**(De)centralization**

**Blockchain has been created to increase security while decentralize governing. For the purpose of bypassing governmental barriers, ICOs were introduced into the global fundraising practice. Both innovations works fine, but now one tendency makes us wonder whether the long-awaited decentralization turns towards formation of a new centralized structure. In the article, the Elementh team comes closer to this issue to find out what can happen with the ICO market and how centralization can take place.**

At the initial stage, ICOs were accessible for all contributors regardless the amount of investment. Even if a contribution was miserable, it counted. Pre-sale bulk acquisitions were a rare occurrence, and ICO teams were not aimed at getting thick inflows from large players.

Step by step, minor crypto investors all over the world have been uniting in bigger groups to put the money together with the purpose to minimize risks and get greater profit and influence. Sounds like a natural process where the reasons are obvious, but in our opinion the prerequisites for pool foundation shall be clarified and detailed.

So, what are the main reasons for making a pool? If we go to the [relevant topic](https://www.quora.com/Which-is-the-most-trustworthy-ICO-pool) on Quora, we can find the following answers:

*Alex Raffin, M.S. Computer Science & Software Engineering, ENSEIRB-MATMECA*

“This allows us to enter pre and private sales and negotiate the best bonuses for our contributors”.  
  
Also any person entering a pool “will be able to discover under-the-radar projects and discuss crypto tech, news and ICOs”.

*Kushagra Singh, Community Director*

“In past few months, contributing to ICOs has become increasingly difficult. More people are joining the crypto space in general and more money is flowing in. The interest level for ICOs specifically is also rising. ... This lead to gas wars, difficulties on getting whitelisted and public sales having a smaller cap or even getting completely cancelled because the money had already been raised during presales. ... This is why getting in at the presale stage is very attractive. However, you’ll quickly realize that the minimum entry is way more than you can afford for a single project: 100 ETH on average. This is where pools get in play”.

Especially the last point by Kushagra is peculiar, we will come to it later.

To sum up, here are the [explicit benefits](about:blank) of pooling in a group:

* more bonuses from ICO holders;
* easy white-listing, passing KYC and getting into a crowdsale;
* bigger amounts can be invested in comparison to a regular crowdsale;
* ability to participate in then ICO even if the country is restricted;
* no gas wars for the participants;
* research and discussion within the community.

From this list and quoted words, one can see that there is a serious obstacle for individuals whose contributions are of small scale. And the obstacle is high gas limit set by big players (e.g. persons vs pools). So, **higher thresholds are set**. And, actually, ICOs are interested in large-scale contributions with high gas limits.

In the given setting, **minor investors are filtered away**. **As time goes, it becomes harder and harder for individuals with small contributions to participate in ICOs.** Profound pools start playing a more significant role, and there are not so many of them. Finally, we get **fewer players in the market while the market itself becomes more centralized**.

The paradox is that **what has been created for decentralization moves towards centralization.**

Now, we are going to look at a forecast. If we speak about the nearest future, regarding the ICO market, [some researchers](https://medium.com/@andreabianconi/the-future-of-icos-16d14d0f8a29) suppose that there will be a split: more traditional sectors will employ a new model, STOs (Securities Token Offerings where equities, loans, real estate are tokenized and governed by law), while innovative start-ups will still use unregulated ICOs.

And the last segment will not be uniform: high-threshold ICOs designated for development of proven technologies will exist alongside with more open ICOs provided for breakthrough eye-popping projects and initiatives. Those are already existing and used to not just obtaining big profits, but contribute to innovation and reshape the modern world.

As we can see, even if centralization continues, it will be multifaceted, with many outcomes, thus contributing to uprise of a great variety of token options and investment patterns.