Token Modelling Canvas

01 Problem/Need

02 Proposed solution

03 Token Use-Case

06 Participant Incentivisation

05 User / Customer Segments

04 Desired Token Velocity

07 Interaction Channels

08 Revenue Streams/Token Value Growth

09 Cost Structure/Necessary Resources
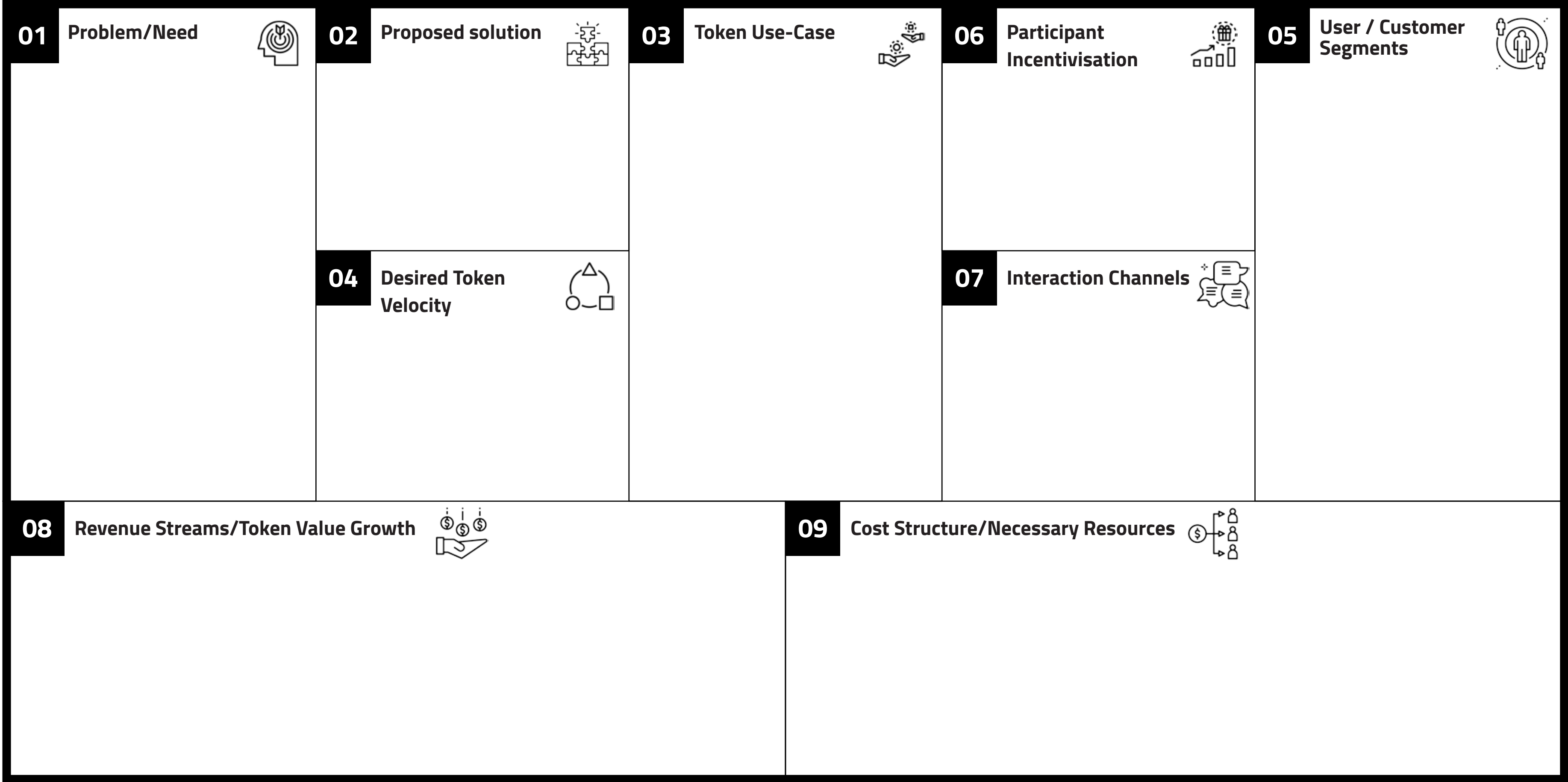
Incentivisation and Token Mechanics

Desired outcome is the definition of one or more tokens in the system needed to create and maintain the desired behaviour.
Desired behaviour can also be incentivised even without a token so we should know and check for this.
Token Velocity can be a big problem as it can create false of conflicting incentives:

→ Have you had dozens of conversations about your token value and still you aren't sure it all works together?

→ Is developing the token making your business model more difficult to understand?

→ Do you have a hard time explaining your token mechanics to other people?

→ Are there people on your team who still don't understand your token mechanics/value?

→ Do you have a two-token economy with a complex interaction between the two tokens?

→ Are you trying to stabilize your token against fiat currency, in particular only the currency you think is important (dollar, euro, pound)?

→ Are you trying to stabilize your token against ETH or BTC?

→ When people ask you why the token will be worth something, is your only answer "Because as more people use the token, the value rises"? and/or "Because there's limited supply."?

→ Is your token useless to anyone outside of purchasing something from your company (and partner companies)?

→ Does your economy include you buying back token before it gets redistributed to others?

→ Are you trying to figure out how to get people to hold tokens for a longer period than they naturally would in the ecosystem?

Participant	Desired Behaviour + Importance	How Behaviour is Incentivised	Desired Token Velocity
End-User (example)			
Validator (example)			
Investor/HODLer (example)			

Risky assumptions

They usually fall into five types of categories:

01 **Is there a problem at all?**

02 **Is this a solution people would want to use?**

03 **Can we actually build this?**

04 **Is it legal and compliant?**

05 **Is the token economy sustainable?**

Assumption	Possibility of Being Wrong (1-10)	Impact of Being Wrong (1-10)	Total Risk Level	Proposed Test and Success Metric
	3	7	21	

ICO Due Diligence checklist

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ICO DUE DILIGENCE

Business Model

How much money are they looking to raise?
- Is raising that much an realistic expectation?
- Is that amount of money really needed for their operations?
- Are there other ICOs happening in the same time they might be competing with?

- Is there a viable economic model behind the idea?
- What is the purpose of the token?
- Can this be done without a token or cryptocurrency?
- Does it generate value inside or outside its own market?
- Are people already paying for some sort of the solution for this same problem and how does the Blockchain solution compare?

Product Execution

- Are there any experienced Blockchain developers on the team?
- Do the team members have existing reputation in the Blockchain community?
- What is the technology stack?
- Who is the project leader and is he committed to the project?
- Are the team members capable of delivering what they promise?
- Is the technology defined and stable enough?
- Is there an existing community following the project?
- Is there a functional prototype?
- Is there a GitHub account (or another way) you can use to track progress?

Legality and Stability

- Are terms and conditions of the sale written in clear language?
- Who has written up the token issuance contracts and actual token issuance software?
- What are the apparent, perceived or real regulatory risks?
- What is the token distribution structure?
- In what jurisdiction is the company incorporated?
  - Does the jurisdiction have a clear definition of a Cryptocurrency?
  - Does the jurisdiction have a high quality Regulator?
  - Does the jurisdiction have efficient Infrastructure and access to talent?
  - Does the jurisdiction have clear AML and KYC Guidelines?
  - Does the jurisdiction have clear Crowdfunding guidance?
  - Does the jurisdiction have an Industry Advocacy Group(s)?
  - Does the jurisdiction have the proper Corporate formations for your needs?
  - Does the jurisdiction have a favourable tax policy?
  - Does the jurisdiction have fair Data Privacy laws?
  - Does the jurisdiction have access and close proximity to key markets?
- What legal structures are being disclosed?
- How is security handled?
- Are there plans for external or internal audits?
- Which blockchain infrastructure is backing-up the sale?
- Have they talked to at least 3 other entities who have successfully done a token sale before?

Operational Transparency

- Which cryptocurrency exchanges are they talking to?
- Are there any public data dashboards provided?
- Does the company have independent auditors and external advisors?
- Are delivery promises clear and can they be measured?
- How does the company communicate it's roadmap and progress?
- Are the team members clearly identified with existing portfolios and work history?
- Do they plan to do any post ICO reporting?