

At Bitcoin Market Journal, our analysts use this “scorecard” to evaluate early-stage blockchain projects and tokens (before they go on sale to the public). By rigorously asking these same questions across several different categories, blockchain investors can compare different early-stage projects.

For each question in the list, assign a score from 1 (lower potential) to 5 (higher potential). The score for each question is averaged at the end of each section, and the score for each section is averaged at the end.

| | Higher potential (5) | Lower potential (1) | Score (1-5) |
|--|--|--|-------------|
| MARKET | | | |
| Problem addressed/solved <i>Is there a clear problem solved by this token?</i> | Identified | Unfocused | |
| Target customers/customer/ segments/verticals <i>Can you clearly identify who will use this token (job title, demographics, etc.)?</i> | Reachable and receptive | Unreachable or unlikely to adopt | |
| Value creation <i>How much value does this project bring to the industry they plan to enter?</i> | High and identified | None | |
| Competition <i>What is the composition of the market this token will serve?</i> | Emerging or fragmented | Concentrated or mature | |
| Market size/potential <i>Is the potential market too small, too large, or just right?</i> | \$500 million+ | <\$100 million | |
| Regulatory risks <i>How likely are further regulations on this market, and tokens in general?</i> | Low | High or highly regulated | |
| AVERAGE MARKET SCORE <i>Average the six scores above</i> | | | |
| TRANSPARENCY | | | |
| Token holder benefits <i>How will investors in the project derive value from the token?</i> | Clear and valuable benefits for investors | Unclear how early investors will benefit | |
| Disclosures <i>Does the project provide thorough documentation, disclosing all details of the project?</i> | Transparent; clear plan and roadmap | Opaque; no sense of direction | |
| Token distribution <i>How will the tokens be distributed?</i> | To the public (60%+) | To the founding team (20%+) | |
| Milestones <i>How will funds be allocated throughout the course of the project?</i> | Clear milestones with payouts tied to each | All funding received at once | |
| AVERAGE TRANSPARENCY SCORE <i>Average the four scores above</i> | | | |

| | Higher potential (5) | Lower potential (1) | Score (1-5) |
|--|-----------------------|--------------------------|-------------|
| MANAGEMENT TEAM | | | |
| Track Record Does the team have a demonstrated track record of success? | All-star "supergroup" | Weak team or solopreneur | |
| Integrity Does the team demonstrate scrupulous honesty and complete transparency? | Highest standards | Questionable | |
| AVERAGE MANAGEMENT SCORE Average the two scores above | | | |
| TOKEN MECHANICS | | | |
| Token required Does the problem truly require a token, or is it a "bolt-on blockchain"? | Impossible without | Token unnecessary | |
| Value added Does the token add a new type of value, or is it "another one of those"? | Highly differentiated | Copycat token | |
| Decentralized Is it truly decentralized (like a mesh network), or is it run by the company (like a cell tower)? | Users do the work | Company does the work | |
| Token supply Is there a known quantity of tokens, or can more be issued in the future, diluting the value? | Fixed, predictable | Uncertain, inflatable | |
| MVP Is there an existing product, or a Minimum Viable Product? Does it function with the use of the token/blockchain? | Functioning product | White paper only | |
| AVERAGE TOKEN SCORE Average the five scores above | | | |
| USER ADOPTION | | | |
| Technical difficulty Will a non-technical person be able to understand this idea? | Non-technical | Highly technical | |
| Halo Effect Is the token strongly associated with well-regarded brands or institutions? | Strong halo effect | Weak or no halo | |
| Buzz Are people talking about it? How many followers do they have on social media? | High social buzz | Low social buzz | |
| AVERAGE USER ADOPTION SCORE Average the three scores above | | | |
| OVERALL SCORE Weighted average of the five section scores above. | | | |

For blockchain investors, the Early Investor Scorecard should be viewed as a tool for identifying promising early investment opportunities. For tokens that score highly, the investor will want to do a deeper competitive analysis, meet with the founding team, etc.

For blockchain companies, the Scorecard can be used as a tool for strengthening the idea. Better still, a company like Media Shower (www.mediashower.com) can be hired to fill it out more objectively.