Tracker finds nearly half of last year's ICO offerings bit the dust

27 February 2018, by Nancy Owano

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ICO stands for initial coin offering. A startup sells its own crypto token to raise [money].

"An ICO is akin to an IPO," wrote Alex Wilhelm in *TechCrunch* last year, "but in temporal reverse (sort of). Although confusing, it has recently acquired prominence as a favored way to [launch] a new cryptocurrency. But as is typical of nascent cryptoproducts, there are legal questions and unethical players in the mix."

In 2018 his description runs painfully correct.

Numerous ICO projects of 2017 have already died. *news.Bitcoin.com* ran an article that aptly discusses the many ICOs that came up short. The author, Kai Sedgwick, wrote: "Having completed an extensive study into last year's crowdsales, news.Bitcoin.com can report that 46% of them are effectively dead already – despite raising over $104 million."

("Crowdsales"? Ameer Rosic in *Blockgeeks*:

"Ideally, the token is sold not as a financial asset but as a [digital] good like many other things. This is why ICO is often called 'crowd sale'.")

Sedgwick referred to the ICO [tracker], *TokenData*. From 902 crowdsales last year, 142 failed at the funding stage; 276 more failed since.

Why is that? One word can suffice: Risk. "Thanks to diminished returns, increased [competition], and a never-ending stream of opportunistic ICOs, crypto investing in 2018 is riskier than ever."

Not only that, "An additional 113 ICOs can be classified as 'semi-failed', either because their team has stopped communicating on social media, or because their community is so small as to mean the project has no chance of success," he wrote.

Exploring ICOs is an exercise that he likened to exploring a "digital graveyard." Par for the course: "Abandoned Twitter accounts, empty Telegram groups, websites no longer hosted, and communities no longer [tended]."

David Morris wrote in *Fortune*, meanwhile, about ICOs. He noticed that "a [disproportionate] number of ICO failures have unfolded in a matter of months." Calling some of the shuttered projects failures might be too polite. Try a less complimentary term. Morris said, "many produced no product at all, and a good number probably never intended to."

In fairness, however, scamsters do not entirely represent the scene. Jon Fingas in *Engadget* raised some reasons why the ICOs failed, and believes it does not take much divination to conclude why these did not pan out.

"[Excluding] the scams," said Fingas, "a large chunk of them were targeted at niches like dentistry, freight trucking or real estate—they were never going to attract broad audiences. Others,

meanwhile, were me-too efforts that had no real advantage over pouring money into an established format, where prices were more likely to climb."

Takeaway: Should you buy into an ICO? Wilhelm in *TechCrunch* may have answered the question last year but the answer still seems relevant. "Only if you have a massive appetite for risk, zero fear of losing your capital and are willing to take a flying chance on an idea that could flop. Then again, crowdfunding has similar risks and seems perfectly healthy. Your call."

TokenData was founded in 2017, according to *Crunchbase*. The San Francisco-based TokenData provides free data and analytics reporting on the ICO / token market.

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APA citation: Tracker finds nearly half of last year's ICO offerings bit the dust (2018, February 27) retrieved 27 September 2020 from https://techxplore.com/news/2018-02-tracker-year-ico-bit.html