



INITIAL ASSET OFFERINGS

Initial Asset Offerings (IAO) are an alternative means of fundraising from ICOs. IAOs typically offer utilities that can be used later on in the development of a platform.

IAOs are a relatively new concept, and has been used by the Enjin gaming platform to reward investors with rare and valuable in-game items before the game release.



FUNGIBILITY

ICOs are typically fungible, as the ICO tokens offered are not unique and homogenous. ICOs usually only offer tokens, while IAOs offer in-game items that are bespoke, and generally non-fungible.



ERC STANDARD

Most ICOs offer ERC-20 tokens, which are incompatible with IAO technical requirements. As IAOs involve unique in-game items, IAOs adopt the ERC-1155 standard which allows the tokens to be both fungible and non-fungible, depending on the item offered (game credits, skins etc..)



UTILITY OR SECURITY

Without a proper use case, tokens offered by ICOs are generally be regarded securities.

IAOs are unlikely to be considered securities, as there is a clear use case for items issued by IAOs - that being, for use during in-game.



PROSPECT

In light of increasing concerns over ICOs, newer projects may want to generate funding via IAOs to assure investors and regulatory bodies that their cryptocurrency is SEC compliant and inherently, not a security.

IAOs are not just a theoretical concept. The first IAO was conducted at the end of July 2018, by War of Crypto (WoC), a game on the Enjin platform.

The presale was sold out in less than 30 minutes and WoC is the first and only project to have conducted an IAO thus far. We expect this concept to be adopted certainly by other gaming blockchain projects and would not be surprised if IOAs were utilised by other sectors as more projects look for an alternative to ICOs.