

ICO Review: Bgogo (BGG)

First Crypto Trading Platform with Supernodes

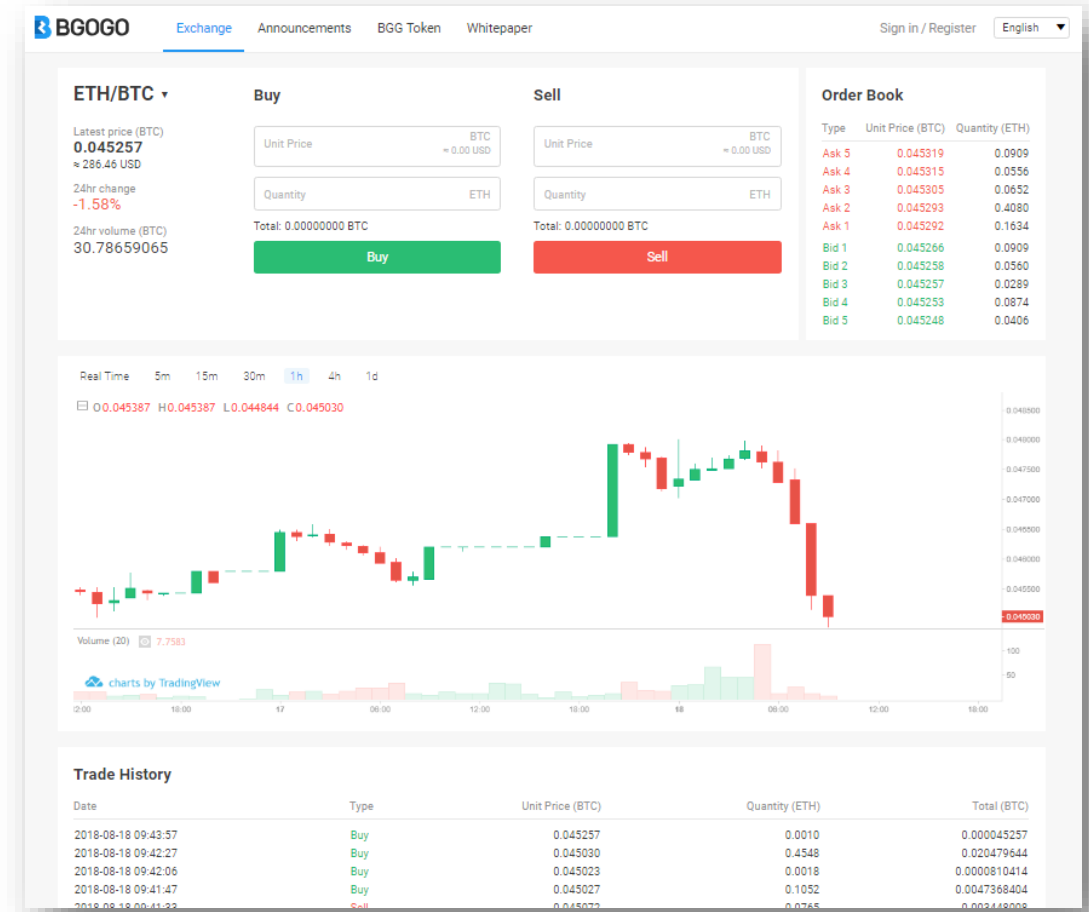
August 18, 2018



BGOGO

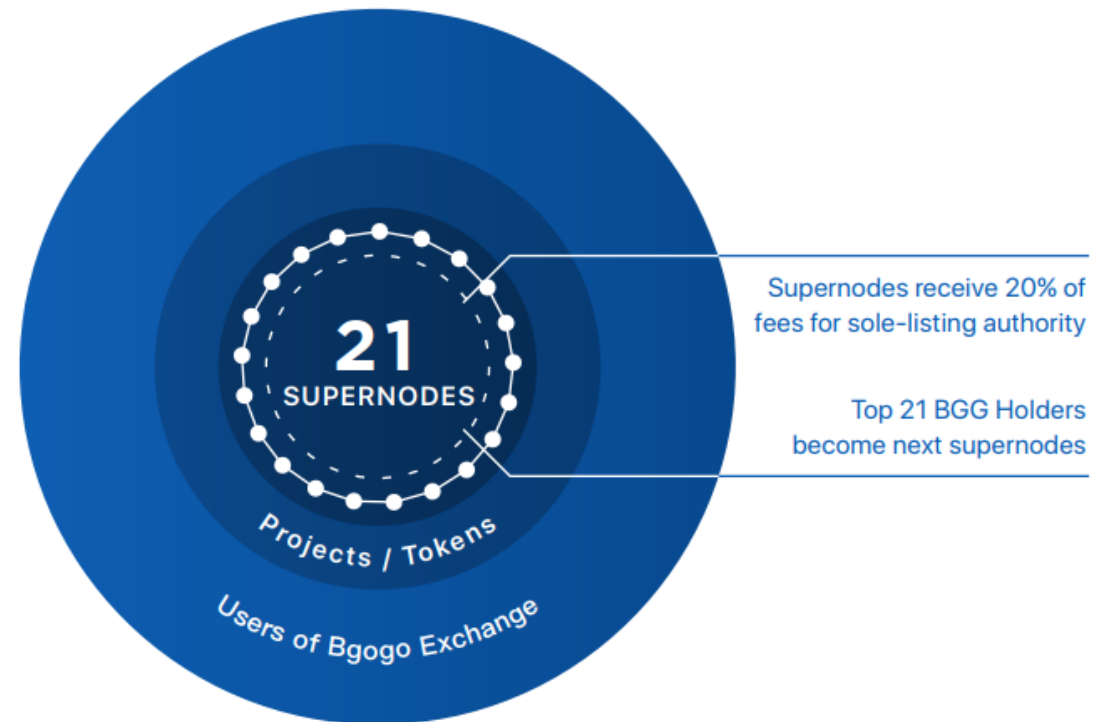
What is Bgogo?

- A cryptocurrency trading platform that differentiates itself as the first exchange to feature supernode listing authority.
- Currently has 45 trading pairs between various digital assets with Bitcoin, Ether and Tether with low maker/taker fees (0.1%).
- Utilizes transaction mining, a new feature used by a number of exchanges (e.g. FCoin). Bgogo claims to have a higher utilization rate as it uses a buyback model where 100% of the commission revenue is used to repurchase BGG tokens.



Bgogo supernodes

- Bgogo supernodes are elected on a quarterly basis based on the top 21 holders of BGG tokens, subject to vetting from the Bgogo team which includes KYC reviews on all candidates.
- Each supernode has full discretion to list one cryptocurrency candidate during the quarter; 20% of the transaction fees generated by the successful candidate will be returned to the supernode.
- Supernodes are required to lock their BGG token positions for at least one quarter during their tenure.



PROJECT OVERVIEW

The initial supernodes

 PANTERA	 ICODROPS	 DHVC	 NODE CAPITAL	 BLOCKWATER CAPITAL	 arrington XRP CAPITAL	 8DECIMAL CAPITAL
Pantera Capital (holding) 33,333,333.00 BGG	ICODrops.com (holding) 33,333,333.00 BGG	DHVC (holding) 33,333,333.00 BGG	Node Capital (holding) 33,333,333.00 BGG	BlockWater Capital (holding) 33,333,333.00 BGG	Michael Arrington (holding) 33,333,333.00 BGG	8 Decimal Capital (holding) 33,333,333.00 BGG
 #HASHED	 GENESIS	 IMO Ventures	 Dfund	 DKB FUND	 BLOCK VC	 Sky9 CAPITAL
Hashed (holding) 33,333,333.00 BGG	Genesis Capital (holding) 33,333,333.00 BGG	IMO Ventures (holding) 33,333,333.00 BGG	Dfund (holding) 33,333,333.00 BGG	DKB Fund (holding) 33,333,333.00 BGG	BlockVC (holding) 33,333,333.00 BGG	Sky9 Capital (holding) 33,333,333.00 BGG
 UTOPIA CAPITAL	 DFG DYNAMIC FINTECH GROUP	 AMBER AI	 PreAngel	 FREE^S FUND	 METROPOLIS VC	 SIGNUM CAPITAL
Utopia Capital (holding) 33,333,333.00 BGG	DFG Capital (holding) 33,333,333.00 BGG	Amber AI (holding) 33,333,333.00 BGG	PreAngel Fund (holding) 33,333,333.00 BGG	FreeS Fund (holding) 33,333,333.00 BGG	Metropolis VC (holding) 33,333,333.00 BGG	Signum Capital (holding) 33,333,333.00 BGG

Other features

- **Negative transaction fees:**
Users pay trading fees to Bgogo exchange and are rewarded with a 105% trading fee return every 30 minutes in the form of BGG tokens.
- **Daily token repurchase:**
Bgogo will use 100% of the accumulated trading fees to buyback BGG tokens, which will be sent to a public burn address and permanently burned.



Development roadmap

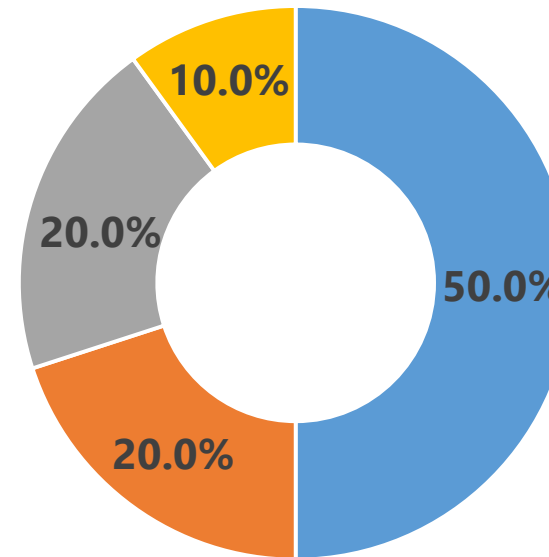
- Bgogo was established in 2017, initially under the name bitgogo, and began exchange operations in April 2018. The exchange platform is already live with a number of popular trading pairs available.
- After the listing of the BGG token, the platform will be in full operation offering negative transaction fees and daily token repurchases. Supernodes will be able to exercise their rights and new supernodes will be re-elected on a quarterly basis.

BGG token sale summary

ICO SUMMARY

- **Project name:** Bgogo Exchange
- **Token symbol:** BGG
- **Website:** <https://bgogo.com>
- **Hard cap:** 17,000 ETH (15,000 ETH during private sale and to supernodes, 2,000 ETH during public sale) for 10% of total tokens)
- **Conversion rate:** Private sale: 1 ETH = 66,666 BGG; public sale: 1 ETH = 69,999.3 BGG.
- **Maximum market cap at ICO on a fully diluted basis:** US\$51 million based on current ETH price of US\$300
- **Bonus structure:** Whitelisted public sale participants have a 5% bonus over the private sale price, with no lockup period.
- **Private sale:** Already been completed with 10,500 ETH raised from 21 supernodes and 4,500 ETH from strategic investors.
- **White list:** Bgogo's public sale will be a Genesis Mining event (exact date to be confirmed) that will start 24 hours before mining is officially opened to the public. Only whitelisted users can participate.
- **ERC20 token:** Yes (switched to native tokens after mainnet launch)

TOKEN DISTRIBUTION



- Mined through trading
- Founding team
- Ecosystem development and operation
- First supernodes and strategic investors

Use of BGG tokens

- The BGG token is Bgogo's native token and serves as the proof of stake for the platform's trading infrastructure. It is used to incentivize various parties within Bgogo exchange:
 - **Supernodes:** As one of the top 21 holders of BGG tokens, supernodes will be entitled to certain benefits such as the right to vote for listing one cryptocurrency candidate and will receive 20% of the transaction fees generated by the candidate.
 - **Exchange users:** Users are rewarded with BGG tokens for trading/mining. There will be a limited number of tokens that can be mined per day. At the moment, a single account can mine up to \$1 million in volume per day.

Use of BGG tokens (continued)

- BGG tokens should appreciate in value in the following ways:
 - Increasing trading volume on the exchange will result in Bgogo collecting more commission revenue. This will enable them to buyback more tokens which are subsequently burned and the value of the remaining tokens will go up in value, all else equal.
 - As popularity of the platform increases, the value of being a supernode will increase. Those who wish to become a Bgogo supernode will be incentivized to lock more BGG tokens during their tenure.

THE TEAM

Team and advisors



Maximilian Wang
CEO

Previously a software engineer at Facebook where he founded Facebook's crypto syndicate. Prior to that, he was a software engineer at PINT where he led the development of a web components based MVC grid library. He obtained his Master's degree in Computer Science from the University of California, San Diego in 2014.



Nicolas Chen
CTO

Previously an engineer at Facebook where he was responsible for maintaining the network security of 2 billion Facebook, WhatsApp, and Instagram users. He was a Regional Champion in the ACM International Collegiate Programming Contest, a global programming competition for university students.



Oscar Song
COO

Previously the operations chief of Huobi and was a founding team member of Gukebao. He obtained Bachelor's degree in Finance from Renmin University of China.



Ciara Sun
CSO

Previously a consultant at the Boston Consulting Group for two years and worked in various roles at Grant Thornton China, Deloitte, Cummins, EY and Transamerica. She obtained her MBA in Financial Analysis in 2016, both from Indiana University – Kelley School of Business.

The opportunities

- Supernodes are unlikely to sell their tokens unless they plan to give up their supernode status in the next quarter. Currently, most of the large cryptocurrency funds are awash with liquidity, so we don't expect the current supernodes are eager to reduce their BGG positions and give up the right to be a supernode.
 - Each supernode has one opportunity to list a cryptocurrency of their choice on the exchange. This authority can be very valuable if Bgogo scales to be a top exchange.
 - Supernodes are rewarded 20% of the transaction fees generated by Bgogo for the coins that the supernodes nominated. This provides incentives for supernodes to nominate high quality coins.

The opportunities (continued)

- The daily buyback mechanism helps maintain demand for BGG tokens.
- The Bgogo team has a good mix of experience from the business and technical side, including experience from operating other cryptocurrency exchange.
- As there are no trading commissions for users, Bgogo could gain traction quickly if the liquidity is strong. This model could be sustainable in the long-term as the team intends to eventually make money by building "B Lab", which will use the platform's own fund to incubate and invest in projects to generate profits.

Our concerns

- Trans-mining is controversial and there is currently no proven example over a long period of time. Using all the transaction fees for buyback would result in the exchange seeking other source of cash flow to maintain operations, despite Bgogo having a healthy balance sheet now. Profits from investments done by B Labs can be quite volatile.
- There are numerous well-funded cryptocurrency exchanges being launched recently, so the competition is fierce.
- Compliance and regulation, something that can change dramatically overnight, is something that every exchange faces. A mitigation factor is that Bgogo only engages in crypto-to-crypto trading pairs.
- Because of the buyback nature, Bgogo tokens are most likely security tokens and it is unlikely that it would be listed on other centralized exchanges.

For flipping: **S.**

- The supernodes have paid a token price higher than the public, so there's no dumping pressure from large holders due to different pricing tiers. This pricing strategy is unprecedented and sets a great example as to how pricing for ICOs should be done.
- 50% of the BGG tokens held by supernodes will be unlocked on the first day of token listing. We believe the vast majority of the funds are not in a hurry to liquidate their BGG tokens, otherwise they risk losing the supernode status.
- Therefore, we believe that there wouldn't be much selling pressure in the beginning. Combined with the low initial token supply and trans-mining hype, BGG tokens should perform well right out of the gate.

Our views (continued)

For long-term holding: **A.**

- The long-term success of BGG token hinges on whether the exchange can generate traction beyond the initial hype period. Almost all the value of the Bgogo exchange platform is accrued to BGG tokens instead of equities, so if Bgogo does well and becomes a top exchange over time, BGG tokens should perform well.
- Given the team's strong background and commitment to the public community/smaller investors, we believe Bgogo has a good chance to succeed.

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