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SP8DE Rating Review (<https://sp8de.com>)

ICO dates (08.02.2018 — 10.03.2018)



I C O R A T I N G

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# 1. Ratings

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## **We assign the SP8DE project a “Risky+” rating.**

The SP8DE project aims to occupy a niche in the dynamically growing online gambling market and it aims to solve a number of topical problems.

The project has advantages - it achieves safe and fast interaction with high transparency and impartiality of final results.

These factors will contribute to the successful implementation of SP8DE but we also note a number of weaknesses in this project.

First of all, there is no free access to any details of the economic aspect of the project. There is no information about commissions, remuneration, the financial model or marketing.

It is also planned to distribute profits to token holders. This means that the SPX token could be recognized as a security, which automatically entails a number of complexities and problems such as:

- Reduced interest from institutional investors. Large funds will not buy tokens.
- The probability of delisting from exchanges.
- Regulatory complexities.

In addition to the above, we think that the token distribution structure will attract gamblers but contributes to a market risk for all ICO participants.

All these factors, as well as those indicated in the "Analysis of factors affecting the future value of the token" and "investment risk analysis" sections, prevent us assigning a higher rating to the project.

## 2. General information about the Project and ICO

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SP8DE is a decentralized online casino platform to be built on the Cardano blockchain. The use of this technology will help to solve a number of pressing problems for the gambling industry and provide the following advantages:

- Transparency
- Anonymity
- Reduction of transaction costs
- Reduced transaction time

[Website](#)

[Whitepaper](#)

**Smart contract platform:** Cardano blockchain

**Contract type:** ERC20

**Token:** SPX

**Soft cap:** \$5 mln

**Hard cap:** 49,033 ETH

**Accepted payment:** ETH, BTC, ADA

**Minimal purchase amount:** \$20

A total of 8,888,888,888 SPX tokens will be issued. The distribution of tokens is as follows:

- For sale at all stages of the token sale - 41,125% (3,655,555,558 SPX);
- Jackpot for participants of the token sale - 38.875% (3,455,555,552 SPX);
- Team's tokens with a lock-up for 1 year - 20% (1,777,777,778 SPX)

The token sale runs in several stages and includes a jackpot draw among participants after the end of each round of the sale.

Phase	Start date	End date	Number of distributed tokens	SPX for 1 ETH	ETH	Jackpot (in Tokens)
Pre-Sale	January 08, 2018	February 08, 2018	888 888 888	98 888	8 989	
Sale1	February 08, 2018	February 14, 2018	388 888 888	88 888	4 375	288 888 888
Sale2	February 16, 2018	February 22, 2018	585 858 585	78 888	7 426	388 888 888
Sale3	February 24, 2018	March 02, 2018	886 868 686	68 888	12 874	888 888 888
Sale4	January 08, 2018	February 08, 2018	905 050 511	58 888	15 369	1 888 888 888
Total	March 04, 2018	March 10, 2018	3 655 555 558		49 033	3 455 555 522

In the event that there are unallocated tokens at each round of the sale, they will be distributed between the Sp8de foundation and jackpots in the following round:

DISTRIBUTION OF UNPURCHASED TOKENS					
Phase	Foundation	Jackpot I	Jackpot II	Jackpot III	Jackpot IV
Pre-Sale	30%	30%	20%	20%	
Sale I	20%	15%	40%	25%	
Sale II	10%		55%	25%	10%
Sale III	5%			40%	55%
Sale IV	100%				

As a result of two rounds of sales (pre-Sale and Sale 1), the soft cap was exceeded. The number of SPX sold was 850,001,853:

- Pre-Sale – 749 156 261 SPX (84 % of pre-sale hard cap)
- Sale 1 – 100 545 592 SPX (26% of the sale 1 hard cap).

Funds from the sale of tokens as well as tokens remaining at the disposal of the team after all stages of the crowdsale will be used to promote and develop the project as follows:



Funding raised during the token sale will be diversified in order to reduce the exchange rate risk as follows:

- BTC - 15%
- ETH - 15%
- ADA - 40%
- ETC - 15%
- XRP - 15%

This structure could be adjusted by the founders closer to the ICO end dates.

### 3. Description of the services and scope of the project

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The SP8DE project is a new generation gambling platform based on blockchain technology aimed at all modern casino users and industry participants. By new generation platform is meant that SP8DE conforms to all criteria for [the world's best blockchain casinos](#). The SP8DE team is building its project on [Cardano blockchain](#) technology, which was developed by Ph.Ds in programming and cryptography.

The main task for SP8DE is to provide a platform for the development and design of gaming applications characterized by the following features:

1. Minimal transaction costs for game developers
2. Use of an on-chain protocol making it possible to achieve automatic scalability for the SP8DE platform. Scalability can be defined as the relationship between the resource system and the number of nodes in the system. Scalable systems benefit from efficiency, as soon as new nodes join them.
3. The decentralized platform is equally generated over any random time interval. [Ouroboros](#), the POS protocol underlying the [Cardano blockchain](#), is built on generated unshifted normally distributed entropy.
4. The platform provides a wide functionality for its smart contract, which limits game design only by the developer's imagination. The aim for the team was to create a universal platform where any bright idea could be implemented quite easily regardless of the scale of the game project.

There are two main types of player that may profit from the monetization of games on the SP8DE platform:

- Game developers
- Platform token owners

Game developers generate profits from transaction commissions directly.

Token owners are rewarded in several ways:

- Part of the profit from transaction commissions (a much smaller percentage than for game developers)
- The opportunity to win a jackpot in a regularly played lottery on the platform

In our opinion, the chosen technology is suitable for the SP8DE project. The functionality of the platform for the development of gaming applications, [Cardano blockchain](#) technology and the use of the [Ouroboros](#) protocol make interacting with game developers safe and fast, attractive for the majority of market participants.

Clearly, impartiality of the final result of a game is essential for gambling; this is its essence. SP8DE uses blockchain technology in an attempt to solve this and a number of other problems commonly associated with the on-chain casino industry, and it is aiming to design its own ecosystem for this purpose.

## 4. Market review

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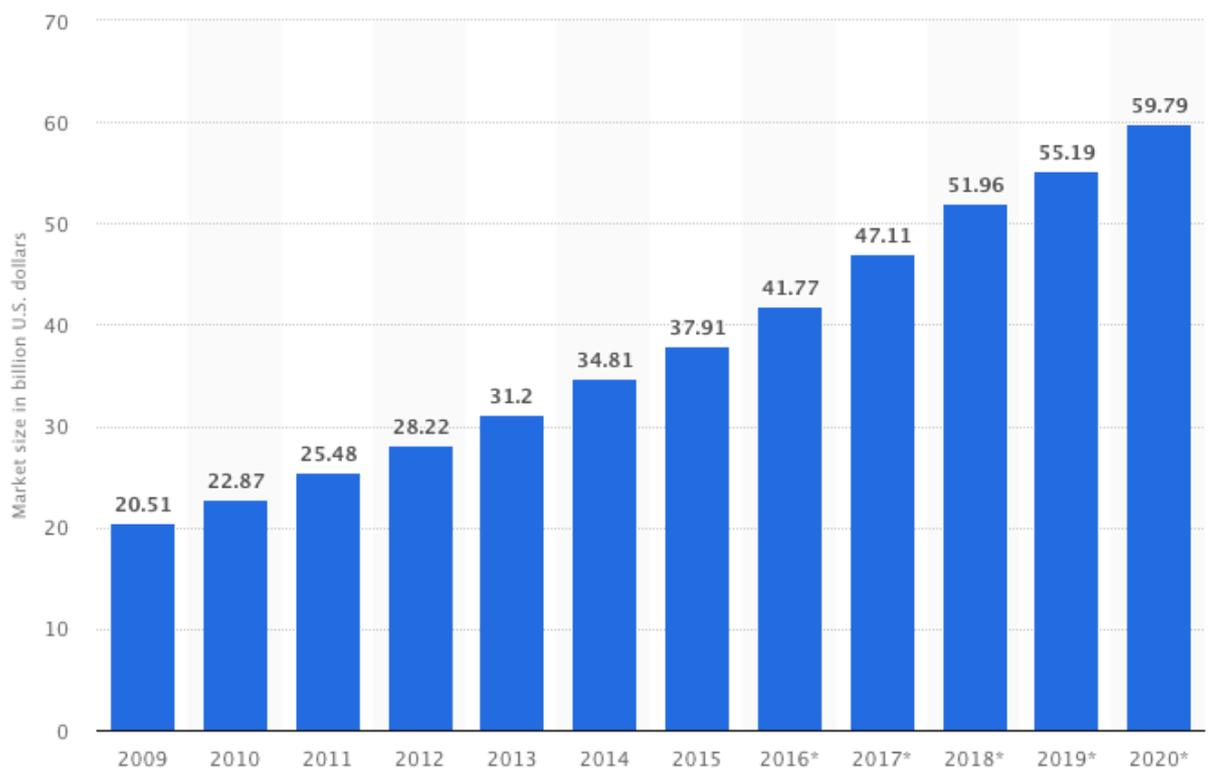
### 4.1. Market analysis

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The [history](#) of online casinos commenced in 1994, when the Microgaming company developed the first platform for online gambling. At the same time, the State of Antigua and Barbuda adopted a "Law on Free Trade and Information Processing", which prescribes a mechanism for issuing licenses to operators of online gambling facilities. This bill gave the initial impetus to the development of the gaming industry online. After 24 years, thousands of casinos and online games are available online.

In recent years, the global gambling industry has been growing at a fast pace. If CAGR at the current level of 5.7% observed over the past decade carries on, the total volume of this market will be [\\$635 bln](#) by 2022.

The online gambling market also continues to grow significantly. This is an indisputable fact confirmed by the results of analysis and research. The [graph below](#) shows statistics on volume of the gambling market from 2009 with a forecast up to 2020. Statistics show that online gambling is quite popular. Sites offer new games and special bonus programs



in the hope of retaining regular customers. New casinos try to attract users offering more profitable bonuses and exciting games with a higher percentage of payments.

Great Britain is one of those countries where online casinos are very popular. The legal system there is quite liberal and the British have long been addicted to betting. Some [bookmaking companies](#) have been operating in this country's market for over a hundred years. Moreover, bingo and lotteries are very popular. The body responsible for gambling and bookmaking is the UK Gambling Commission.

All operators wishing to provide casino and sports bookmaking services to UK citizens must obtain a special license. Such documentation is issued by the UK Gambling Commission. In addition to providing licenses and controlling gambling and bookmaking activities in the country, the organisation publishes reports that contain plenty of statistics related to bookmaking and gambling.

The most recent statistics were published by the [UK](#) government in 2017. All evidence suggests that the gambling industry will continue to develop, especially online betting and gambling. Total annual income from gambling from April 2016 to March 2017 was almost £14 bln. The gambling industry in Great Britain is a significantly large employer; 106,236 people were involved in the industry in 2017. Currently, the market shares for online casinos, betting and bingo from the entire UK gambling industry is 34%. The number of online gambling licenses issued was 778, which is 4.6% more than in the previous period.

The development of online gambling is affected by a large number of factors:

- Weakening the influence of government, the number of licenses issued every year increases.
- The volume of its increasing contribution to the economy.
- Security (online casino operators offer their visitors a high level of personal data protection).
- Extent of the range of games available.
- Online gambling revenues increasing due to the active use of tablets and smartphones.
- Games featuring a live dealer are becoming popular (the first live casinos were launched in 2003 by [Playtech](#)), technologies such as VR and 3D are being introduced.
- Due to the appearance of various gadgets, the proportion of [young people](#) involved in online gambling is increasing.

The main advantage in legalizing online gambling is an increase in tax revenues. This income could contribute to the growth of social welfare, the development of medicine and education and, importantly, the legalization of online gambling could create jobs.

However, there is another side to this business. The UK government is concerned about «[money-laundering](#)» in this sector. The number of people suffering from [gambling addiction](#) is increasing, one of the factors in which is the ease of access to online games via links and advertising on social media.

We think that the trends in the gambling market will contribute to successful implementation of the project. In addition to the above, there are other factors contributing to the expansion of the market such as the growth of tourism, which implies an even greater removal of legislative restrictions, a constant increase in the world's population and the popularization of gambling.

## 4.2. Competitors

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The main participants who already have a certain reputation, client base and a significant market share but do not use blockchain technology are presented below:

[GVC Holdings](#) – launched in 2004. Licenses in 18 countries. Online betting on sports, games, owns some of the leading consumer brands in the online gambling industry. As of 2016, its annual income was more than [€840 mln.](#)

[888 Holdings](#) – launched in 1997, has licenses in several countries. According to information from open sources, the annual income as of 2016 amounted to \$520.8 mln.

[William Hill](#) - founded in 1934. Licensed in 5 regulated gambling markets and has offices in 10 countries. In 2016 the company earned £1,603.8 mln.

[SlotsMillion](#) - founded in 2014. Has license in Malta and Curaçao. The first casino to launch VR slots. It offers users over 1,300 games from developers such as Microgaming, NetEnt, Playtech, Rival Gaming, Quickspin, Genesis Gaming, Saucify (BetOnSoft), GamesOS (CTXM), NextGen Gaming, Cryptologic, iSoftBet, Elk Studios, Thunderkick, 1x2 Gaming, Betsoft Gaming, Lightning Box Games, Yggdrasil Gaming, WagerMill, Rabcat, Play'n Go, Casino Technology and Pragmatic Play.

[Comeon Casino](#) - founded in 2014. Has licenses in Malta and Curaçao. It offers users about 1300 from such developers as NetEnt, Microgaming, Playtech, Play'n'GO, Evolution Gaming, Yggdrasil Gaming, Quickspin, Betsoft Gaming, WMS Gaming, Thunderkick and others.

A number of young participants as well as new players in this market are implementing blockchain technology. The main ones are given below:

[1xbit](#) - launched in 2011, licensed in Curaçao. Offers players advanced functionality - from sports betting to financial betting and totalizator. The website is available in 51 languages. Many developers, such as Endorphina, Elk Studios, NextGen Gaming and Betsoft, etc. The platform uses modern SSL encryption software to keep personal and financial data of players completely protected at any time, while registration does not require personal information.

[Betcoin](#) - launched in 2013, the platform is not licensed. Developers - Soft Swiss, BetSoft, Endorphina, etc. The website is protected by SSL secure connection. The code for game algorithms used is open.

[Bitsler](#) - launched in 2015, developed for various gadgets, therefore it is very popular. It is well-known for its dice game. An independent audit of several games was conducted; each of the games can be mathematically verified.

[MegaDice](#) - launched in 2012; a unique feature of MegaDice is the ability to bet directly on blockchain. No special client is needed to play, even a web browser. The only necessary software is a Bitcoin wallet.

[Nitrogen Sports](#) - launched in 2013, the website offers all kinds of betting options, poker, casino. Ability to use the platform from the phone. Confirms email sign-in.

In addition, there are already a large number of smaller online blockchain-based gambling platforms— [vDice](#), [DAO.Casino](#), [BotGaming](#), [FunFair](#), [LetBet](#), [Edgeless](#), [Gambica](#), [OneHash](#), [KingDice](#), [Bitcoin Games](#), [CoinBet24](#) and this list is constantly expanding.

Regarding the advantages for Sp8de in the market, the ecosystem will be built on the basis of the [Cardano](#) POS (Proof-Of-Stake) protocol, whose design assumes the distributed generation of random variables. The team works to ensure that in SP8DE these numbers will be generated with the frequency necessary for operation of the decentralized application (DAPP) developed on the platform. SP8DE will enable players to bet any amount, know the result of their bet immediately when the game ends, and be sure that neither the casino nor other players can manipulate the results of a dice roll in any way.

To sum up, the online gambling market is large and highly competitive. Not all platforms have licenses but many of them have already proven themselves and have regular customers. With such growing competition, SP8DE needs to make efforts to popularize the platform to capture even a small market share.

## 5. Team and stakeholders

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A team of 12 people works on the development and implementation of the SP8DE project, and 8 specialists are involved as advisors.

Leading positions in the team are occupied by:

**Alexey Kashirsky** ([Linkedin](#)) – CEO and Co-founder

Involved in the project since June 2017. Responsible for the overall concept and development. He is also an advisor to the Russian Academy of Natural Sciences and assistant to the president of the Industrial Minerals Association.

Education:

- Moscow State Mining University (MSMU)  
Diploma in Engineering, Mining  
2002 - 2007;
- Mining Research Technology Institute (MISIS)  
Master of Business Administration - MBA  
2016 - 2016;

**Mikhail Krapivnoy** ([Linkedin](#)) – CIO and Co-founder.

Involved in the project since 2017. Ex-CEO at the Man & Machine robotics research company, Member of AI Research Association. Blockchain evangelist.

Education:

- Research technology Institute ([MISIS](#))  
Specialist, Mining engineer  
2014 - 2019;

**Evgeny Borchers** ([Linkedin](#)) – Chief Visionary Officer (CVO) and Co-founder

Involved in the project since June 2017. Experienced business expert with a focus on crypto-investment and fintech from 2013. Co-founder of a number of Fintech projects, the latest of which is DCEX, the digital currency exchange.

Education:

- Moscow State Mining University (MSMU)  
Master's Degree, Human Resources Management  
2006 - 2011

**Alexander Baykiev** ([Linkedin](#)) – Chief Marketing Officer (CMO) and Co-Founder at SP8DE

Involved in the project since June 2017. Responsible for digital marketing, media communication, the development of creative content and for the development and maintenance of brands for a number of businesses.

Education:

- Research technology Institute (MISIS)  
Bachelor's Degree, Business Management  
2012 – 2018

**Lyubomir Serafimov** ([Linkedin](#)) – Chief Operating Officer (COO)

Involved in the project since July 2017. He headed the development of multi-currency crypto instruments in Europe and the United States. His expertise in financial mathematics and its applications will be used in the development of the SP8DE token market.

Education:

- Utrecht University  
Master of Science, Financial Economics  
2015 - 2016

**Mikhail Vakhrin** ([Linkedin](#)) – Chief Business Development Officer

Co-founder of LVSE Venture Exchange, July 2017. Has experience in financial engineering and in the development of complex algorithms.

Education:

- Utrecht University  
Master of Science, International Financial Economics  
2015 - 2016;

The following advisors are involved in the development of the project:

**Konstantin Katsev** ([Linkedin](#)) – Blockchain Gambling Advisor

**David Wainwright** ([Linkedin](#)) – Blockchain Gambling Advisor

**Artemy Zorin** ([Linkedin](#)) – Advisor Graphics Design

**Alexander Uglov** ([Linkedin](#)) – Marketing Advisor. (has consulted such projects as Hacken, NeuroSeed, VRT, United Traders, Friendz)

**Norman Chou** ([Linkedin](#)) – Strategic Business Advisor

**Viv Anand** ([Linkedin](#)) – Strategic Business Advisor

Having analyzed the composition of the participant list, it is important to note the following. The team consists mainly of specialists in marketing, strategic business planning and the development of major fintech projects, which certainly covers understanding of key

aspects of blockchain technology in the SP8DE project. However, even the gambling advisors have no successfully implemented gambling projects in their professional background. This could have a negative impact on the final result.

## 6. Token analysis

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SPX and DSPX are cryptographic ERC20 standard tokens based on Ethereum blockchain, available for storage in various wallets compatible with this standard. Tokens will be available in wallets after the end of the ICO.

DSPX tokens are used in the pre-ICO phase. SPX tokens are used in all phases of the main ICO. The [Bitcointalk](#) forum contains a comment on this regard: *“Pre ICO tokens will be called DSPX (for regulation reasons). ICO tokens will be called SPX. After the tokens will fully distributed all DSPX tokens will become SPX.”*

The founders also commented on the decision to separate pre-sale tokens from ICO tokens by legal necessity.

[GitHub](#) hosts a smart contract repository.

Token name - SP8DE  
Symbol - DSPX  
Decimals – 18

Token name - SP8DE  
Symbol - SPX  
Decimals – 18

SPX can be purchased by registering an account on the website.

In the future, a transition to the Cardano blockchain is planned. The founders' comment on this issue is as follows: *“We hope that by the end of July, 2018 Cardano will be sufficiently developed to incorporate the UIA functionality. Once this is done, we will issue our SPX tokens on Cardano and implement a 1:1 swap. From this moment onwards, the entire SP8DE infrastructure will be based on the Cardano blockchain.”*

Smart contracts that have proven to be safe in other projects are used during the ICO. Security is provided by protecting SP8DE servers from external attacks (DdOS protection systems) and internal systems, for example an event monitoring system. An audit of smart contracts was not conducted.

The SPX token is intended to be listed on the crypto exchanges after the completion of the token sale. Currently, negotiations are under way with such exchanges as Okex, Huobi and Binance.

The SP8DE team is planning to obtain a license in Curaçao. The [BitcoinTalk](#) forum also contains information about Gibraltar.

SPX is a utility token intended for use within the SP8DE platform. After the SP8DE platform is ready, DSPX tokens can be used:

- In created games for making bets
- As a reward for developers on the platform. Developers will receive revenue from commissions for transactions: The better the game, the more it becomes popular, the more volumes and, accordingly, the more revenue. Size of the rewards are not specified in the white paper.
- Token holders receive rewards from revenues generated for transaction fees (based on POS). The size of the awards is not specified in the white paper.
- Token holders get the opportunity to win a regularly played jackpot (or lottery).
- Participating in voting for the best DAPPS.
- In other functions that the team is currently developing.

In our opinion, the role of SP8DE tokens on the platform is justified and may be in demand, since all bets within the platform applications will be made using SPX token, which is advantageous for using the platform from anywhere in the world, offering high speed and transparency for transactions.

## 7. Analysis of factors affecting the future value of the token

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SPX tokens are utility tokens.

The documentation does not specify the size of commissions on the platform. The white paper says that the profitability from commissions will be disclosed in a separate document, planned to be issued in the near future. We think that this could be perceived negatively by potential investors, since they must understand what the project offers in advance, how pricing on the platform is arranged, and what sources will generate future budgets. The statement that commission fees will be significantly lower than competitors' fees is unsupported.

SPX tokens are intended for use on the platform, thus the main factor in the growth of the token price will be an increase in the number of participants in the system. However, increase in the number of users is a value that depends on a large number of factors (including external ones) and therefore it is difficult to predict. The SP8DE project does not give projected values for the number of users in the documentation; the project does not provide any mechanism for reducing the number of tokens in circulation either. Since participants in the game will be tied to fiat currency, according to market laws, this may not cause a token price increase, as the required number of tokens for betting will decrease with an increase in the number of users.

During the ICO period, attracting users is achieved by the jackpot system developed by the project, which in our opinion is equivalent to a bonus of about 70% of the initial price. This factor could create hype among gamblers but will have a negative effect on the token price. After listing on exchanges, a huge overhang of tokens supply will be created, which could lead to lower prices after the opportunity to sell them arises.

To increase the attractiveness of SPX after the ICO, token holders also have the possibility of regular draws for jackpots (or lotteries), which will also create pressure on the price of tokens in the future.

A factor that could influence the token price in a positive way is that token holders will receive rewards from revenues received for transaction fees, according to the founders; however, the amount is not currently disclosed anywhere.

Along with this, investors should take into account that SPX could be recognized as a security in the future as the founders promise profits to token holders. This factor will significantly reduce interest among institutional investors.

According to the roadmap, a gradual launch of the working platform will begin after obtaining necessary licenses in January 2019; users will see a full product only by the end of 2019. There will be time between the ICO and the release of the working platform; since the platform is primarily aimed at gaming participants, significant token demand and growth in its value may not occur until 2019.

In March 2019, the token lock-up period time will expire, which may also create an oversupply of SPX tokens in free circulation. There is a risk that the token price will decrease by this time in relation to the initial rate.

## 8. Investment risk analysis

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We note the following risks in the SP8DE project:

- The project is developing in a highly competitive gambling market. To occupy its niche, the project should offer its users something new and interesting, whilst spending extensively on development. However, it will not be difficult for major players in this market with almost unlimited financial resources to adopt new opportunities for themselves. This prevents small novice projects gaining significant turnover. The fact that there are no specialists from the online gaming industry in the project team doubles this risk.
- Funds raised during the ICO will be stored in a diversified portfolio of cryptocurrencies (BTC, ETH, ADA, ETC, XRP), which reduces the exchange rate risk but against a background of high cryptocurrency volatility this still remains at a high level.
- The rate of 1 SPX in the token sale period is pegged to ETH; this creates an additional risk since in case of an ETH price increase, the price of 1 token in fiat becomes more expensive for SPX buyers.
- The lack of a working product is fraught with the risk of an outflow of ICO participants after the listing of SPX tokens on exchanges.
- There is a risk that the project will face difficulties in listing tokens on the exchanges. Recently, there has been a trend of refusal to list tokens from projects related to online gambling.
- The mechanism for selling tokens is arranged in such a way that its price could significantly collapse after the listing of tokens on exchanges (for more details see "Analysis of factors affecting the future value of the token").
- The hard cap is set at almost 49,033 ETH (more than \$45 mln), which in our opinion is overestimated, as the average fundraising target amongst the project's competitors is about \$5-15 mln.
- There is also an economic risk as the project does not publicly disclose financial indicators or forecasts.
- The documentation does not say anything about the future marketing of the project itself or its product (15% of the funds are allocated to this). Without due marketing, the consumer simply will not get to hear about them even given competitive advantages over other projects.
- A token with the SPX ticker is also used by the [Sphinxcoin](#) project. In the future, investors run a risk of mistakenly buying tokens from another project.
- SPX can be recognized as a security since the founders promise profits to token holders. In this connection, the project may face future difficulties with regulators and circulation on exchanges.

The information contained in the document is for informational purposes only. The views expressed in this document are solely personal stance of the *ICOrating* Team, based on data from open access and information that developers provided to the team through Skype, email or other means of communication.

Our goal is to increase the transparency and reliability of the young ICO market and to minimize the risk of fraud.

We appreciate feedback with constructive comments, suggestions and ideas on how to make the analysis more comprehensive and informative.