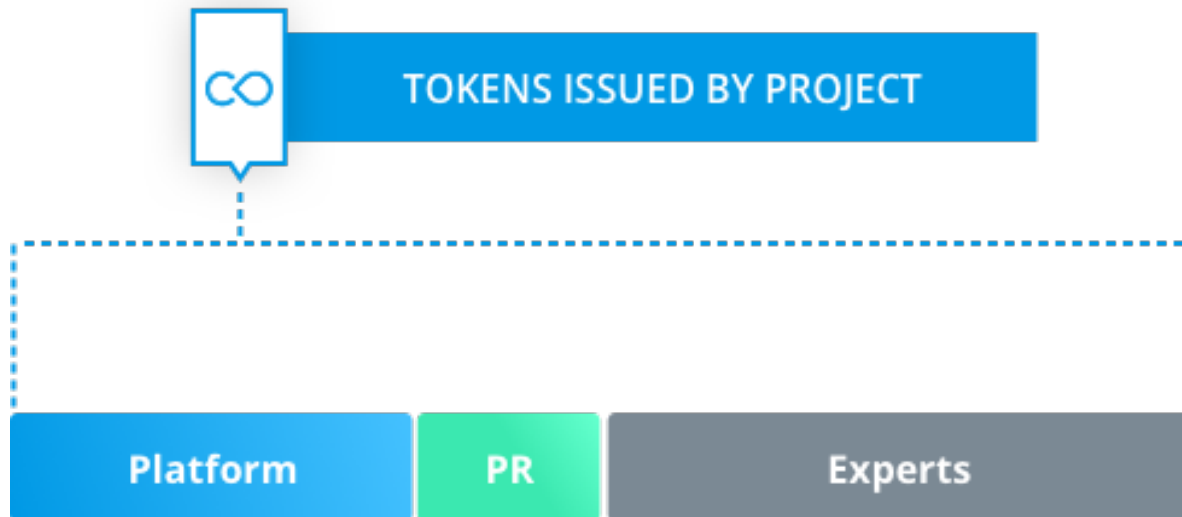
The token crowdsale model is superior in many ways to the traditional startup/VC funding model, especially for the Seed and Series A stages. The total VC investments in 2016 totalled to 130B USD, with around a third of that in seed and Series A. The goal of Cofound.it is to capture a majority share of our target group, amounting to 10% of that market by 2022.

### Business model

Cofound.it business model is:

- **accessible for teams,**
- **aligns the incentives** of the teams, investors and experts,
- allows a **streamlined service** without a giant payroll, and is
- **scalable** from a consulting service to a platform

Cofound.it has a value-added approach where it charges for its services only in the tokens issued, making us extremely **accessible for teams**. Our goal is to make the value Cofound.it delivers a multiple of the actual tokens received. That means that our services are not only essentially free to teams, but actually add value.



Cofound.it finances all the costs related to the crowdsale process at the project stage when funds are usually not available. The value of token compensation is usually close to the actual costs. However, due to our scale, Cofound.it services can be much more efficient when compared by the teams hiring the experts themselves.

The project crowdsale tokens are used to power Cofound.it. The tokens are distributed among the experts, used to pay promotional costs that are pre-financed by Cofound.it, and used by the platform to pay for development and operational expenses. As everybody is paid in tokens, **the interests of the projects, Cofound.it, experts and supporters are aligned**: support and showcase the best projects, help execute successful crowdsales and provide a foundation for a future business that will give the tokens worth.

The initial Cofound.it percentage of the project tokens is between 10% and 5%, falling with the size of the project. The initial split of tokens is as follows: expert payment 51%, promotional costs 15% and platform share 34%. The tokens that are used to pay for promotion and operations are sold in the marketplace in a way that does not impact market price (limit sell orders only, distributed in time).

This business model allows Cofound.it to provide expert assistance to teams without using Cofound.it's own funds, which allows for a smaller core team.,and it will also work on the Cofound.it platform.

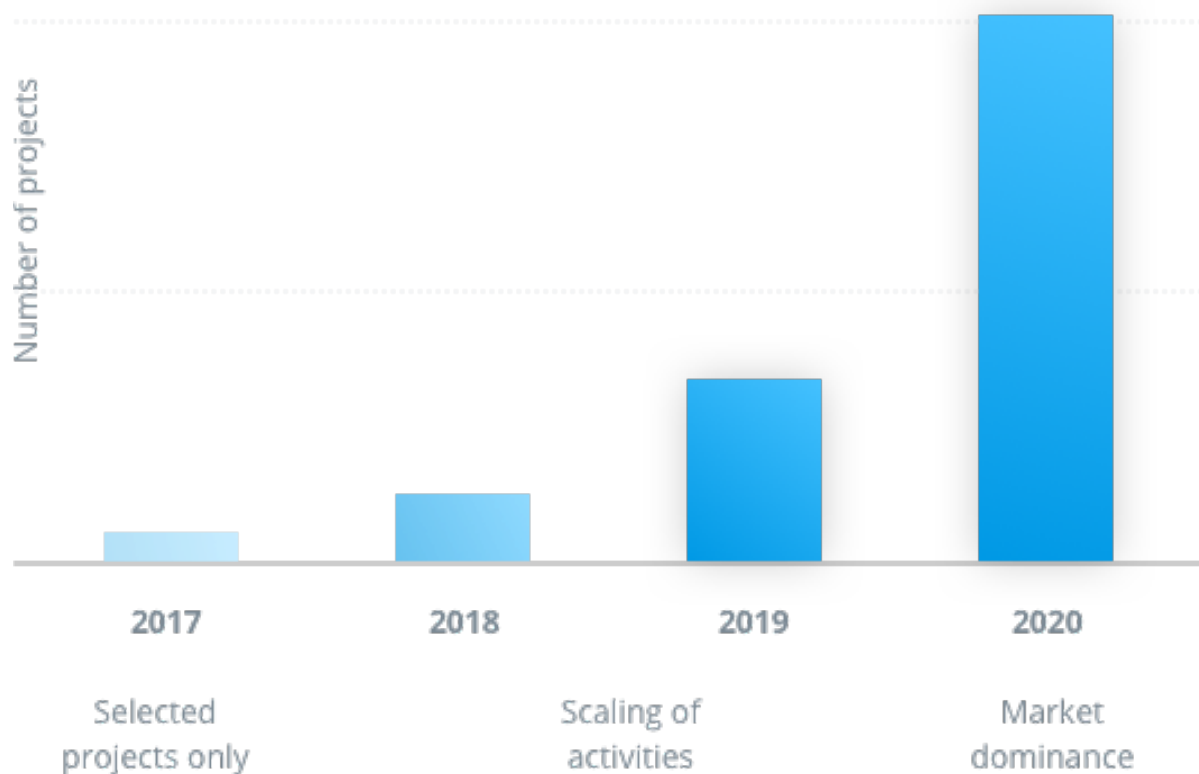
The token compensation model has been proven to work. It was developed by the crypto community and used for years with community members performing escrow, translation, marketing or other services to crowdsale projects - the so-called "bounties". Cofound.it is simply bringing additional structure and elevating it to the next level.



## Target projects

Initially, Cofound.it is targeting blockchain startups that have already developed a Proof-of-Concept or can demonstrate some traction: a VC investment, an interesting partnership. Their estimated crowdsale goal should be above 2 million USD.

By selecting these kinds of projects Cofound.it limits the number of projects, enabling a greater focus on helping the teams and scaling the mentor network. By the end of 2017, Cofound.it will start transitioning the crowdsale process to the platform to enable scaling the core business.

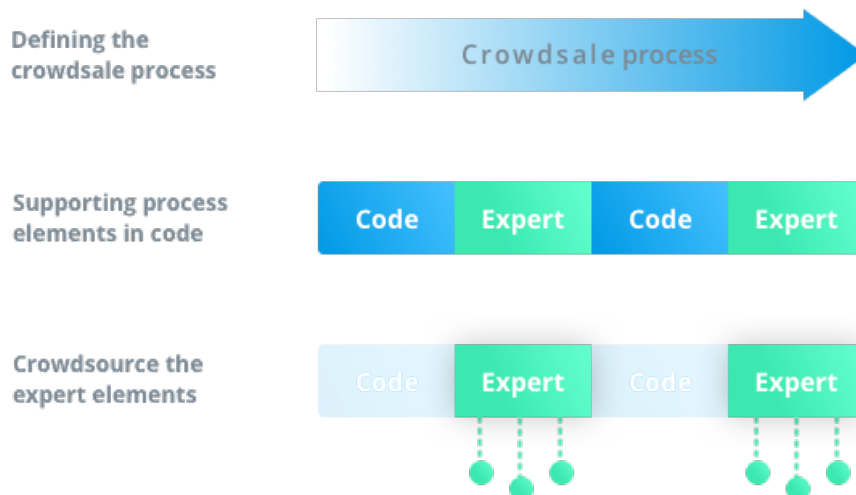


Cofound.it shares a similar go-to-market strategy as Uber: start at the high end, then expand towards the lower end. That is why we are currently working only with premium projects in a mature phase. Once the basic platform features are completed, we will launch a “Cofound.it lite” process, aimed at blockchain startups aiming at token pre-sales before the real crowdsale without compromising our strict quality requirements.

Once the token crowdsale model begins to dominate the traditional startup financing model, Cofound.it will be in the perfect position to capitalise on it.

## Cofound.it platform and roadmap

At the moment, Cofound.it operates like a consulting company. We coach projects, help define the legal elements, prepare for the crowdsale, assist with the PR and launch them using our initial platform. However, this phase has a definite goal in mind: to define and test the optimal crowdsale process, define the parts that can be supported in code and define the parts that must be accomplished by experts.



Once the crowdsale process has been defined, the elements that can be supported in code, like project application, content definition and base project valuation, will be implemented. For each element that has to be performed by the experts a roadmap to crowdsource will be developed. Once the full Cofound.it platform is up and running, experts will be able to offer their services right there on the platform, which will match them with the selected teams based on the needs of the teams and the experts' track records. A distributed global platform that directly connects innovative projects with supporters while enabling experts worldwide to provide necessary support to teams.

### The goals for 2017:

- Launch 10 projects
- Develop the core foundation for the platform and define the included processes
- Define the initial elements of the platform to crowdsource
- Prepare a foundation to on-board project supporters that are new to the crypto space

### The goals for 2018:

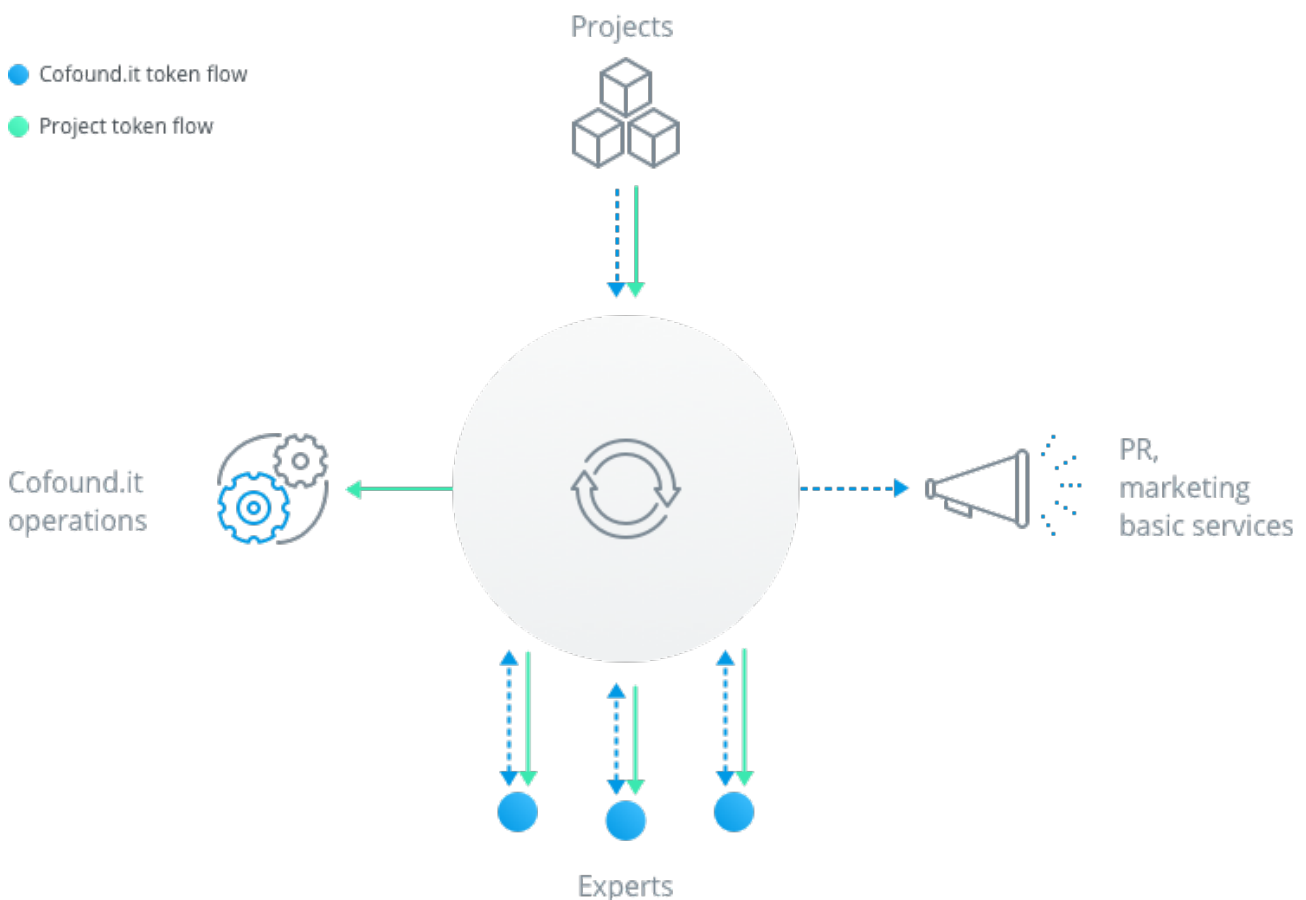
- Launch 30 projects
- Develop and test the functionalities defined in 2017
- Create a full roadmap for final platform development
- Enable simple fund collection from project supporters that are new to the crypto space

## The Cofound.it platform and Cofound.it token

In the distributed economy, tokens are at the core of a project. Since presenting Cofound.it, we've had many interesting conversations about creating tokens that harness the full power of the distributed business model. A well-designed token increases in value along with the network. It incentivises the community and early adopters to use, participate, spread and evangelise the platform that it represents. This bootstraps a global community where everyone shares incentives to make the project grow and succeed.

Two types of tokens will circulate on the Cofound.it platform — tokens issued by the projects and the Cofound.it token. The project tokens represent added value and are distributed among the crowdsale participants and to Cofound.it in exchange for the services provided.

The Cofound.it token, on the other hand, powers the interactions on the platform. If project tokens are the petrol that makes the car run, Cofound.it tokens are like the motor oil that keeps the engine running smoothly.



Cofound.it tokens entail certain actions and usage rights on the platform, including:

## Contribution actions

In order to register and be active on the platform, experts and service providers must hold a certain amount of CFI tokens. And then, when applying to perform a task a certain amount of tokens will be put in escrow until the task has been performed, in order to guarantee the delivery and completion of this task. These actions include:

- Evaluators and project evaluation
- Specific task contribution, like video production, design or content creation
- Promotion and expert assistance
- Domain experts and expert assistance
- Team project management and coordination

## Access rights to exclusive content

There will be some data and parts of the Cofound.it platform only accessible to members holding a certain minimum amount of Cofound.it tokens - for example, exclusive pre-release access or a more in-depth look at the projects during the evaluation stage.

## Payments

Some services on the platform will require direct payment of Cofound.it tokens, like project submission. Each project submission will require expert evaluation - so the application will be paid for with a certain amount of Cofound.it tokens that will be distributed among the evaluators.

These are the three core groups of token usage with some examples. The first phase of Cofound.it will serve as a learning process for better definition of all relevant actions.

## The role and value of the Cofound.it token

Unlike equity, tokens represent a unique link between value and functionality. Determining the role of the token in a business is crucial for a blockchain startup. For some projects, tokens represent a share of a company and entitle the holders to some form of value return (including dividends, buybacks and revenue share). For other projects, tokens are a way of facilitating the transactions - either as a service currency or a way to facilitate desired actions.

The goal of Cofound.it is to build a platform that fully supports the crowdsale process. The token should help attract project evaluators, pay for some of the services rendered, and serve as an assurance of quality work. As the supply of Cofound.it tokens is static, an increase in platform usage will drive up the token usage.

## Creating and distributing value

Some of the most intense discussions we had among the team, with our advisers and with potential supporters revolved around value return—should we do it and, if so, how it should be done.

In the end, we decided against pure direct value returns. Cofound.it is a platform, and most value will be created when building and leveraging the networks of projects, supporters and experts. We feel that this leads to unnecessary regulatory complexity and unaligned incentives—the supporters wish to keep costs down to increase returned value, which is counter-productive to rapid platform development. Using the profits to speed up platform development, geographical and market penetration has the potential to bring multiples of value spent. For example—a \$100,000 profit would be miniscule when distributed among the token holders, while that same amount spent on an additional developer or a publicity campaign would bring much more value to the platform and indirectly to token holders.

That said, additional Cofound.it tokens will have to be bought on the market to fuel the crowdfunded processes on the platform—for example, paying crowdsourced project evaluators. Once the platform is operational, the token flow should operate in a closed cycle, with an equal number of tokens leaving and arriving on the platform. But until that is complete, the team will have to “fuel” specific functions using the tokens bought on the open market. This will start as the first functions are transitioned to the platform in late 2017.

## Global expansion

The blockchain system is rapidly evolving at many global hotspots. A Cofound.it hub in as many of them will:

- Increase Cofound.it brand recognition and give greater access to regional projects and experts, accelerating our capacity growth and incoming projects
- Simplify team selection and collaboration
- Help us keep in touch with the many talented individuals and engaged communities
- Build the brand for the crypto community but also in the old economy.

The basic Cofound.it financial model includes a European Cofound.it hub and two additional hubs. We have already started building our first Asian hub in Taiwan and are planning for a quick expansion to New York. Other hubs would be added as soon as revenue streams allow it.

## Competitive landscape

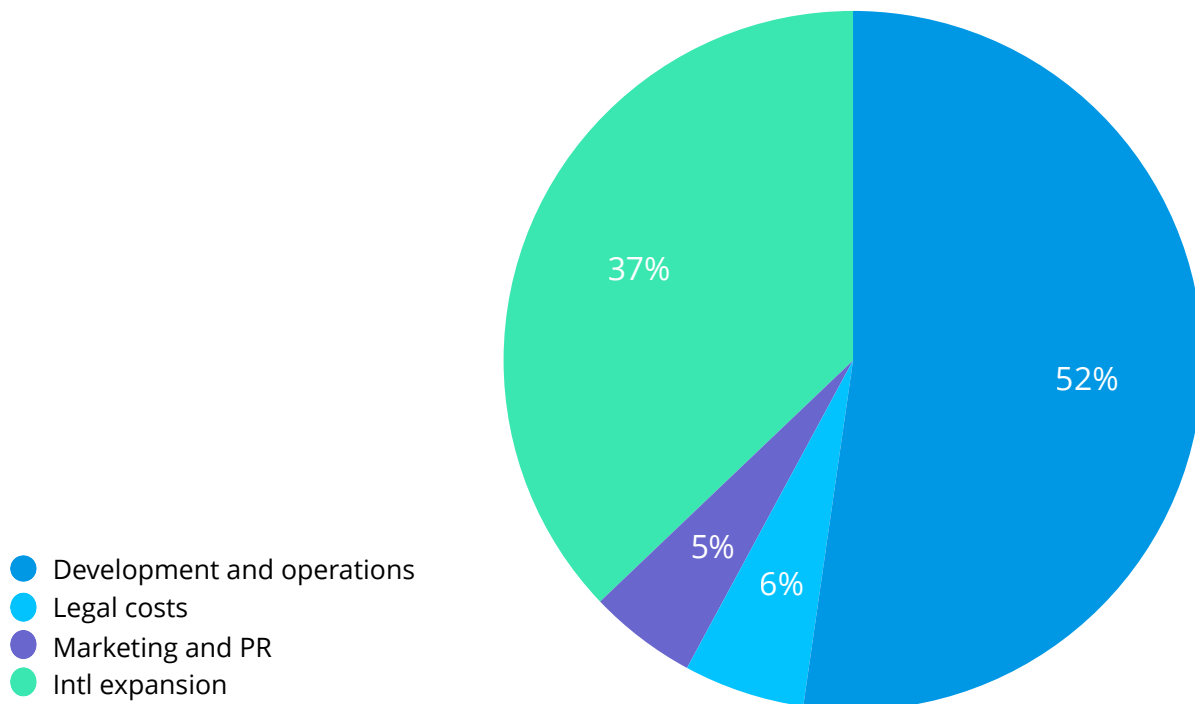
While there are companies in the blockchain space that are focusing on crowdfunding support or investment, we believe our approach is unique. We are trying to blend the best elements of the traditional VC model with the advantages of the token crowdsale model. Our goal is not to compete with existing advisory, technical or investment crowdsale services but to partner with them - to be the catalyst that enables quicker growth.

	Venture capital	Cofound.it	Current token crowdsale
Focus	Formalities and pitching	Entrepreneurship and vision	Vision and entrepreneurship
Growth speed	Still slow	Very fast	Unpredictable
Investor protection	(Too) high	Medium	None
Early adoptors	Low	High	High
Fundraising	Local	Global	Global
Investment liquidity	Low	High	High
Project evaluation	Yes	Yes	No
Business training	Yes	Yes	No
Team evaluation and scam protection	High	High	Low

Our constantly evolving crowdsale process, expanding expert network and global reach will create a virtuous cycle - great projects and great experts will drive Cofound.it adoption and reach.

## Financial projections

The funds raised by crowdfunding will be used for Cofound.it operations, marketing and PR, legal expenses and international expansion. If the crowdsale does not reach the envisioned amount, Cofound.it operations will be scaled down to extend the runway to two years and rely more on operating profits to fuel growth.



The runway assumes no revenue. In fact, Cofound.it will be cash flow positive soon after the start and will use additional funds to fuel faster platform development, international expansion and platform promotion. Based on closed- and close-to-closing projects in our pipeline, we are forecasting a 30-50 million total deal flow for 2017 with the first Cofound.it projects launching in May.

- Signed projects: 3
- Close to signing: 4
- Passed initial filtering, in pipeline: 3
- Evaluated in total: 42

The projects that will launch in the coming weeks include the ultimate stable currency developed by seasoned fintech professionals; an enterprise security solution that makes companies immune to phishing and is already being used; and an open source platform to develop, share and run trading algorithms.

## Token distribution

In traditional companies, equity is the key foundation of receiving investments, attracting great employees, and forming strategic partnerships. For tokenised companies, tokens take over those roles.

Cofound.it is an extremely ambitious project. The key challenges lie not in developing or deploying new technology, but in bringing together best practices from a variety of industries. To overcome them and build our platform we need the best people in the world. We are setting aside **20% of the tokens to reward current and future team members, advisers and experts**. The team tokens (15%) will be reverse vested with a 6-month cliff and then linearly vested over 18 months, with the team wallet publicly auditable.

**10% of Cofound.it tokens will be owned by ICONOMI**, where the Cofound.it project was born and has evolved.

And we're excited to announce that **20% of the tokens will be used to purchase the assets of Cashila**. The crowdsale know-how and the software platform, the foundation for Cofound.it, was developed at Cashila for the ICONOMI crowdsale. But more importantly, in order to bring traditional investors into the token crowdsale world, Cofound.it must build the "bridge" they cross to get here. Cashila is that bridge: not only has it already developed all the services required to connect the crypto economy to the traditional economy, it has a recognisable brand name and a wide user base which will allow us to present Cofound.it projects to a much wider group of potential supporters.

Because Cofound.it tokens will be pre-mined and there will be no inflation, the initial token distribution must not only help launch Cofound.it but also serve as foundation for the future. That is why we are setting aside **25% of the initial token distribution as a reserve for future partnerships or acquisitions**. This block of tokens will be set aside for a minimum of 24 months, never be sold directly on the market and be constantly auditable on a publicly shared address.

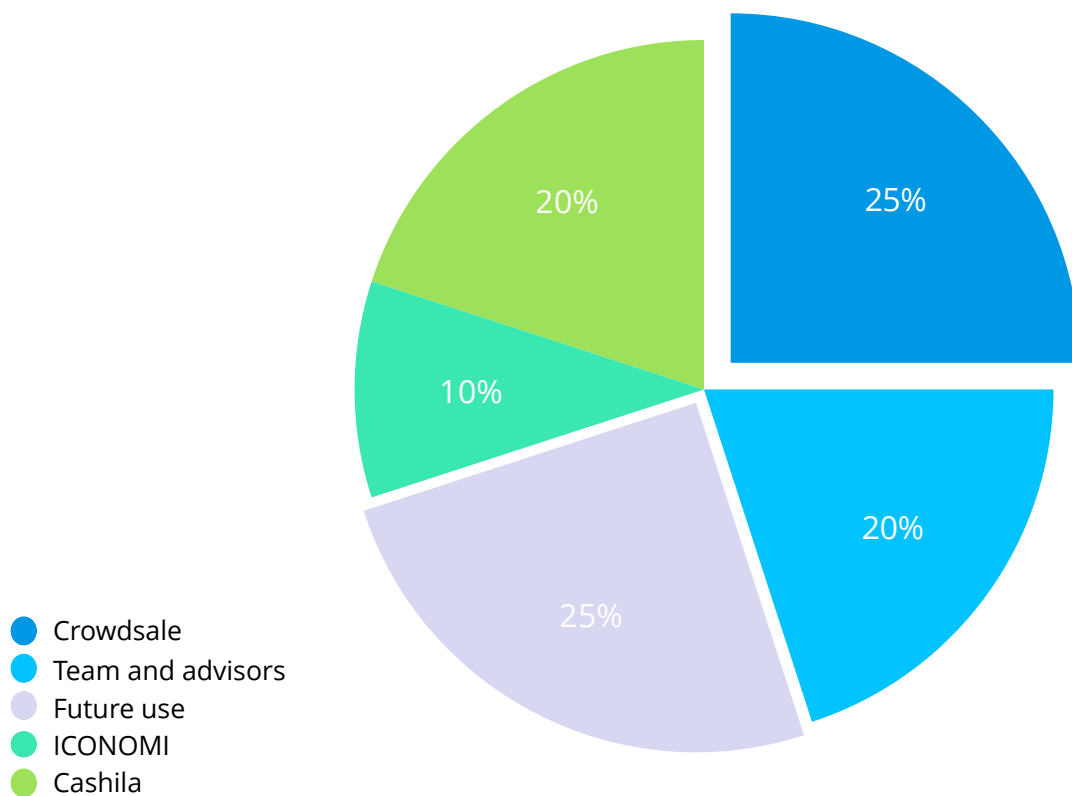
The final 25% of Cofound.it tokens will be sold via crowdsale, starting on June 7th at 11 AM EST / 17 PM CET.

We believe that this token distribution not only makes great sense for today, but gives Cofound.it a solid foundation for the future.



## Cofound.it token distribution summary

- 25% crowdsale
- 25% reserved for future use
- 20% current and future team, advisors, experts
- 10% ICONOMI
- 20% purchase of Cashila assets



## Legal and company incorporation

We will publish the Terms of Sale and company incorporation information a week before the crowdsale starts.