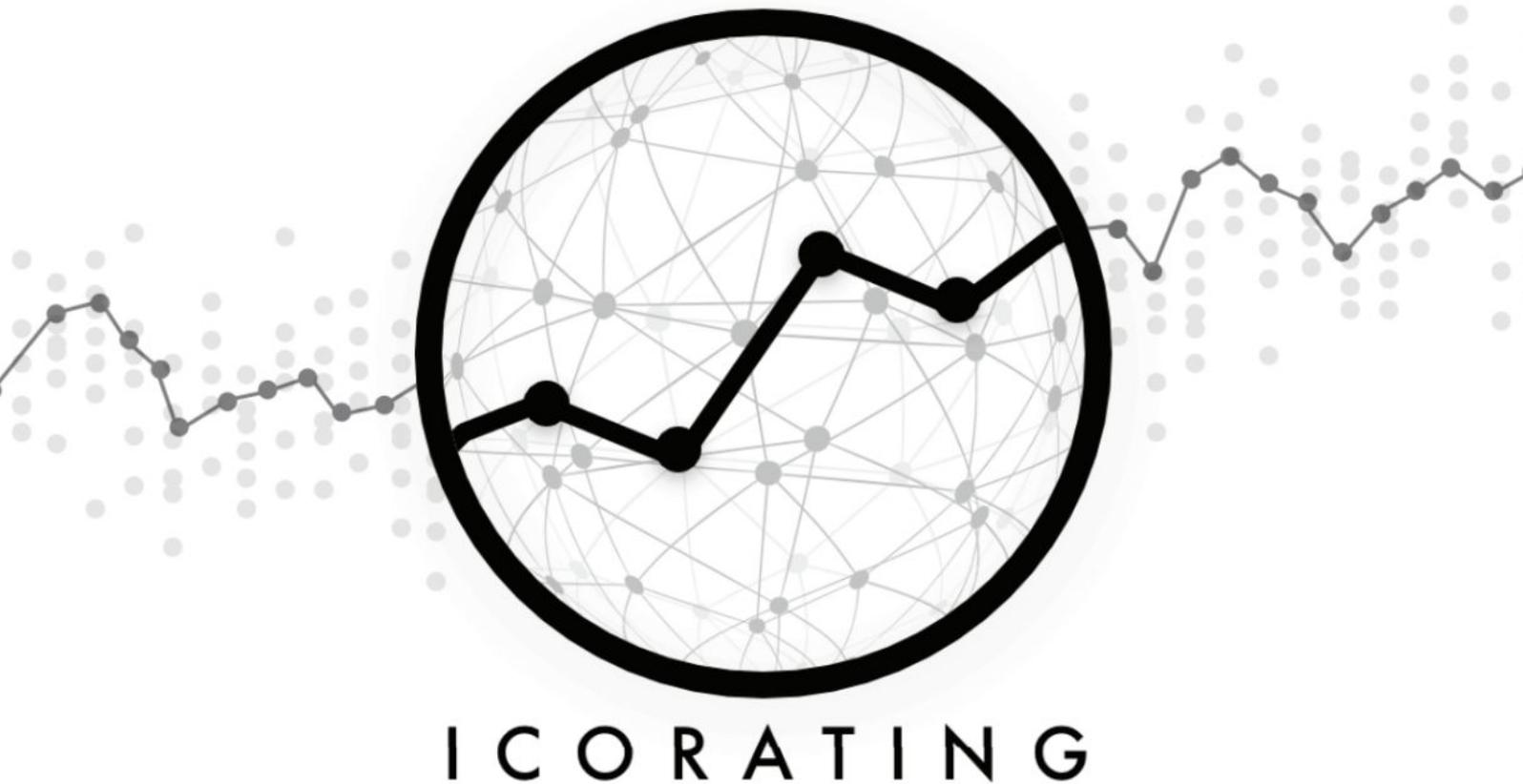ICOrating

UKIT Rating Review (https://ico.ukit.com/)

ICO dates (19.02.2018 -19.04.2018)

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1. Ratings

We assign the uKit project a "Stable+" rating.

uKit's advantages include a ready-working service with a fairly long history, and the project team's professional background.

The functionality of the token is well thought out. There may be demand for UKT tokens after the launch of the platform; this will accelerate in tandem with the promotion of cryptocurrencies in general, the ease of access to them for ordinary users and should also increase following the introduction of new services.

The key risk for the project, in our opinion, lies in the technological area. Despite the team's background, it is unclear whether they will be able to implement all the intended technological innovations.

There is also serious competitive risk. Despite the fact that the team obviously knows the market, one cannot ignore the fact that there are large players with virtually unlimited financial resources in the segment who also tend to follow trends and implement innovations.

2. General information about the Project and ICO

The team aims to accelerate the development and integration of additional services with their successful uKit site builder service. The crowdfunding campaign is being held by the Russian company uKit Group, which has many years of experience providing website design. Expansion of their product line and moving some products to blockchain, say the team will enable them to reduce the cost of attracting new customers, increase conversion rates and positively affect SEO indicators for the site, assisted by automated content personalization and artificial intelligence in the design and layout. In other words, the project sets a difficult, but achievable, task to gather the latest automation technologies from web development and the analysis of websites within a single platform and to provide this functionality to individuals and businesses at any level; currently such opportunities are only accessible to those with considerable financial resources.

Website
ICO Website
Whitepaper

Pre-ICO Start: 11.12.2017
Pre-ICO End: 01.01.2018
ICO Start: 19.02.2018
ICO End: 19.04.2018
Hard cap: $10,000,000
Soft Cap: $2,500,000.
Token: UKT (ERC20 standard)
Pre-ICO Price: 1 UKT=$0.015
ICO Price: 1 UKT=$0.02

Total issuance: 1,000,000,000 UKT, of which:

- 55% - pre-ICO + ICO
- 2% - Bounty and translations
- 15% - Team (locked for 18 months)
- 25% - Reserve fund, 9,6% will be distributed between

ICO token holders

- 3% - Advisors

Distribution of funds varies depending on the amount raised:

between $2.5 million to $5 million:

- 40% Advertising and PR
- 30% R&D
- 10% Data Purchase
- 10% Marketing and Management
- 5% Other
- 5% Outsourcing

$5 million and upwards:

- 47% Advertising & PR
- 20% R&D
- 15% Data Purchase
- 10% Marketing and Management
- 5% Other
- 3% Outsourcing

3. Description of the services and scope of the project

Some of uKit's features are already available, others are planned for launch at various points. Let's take a closer look at all these services.

- The uKit builder for sites and landing pages.

This service has been available since 2015, and it enables one to independently create and publish a site (landing page, simple shop etc) on the basis of existing software maintained by the operator. The emphasis is placed on maximum convenience for users of the service due to the availability of templates, a training wizard, integrable widgets, adaptation to mobile devices and an intuitive interface. Tools for promotion on search engines, security certificates and protection against DDoS attacks are available.

In addition to site creation, uKit provides hosting services and the transfer of content from pages on Facebook and VK.com (the 'uKit Alt converter'.)

- uCoz site management service

Includes a catalog of both free and paid designs and provides hosting for sites created on its basis; it is also possible to build a site in different languages. The team presents uCoz as a separate product, not part of the ecosystem in its current conception.

- uLanding – beta version launched in 2017

This is a tool for dynamic content change. In the long term the service will enable the creation and testing of various design options for a landing page for each specific user.

- uKit AI (in the process of development and scheduled for launch)

A generative design service. For version 1.0 of uKit AI, a user should be able to make up an adaptive front-end for a website based on content from an old version of the same site, regardless of on what platform and how the site was created. In the 2.0 version the service will be able to generate multiple variants of a single page, based on the data collected in uData.

- uData (planned for development)

This service is built on the basis of depersonalized statistical data on internet users, and its contents will be used by the aforementioned programs for website generative design. It will be filled by data purchased from third-party DMP platforms, and by project participants providing anonymized data about traffic on their sites in exchange for UKT tokens.

We positively assess uKit and the team's plans for the development and expansion of their product line in accordance with innovations in this segment. The uKit service has evolved from uCoz, a free site management system operating since 2005 and a well-known one, at least in the Russian-speaking world.

In view of the planned future exchange of user data and implemention of a voting mechanism, transitioning to blockchain seems like a logical solution. Of course, operating in a dynamically developing and growing sector, one cannot be complacent and must consider options for evolution taking into account the latest developments.

4. Market review

It is hard to argue with the team's market research described in the white paper. Since the beginning of 2000 the number of websites has growing steadily, reaching 1 bln in 2013; it remained roughly at this level in 2016, and at the moment it is about 1.3 billion [internet live stats]. Similar growth characteristics are evident for the number of internet users, for example in the US [IRONPAPER]:

Number of internet users in the United States from 2000 to 2016 (in millions)
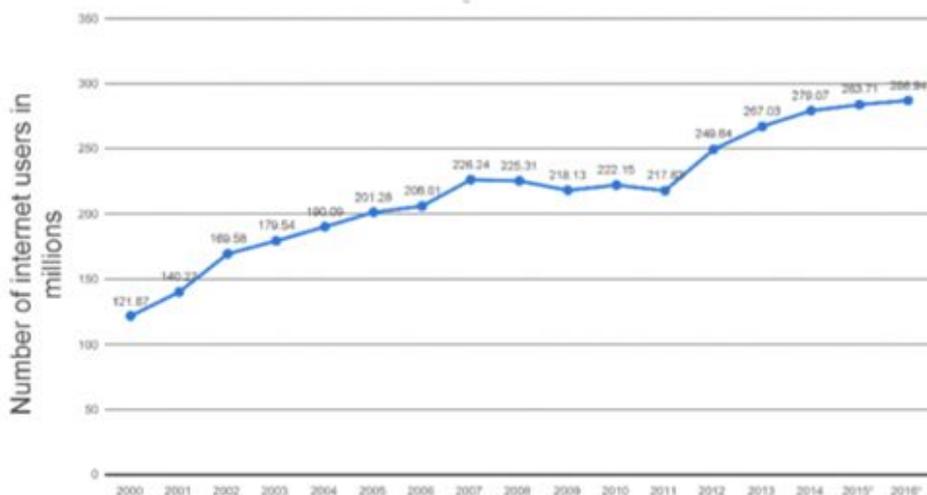
Accordingly, the CAGR for website creation and design services is estimated at 4.8% (data for 2011-2016) [IBISWorld], and builders offering b2c platforms with inexpensive and simple solutions for the layout of sites are becoming more and more popular.

The first advantage for uKit is that the service would generally be[1] cheaper than creating a website the classic way, and the second is that about half of businesses worldwide don't have websites [Webydo]. Thus it is possible to state with confidence that the total market capacity is more than sufficient for the project's development in these areas.

Because the planned product is not completely innovative, it is impossible not to compare it with rival products from big players in this segment. Regarding the free online services for creating websites and content management, WordPress is the

foremost; it is mostly free and used by CNN, NY Times, Forbes.com, TED and TechCrunch.

In this segment there are also platforms such as Wix and Weebly. In 2014 the number of users for the major suppliers in this segment was as follows [WebsiteToolTester]:

Company	WordPress	WIX	weebly	webs
Valuation	$1.16 billion	$750 million	$455 million	$117 million
Users	77 million	46 million	20 million	55 million

The obvious advantage for uKit in this case is its facility for porting an existing website to the platform, as well as converting data from social media.

With regard to the monitoring of customer behavior on websites, an example is the well-known paid system KISSmetrics, providing a statistical analysis of the behavior of different groups of site visitors. Google Analytics also provides reports on data about multi-channel sequences. Among services for conducting A/B testing, i.e. comparing resource pages and choosing the best option for increasing conversion rates, we highlight platforms such as optimizely.com (characterized by low costs and extensive opportunities for experimentation), visualwebsiteoptimizer.com or unbounce.com (also specializing in landing), offering different levels of functionality.

 Regarding the competitive advantages for uKit in general, the main thing is their desire to combine the technologies and tools to create and maintain a website, the use of artificial intelligence and the analysis of efficiency on one multifunctional platform.

5. Team and stakeholders

The project's team is undeniably one of its strong suits, offering years of experience, an extensive database of both clients and sites, an understanding of the market and a vision for market development. Moreover, project members provide detailed information about themselves in the documentation supplied.
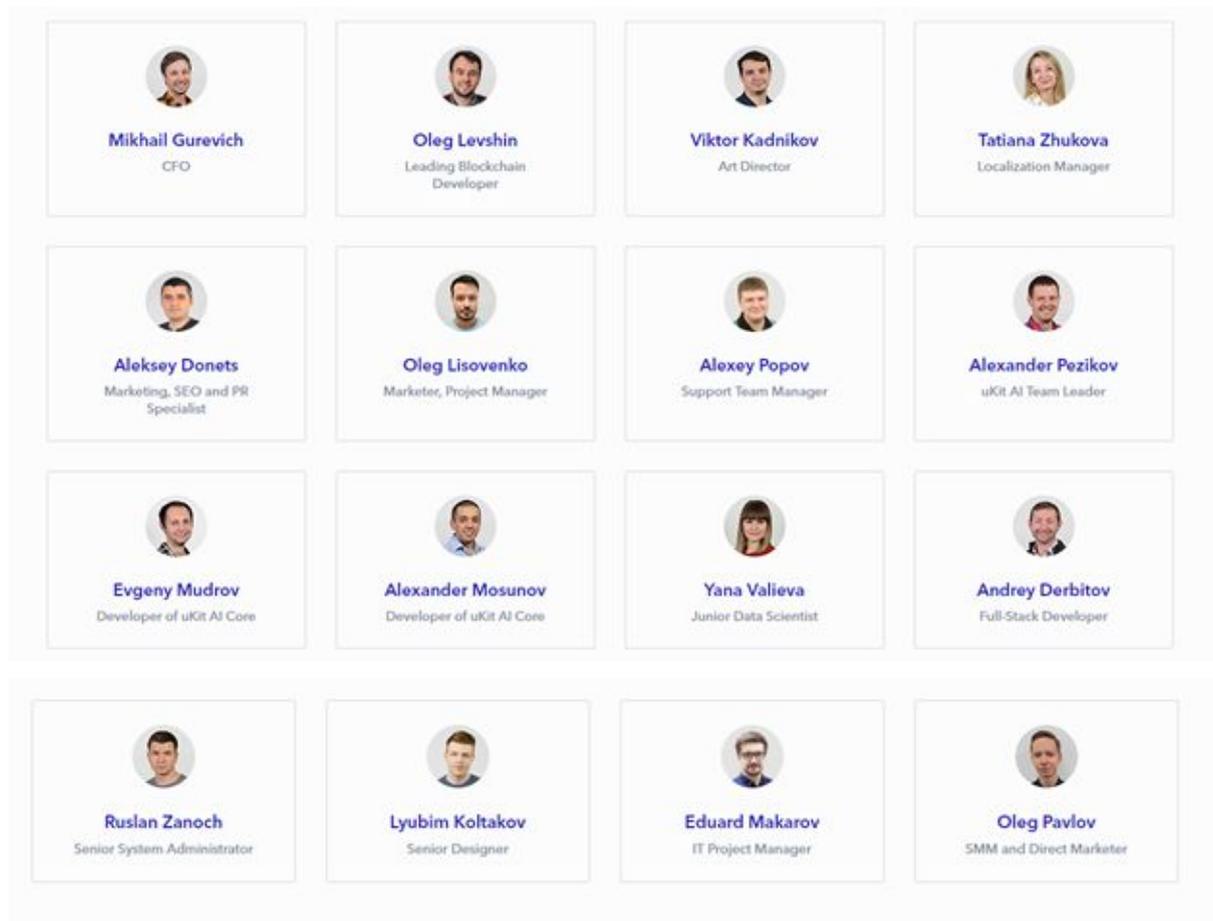
Project management:

Evgeny Kurt, CEO ([Facebook](), [LinkedIn]()) — one of the founders of the uKit Group, operating since 2005. Has many years of experience of the website creation segment. Graduated from Moscow State Law University.

Irina Cherepanova, Chief Product Officer ([Facebook](), [LinkedIn]()) — has been working for the company for 8 years. Graduated from the Moscow Technological University. Involved in marketing and site building.

Pavel Kudinov, Chief Technical Officer ([LinkedIn]()) — Has 12 years of experience as CTO, including 5 years at uKit; he graduated from Southern Federal University. Pavel is a winner of various programming competitions.

Roman Steinberg, Leader of the Neural Network Group and data scientist ([LinkedIn]()) — has 3 years of experience in the field of machine learning, computer vision and data mining. He graduated from Southern Federal University in Physico-Mathematical Sciences. He is involved in training neural networks within the uKit AI.

In total, the project involves more than 100 employees with considerable experience in web development, web design, promotion products, machine analysis and programming. The project team has a high level of expertise and professional experience in their field, which will certainly help towards successfully implementing the proposed idea.

Mikhail Gurevich	Oleg Levshin	Viktor Kadnikov	Tatiana Zhukova
CFO	Leading Blockchain Developer	Art Director	Localization Manager
Aleksey Donets	Oleg Lisovenko	Alexey Popov	Alexander Pezikov
Marketing, SEO and PR Specialist	Marketer, Project Manager	Support Team Manager	uKit AI Team Leader
Evgeny Mudrov	Alexander Mosunov	Yana Valieva	Andrey Derbitov
Developer of uKit AI Core	Developer of uKit AI Core	Junior Data Scientist	Full-Stack Developer
Ruslan Zanoch	Lyubim Koltakov	Eduard Makarov	Oleg Pavlov
Senior System Administrator	Senior Designer	IT Project Manager	SMM and Direct Marketer

The team does not indicate any advisors or partners for the project besides ICOBox, which is helping the project to stage this ICO. Meetings with potential advisors are however scheduled for Q1 2018 and are announced on the project website.

Project representatives will be participating in the forthcoming Blockchain Economic Forum and the Blockchain & Fintech Conference.

With regard to evaluation of the project's activity online, no negative or damaging information including any participation in other ICOs was discovered; many sites and users rate uKit positively.

6. Token analysis

uKit intends to issue ERC20-compatible utility tokens. The token offers the following functionality:

1. The right to use uKit products: the holder of a certain number of tokens has the right to a particular tariff from the uKit product line for the period of token ownership. Minimum amount is 10,000 UKT, ownership of which gains access to the Premium tariff, normal cost of which is $4 per month [uKit Pricing]. For 30,000 UKT the token owner can use the Pro tariff's facilities, cost of which according to the site is $12 per month.
2. The right to vote for new functionality.
3. Payment for use of uData: tokens are used to turn landing pages into multiple landing pages for *n* users (i.e., to obtain *n* multilanding views).
4. Participation in uData training and payment for services. Only users assisting with uData training and providing data on landing page usage can receive payment. Tokens from the reserve fund will be given in exchange for provision of data. 25% of the token issuance is allocated to the reserve fund ($5 million at face value).

Note that the reserve fund will be replenished with tokens purchasing uData services. Thus, if this service is in demand, exhaustion of the reserve fund is unlikely.

The first point above is a key element reflecting the infrastructural significance of the token. We believe that UKT may be in demand from both existing and potential users for uKit products, as the purchase would be paid off within four years.

Paying for uData in tokens offers no additional value in itself. This facility is a tool for increasing the liquidity and circulation of the token. However, this mechanism could also be implemented based on traditional payment instruments.

7. Analysis of factors affecting the future price of the token

As we have mentioned above, the UKT token will be profitable for long-term uKit customers: it is profitable not to pay for services directly, but to retain tokens, entitling one to free use of the service. Thus, as long as the service is available and in high demand, UKT tokens will at least not drop to zero value, which will redeem their purchase much sooner than four years.

The project team states that already, token issues are insufficient to satisfy all potential interested parties. Unfortunately, we cannot test this claim; we agree though that the numbers are achievable: Issued tokens cost $20 million; for a popular platform this is a small amount of annual revenue.

As a result, we expect that the utility functionality of the token will be needed immediately after the ICO, and the level of demand will continue to grow after the popularization of cryptocurrencies in general and to facilitate access to the crypto market for new users.

A short-term driver for UKT token growth in demand will be the commercial release of uLanding, scheduled for February 2018. In the longer term, demand for the token will accelerate at times when new services are launched:

- Q3 2018: Launch of the beta version of uData and the release of uKit AI 1.0.
- Q1 2019: Release of uKit 2.0.

The long-term success of the project in general, and the profitability of a tokenholder in particular, will depend primarily on the quality of the final service. If the team are able to offer a quality product, the potential for scaling is extensive given the size of the market and the relatively low number of similar services on the market.

8. Investment risk analysis

uKit is offering a project that is challenging from a technological point of view, so risks of a technological nature are the strongest: Whether the team will be able to implement all of its plans is currently impossible to predict.

The competitive risk is also serious in our view. Despite the fact that the team obviously knows the market, one cannot ignore the fact that there are large players present in the segment, with virtually unlimited financial resources, also tending to follow innovation trends.

Economic risk is also present, as uKit does not provide any financial forecasts/projections. However, this is a consequence of the technological risk. Theoretically, if all users buy tokens instead of subscriptions to a tariff plan, it is unclear what income will finance the operating activities. We discussed this risk with the team; they think this is extremely unlikely.

uKit customers can include both individuals and legal entities. The use of tokens by legal entities at the moment is problematic, and who knows how the regulation of utility tokens will progress in the future. In order to avoid potential problems, the team plans to retain a facility for paying in fiat currency.

ICO marketing is currently at a relatively low level. Activity on the traditional online resources for communicating with the cryptocommunity is not high. There is a risk that the ICO will not be publicised to enough potential investors, which would clearly make it harder to reach the hard cap. In defense of the project we would like to note that the team set the soft cap at $2.5 mln and, if this is not reached, funds will be returned to ICO participants (not pre-sale participants). The hard cap is a reasonable one.