

ICOrating

SRG Rating Review (<https://srg.io/>)

ICO dates (11.10.2017 — 22.11.2017)



I C O R A T I N G

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# 1. Ratings

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**We assign the SRG project a “Stable+” rating, and recommend buying SRG tokens to long-term investors who are aware of the risks identified in this review. We cannot draw any conclusions about the attractiveness of buying the tokens in the short term as the marketing campaign has not yet been conducted.**

The SRG project has an excellent business idea, and both game developers and players will be interested in its successful implementation. The platform is at alpha testing stage, and will be available for demo access in the near future. The market in which the company plans to operate, is growing at an excellent rate and opens up undeniable prospects for project development.

On the other hand, we also identify several risks and weaknesses that do not allow us to assign a higher rating to the project. First, the founder is still at the beginning of his professional career, and the other employees of the company appear to be only partially occupied by it, which gives the impression of incomplete involvement in the realization of the idea. Most of the project's advisors are unlikely to make any significant contribution to the development of SRG, since none of them is a professional participant in the gaming industry. Secondly there are serious legal risks, since the project involves the payment of dividends to tokenholders, whose rights are not currently defined by any legislative norms.

## 2. General information about the Project and ICO

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The SRG community is a project of an in-game platform, the main mission of which is the creation of loyal gaming communities in order to attract new players on the basis of the viral marketing principle. The platform is a web application that operates on Ethereum smart contracts, which game developers can integrate into both mobile and PC games.

The company is conducting an ICO to develop the product and promote it. Two types of tokens will be available on the platform: GMP and SRG. Tokens of the first type are intended to pay various rewards within the platform to community players. SRG tokens will be sold in the ICO and buyers will be eligible to receive a portion of company revenue, depending on ownership share.

**Website:** <https://srg.io/>

**White paper:** [https://srg.io/files/srg\\_white\\_paper\\_eng.pdf](https://srg.io/files/srg_white_paper_eng.pdf)

**Twitter:** <https://twitter.com/srgcommunity>

**Telegram:** <https://t.me/srgcommunityen>

**Facebook:** <https://www.facebook.com/CommunitySRG/>

**Bitcointalk:** <https://bitcointalk.org/index.php?topic=2135549.0>

**GitHub:** <https://github.com/SRG-community/SRG>

**Medium:** <https://medium.com/@srgcommunity>

**LinkedIn:** <https://www.linkedin.com/company/18231580/>

**PRE-SALE start date:** October -11

Days 1-7 – 25%

**ICO start date:** October 25-30

**ICO duration:** 4 weeks

**Token:** SRG

**Minimum funding goal:** \$3 million. In case this is not achieved, all collected money is refunded to each investor.

**Target cap on crowdsale:** \$30,000,000

**Minimum Buying Transaction:** 25 Tokens

**Maximum Buying Transaction:** no

**ICO price:** \$2

**Bonus:**

Day 1-7 – 20%

Week 2 – 10%

Week 3 – 5%

Week 4 – 0%

**Accepted payment:** BTC, ETH and all others available through ShapeShift exchanger

**Total emission:** 20,000,000 SRG, 100% pre-mined. Any unsold tokens will be burned.

- 60% - Investors
- 30% - Team
- 5% - Advisors
- 3% - Bounties
- 2% - Lottery

**Distribution:**

- 50% - Marketing
- 25% - Development
- 15% - Implementation on a commercial basis
- 10% - other expenses

**Token Issue Date:** All investors will receive SRG tokens to their wallets right after the ICO

**Vesting:** 2 years

### 3. Project services and their usage

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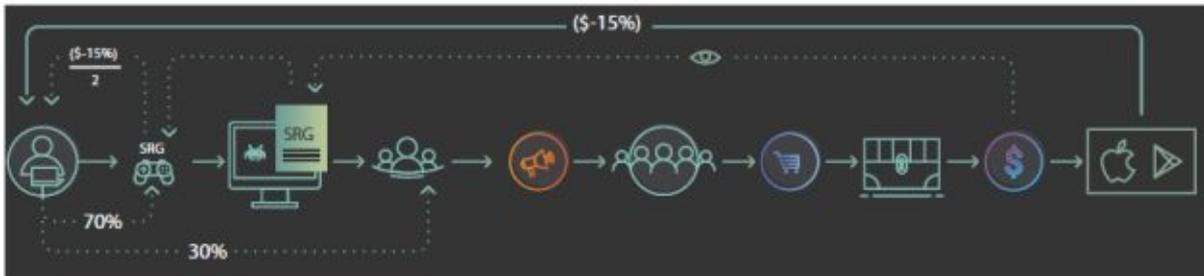
The SRG community is a decentralized loyalty program for online and PC games, which will allow game developers to increase their audience with a more effective use of advertising budget. The application will be available in two versions - for personal computers with Windows and Mac OS operating systems and one for mobile devices running iOS, Android and Windows Phone.

To connect to the platform, developers will need to add the SRG module to their game, after which the players will have an additional tab in the interface that provides access to project services. Each registered player will be assigned a unique referral link, through which the player will be able to invite friends, relatives, acquaintances and others into the game. As a result, all the players registered under this link become referrals, and the player who invited them becomes a referrer.

The main incentive for referring new players to the game will be a reward, which referrers will receive in the form of a commission from all funds spent by referrals within the game. In addition, referrers will be able to receive various non-monetary bonuses in the form of gaming items for participants, and will also have the opportunity to purchase project premium currency at a discount.

The founders give two main types of cash flows distribution:

- I. Purchase of in-game items in exchange for national fiat currency:
  1. Players attract other players, which are registered via referral link and permanently fixed in the system behind the referrer.
  2. Referrals make purchases in the game, paying them in national fiat currency.
  3. SRG service tracks game purchases.
  4. Money for the purchase goes to App Store or Play Market.
  5. App Store or Play Market returns the money spent by the players to the game developer, minus 15% system commission.
  6. SRG submits to the game developer accounts for 50% of the funds received.
  7. The developer pays the invoice to the settlement bank account of SRG.
  8. Funds received from the developer are distributed as follows:
    - a. 30% go to GMP token emission and distribution among referrers.
    - b. 35% go to the SRG project to maintain the system and for marketing and promotion.
    - c. The remaining 35% will be distributed among SRG tokenholders in the form of dividends in proportion to the share of their ownership.



Referrers can either spend GMP tokens received as a reward, to buy items in any game connected to SRG system, or convert them to ETH cryptocurrency at the current rate of USD/ETH, or directly export these tokens to an exchange and exchange them for another currency.

GMP tokens are issued exclusively to incoming fiat money at a fixed exchange rate of 1 GMP = \$ 0.1. Their repurchase is also implemented at the same rate. Thus, for every \$100 received from developers, 300 GMP tokens secured by \$30 will be issued, stored in a debit currency in SRG accounts. The company undertakes to ensure 100% liquidity of GMP tokens and buy them from community members at any time upon their request. In this eventuality, GMP tokens bought for ETH from community members will be burned.

Since players will be able to spend GMP tokens on in-game items, the second type of financial flow planned by the project should be considered:

## II. Purchase of in-game items for GMP tokens:

1. Players attract other players, who are then registered via referral link and permanently linked to the referrer in the system.
2. Referrals make purchases within the game, paying them in national currency.
3. Referrers receive rewards in GMP for referrals' purchases.
4. Referrers make game purchases for GMP.
5. SRG pays the game developer 50% of the funds spent in fiat currency. The corresponding equivalent in GMP is burned.
6. The remaining 50% is distributed as follows:
  - a. If the player who has spent these funds has higher referrals, they get 30% of this amount. If such players are not on the platform, tokens are distributed equally between SRG tokenholders and the company.
  - b. 35% go to the SRG project to maintain the system and marketing promotion.
  - c. The remaining 35% will be distributed among SRG tokenholders in the form of dividends in proportion to the share of their ownership.



Thus by registering on the SRG community platform, players will be able to create real business, via attracting other users into the game. The system of awards, built on MLM principle with the use of blockchain technology, will build a multi-level referral network and receive a high level of real income.

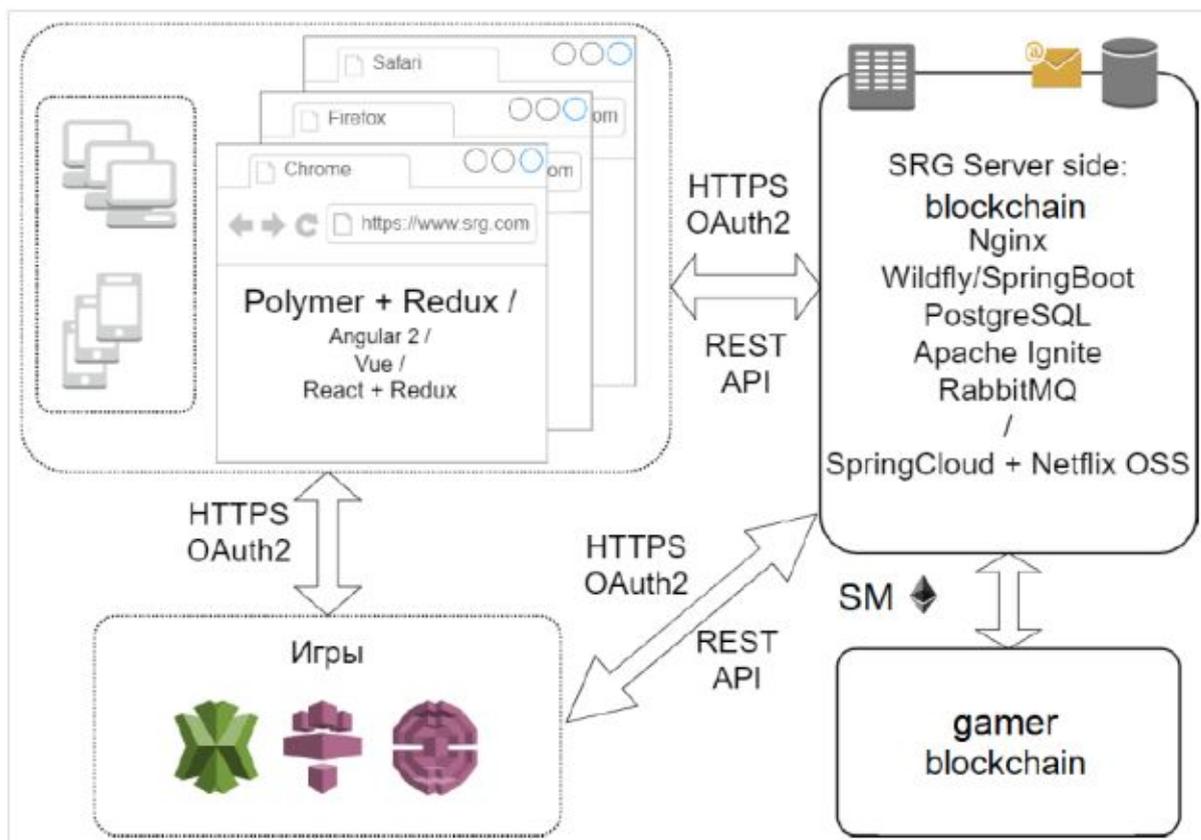
## 4. Engineering solutions

From a technical point of view, the architecture of SRG platform will consist of the following elements:

1. Client / server side with the use of REST API
2. Blockchain

Blockchain technology is used to increase the transparency and security of the system; smart contracts will be used to benefit referrals.

The general architecture of the SRG platform is depicted in the following diagram:



## 5. Development strategy and Roadmap

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Currently the development of the SRG application is at alpha testing stage. By November 2017, it is planned to release a beta version and begin testing the demo module on 30 games. By December, a full-fledged launch of the program and an increase in the number of games connected to the platform to 100-120 is planned. In the white paper, several scenarios of further development of the company are given depending on the size of the amount attracted during the ICO.

\$3,000,000:

- Release of a full-featured SRG module for PC and phones
- Number of games offered immediately after the official launch of the project: 150
- An advertising campaign aimed at Russian and CIS country markets

\$6,000,000

- Creation of marketing department (China, Japan, Korea)
- Launch of an additional incentives program for existing partners
- Number of games offered immediately after the official launch of the project: 200

\$9,000,000

- Creation of annual cyber sport tournaments (the first tournament - December 2017)
- Developing an SRG application for Xbox and PS
- Number of games available immediately after the official launch of the project: 250
- Creation of the SRG international sales department

\$12,000,000

- Establishment of a marketing department (North America)
- Number of games available immediately after the official launch of the project: 300
- Creation of an SRG investment fund for the selection of blockchain start-ups in online gaming
- Development of a trading platform within a store with gaming elements

\$15,000,000

- Develop own games using GMP as a game currency
- Conclusion of partnership agreements with world leaders in the development of online games; adding the SRG module to top online games
- Creation of a fund for trust management of SRG tokens in order to increase profits for token holders

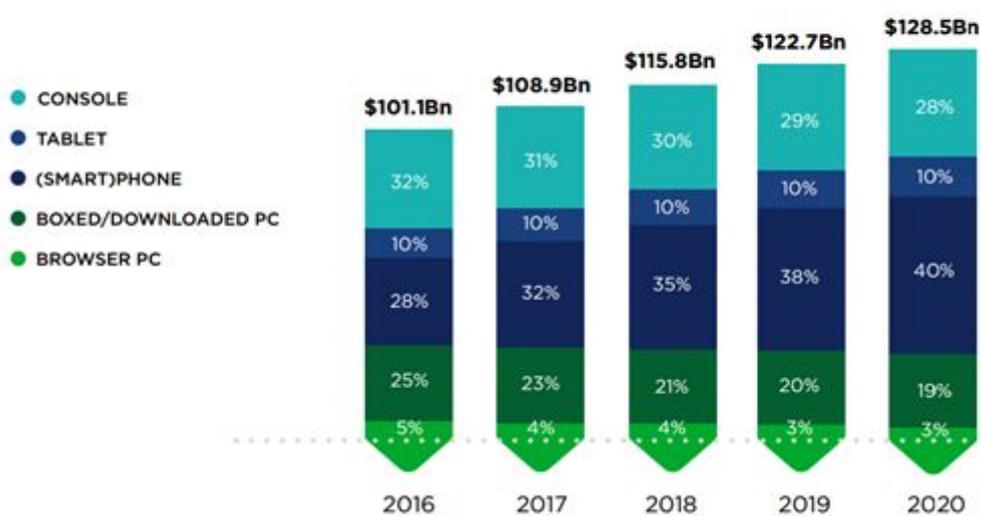
- Connecting pirate servers of major online games to the SRG system and organizing deductions for copyright holders

## 6. Market Review

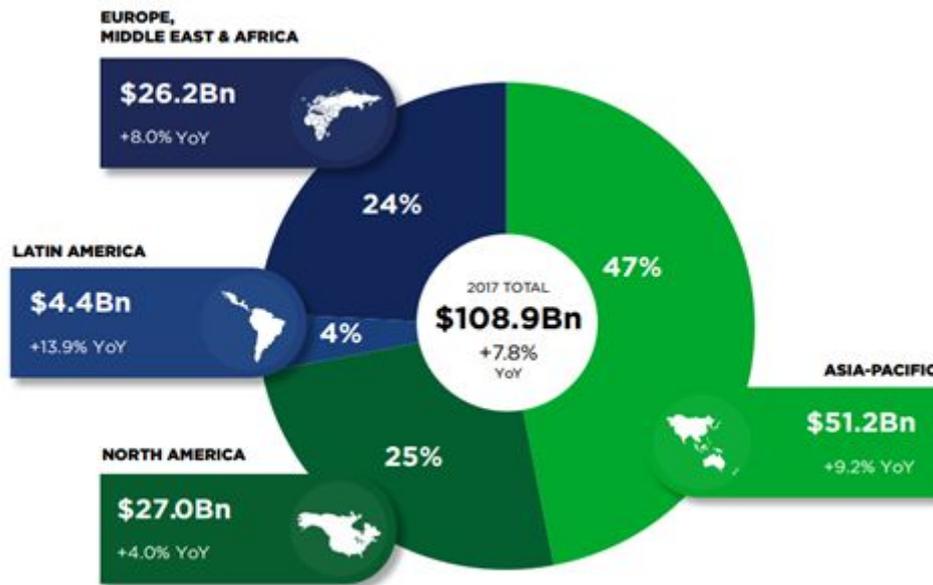
According to Newzoo<sup>[1]</sup> research, the gaming market is growing steadily. We note an increase in the share of revenue from games on smartphones, displacing those on game consoles and PC games.

### SEGMENT BREAKDOWN OF GLOBAL GAMES REVENUES

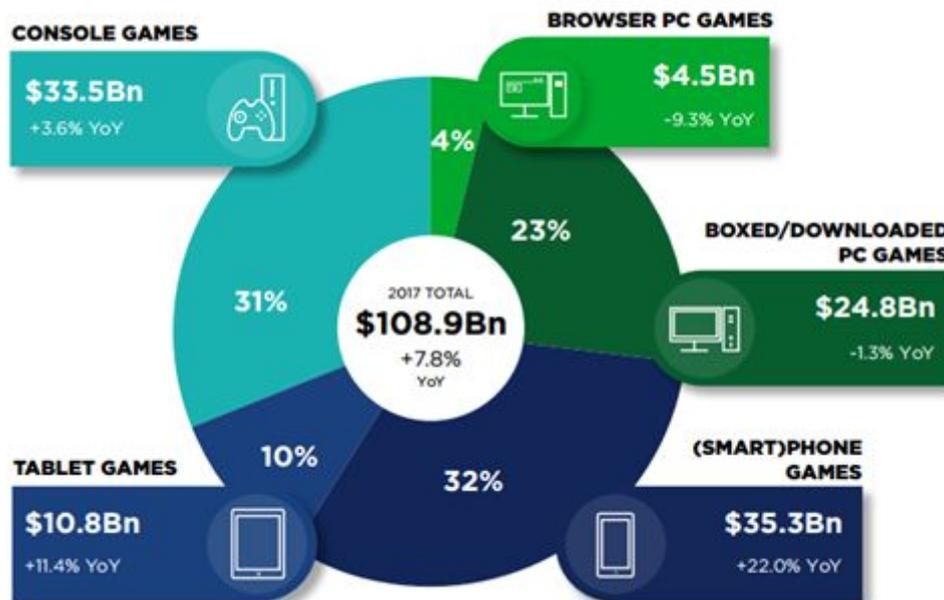
TOWARD 2020



By the end of 2017, worldwide revenue will reach \$108.9 billion (+ 7.8% y/y). Increase can be registered on all continents; Latin America is leading in percentage terms (+ 13.9%). About 95% of revenue is covered by 20 countries and 2.5 billion users.



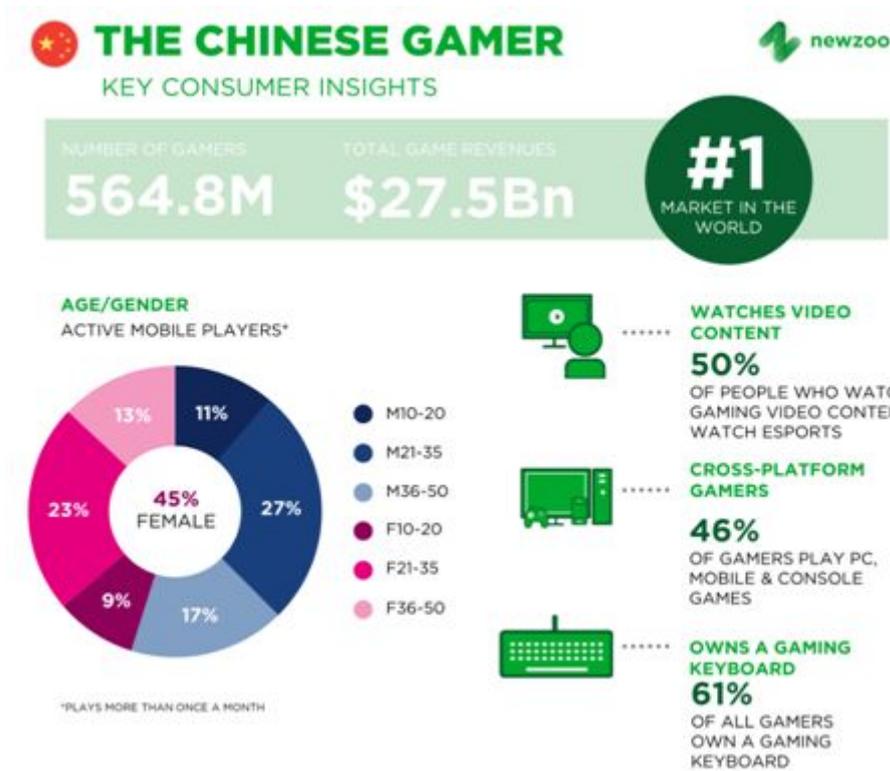
Almost half of the market (47%) in money terms is occupied by Asia, followed by North America (25%). Another quarter of the market is occupied by Europe, Middle East and Africa.



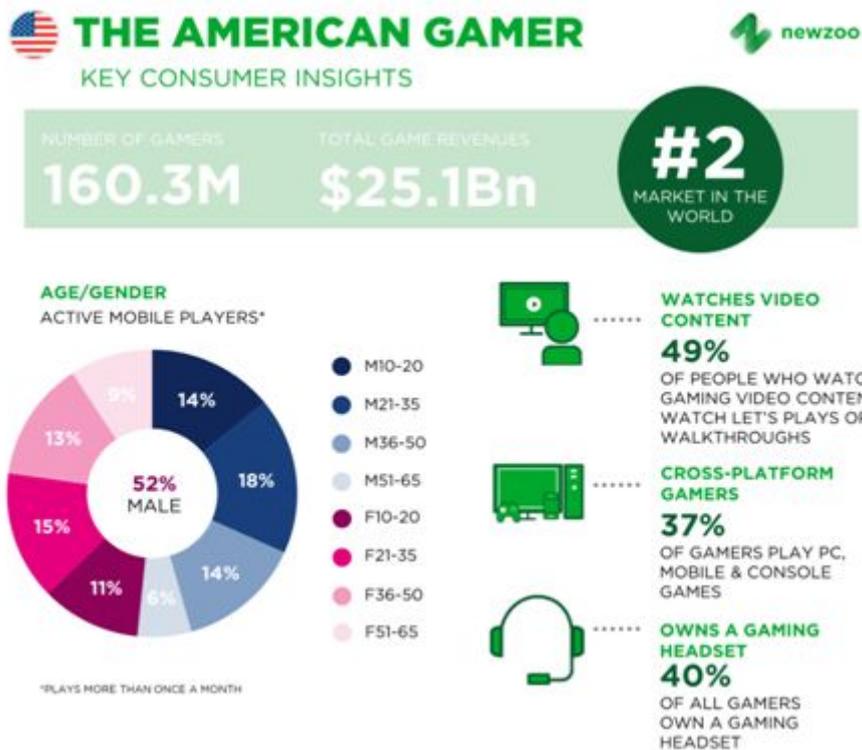
The target segments of SRG (smartphones and tablets) account for about 42% of total revenue – annual revenue growth rate is + 22% and + 11.4% respectively; browser games - 4% (annual revenue growth rate -9.3%).

A chart by country is given below:

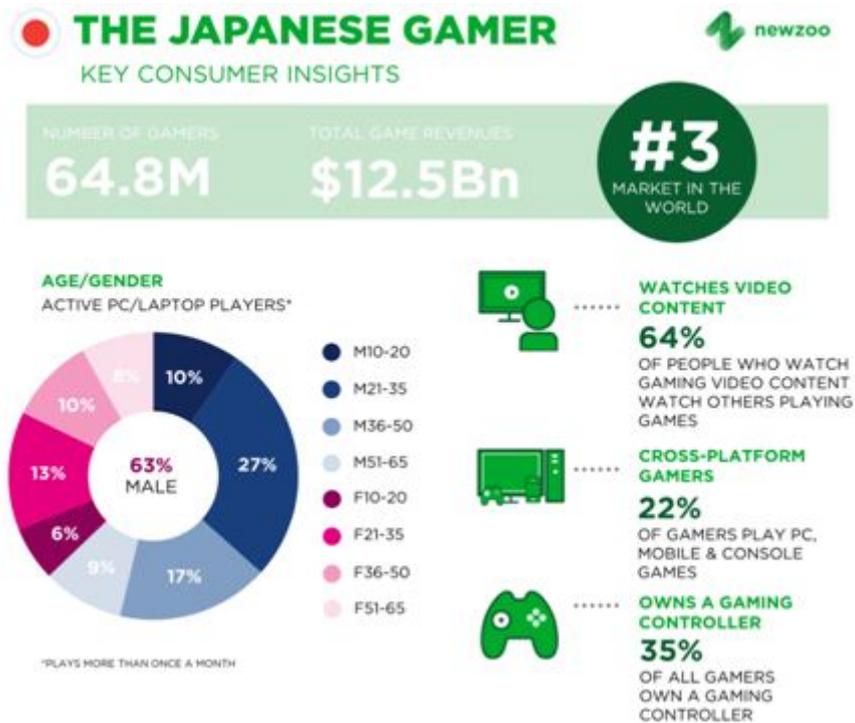
1. China (\$27.5 billion) - almost 565 million players.



2. US (\$25 billion) - 160 million players.



3. Japan (\$12.5 billion) - nearly 65 million players.



Russia lies in 11th place (\$1.5 billion) - 71 million players.



SRG is planning to start the development of the first referral gaming platform from Russia. According to the statistics of 2017, people of 21-35 years old make up 41%

of gamers in this country overall. Applying average figures of world statistics, \$630 million of \$1.5 billion is accounted for by mobile games.

The Asian gaming market is especially attractive; the legalization of cryptocurrency in Japan and the drafting of laws in China and Korea make it even more interesting.

In general, the growing gaming market and widespread distribution of cryptocurrencies offer great prospects to the SRG project.

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[1] <https://newzoo.com>

## 7. Team

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The Nikita Petrov ([LinkedIn](#)) - CEO and founder. Has experience working in the gaming industry, including the field of promotion and monetization of mobile games, and the solving of issues regarding licensing and product introduction to partners. Received a grant from SBIR to develop an application for messaging in 2015. The only team member who has indicated SRG as his place of work on LinkedIn.

Giovanni Manigrasso ([LinkedIn](#)) - Director of Marketing. Experience in marketing since 2008, currently holds a senior position at the 77Agency (an SRG partner) in strategic planning and design. SEO expert, UX expert.

Maxim Saykin ([LinkedIn](#)) - Leading back-end developer. Expert in software testing, 9 years of experience with large companies such as Acronis, Kaspersky Lab and Sberbank. Currently leads the testing department at Positive Technologies.

Ruslan Kondrashin ([LinkedIn](#)) - Software architect. Over 17 years of experience in various aspects of administration, development and maintenance of software, including projects for the Russian bank of federal significance - Sberbank. Manages a team of developers and is engaged in system architecture design for Techno Diasoft.

Sergey Toporkov ([LinkedIn](#)) - back-end developer. Expert in Java, JavaScript, C #, Python, PHP, C / C ++, has extensive experience in the development of business processes. Currently developing software and applications on Android for Toposoft.

Dmitry Sergeev ([LinkedIn](#)) - Leading front-end developer. Works for SWD Factory in the field of building application architecture and application development management. 14 years of work experience.

Alexander Fominykh ([LinkedIn](#)) - Project manager. Experience in web and mobile development, integrated Internet marketing. Current director and co-founder of MACHINEHEADS.

Sergei Cheshunas - Business development. About 7 years of experience in the field of online promotion. Indicated as the director and founder of a major international digital agency, but which one is unclear.

### **Advisors:**

Marco Corsaro ([LinkedIn](#)) - founder and managing director of 77Agency, 14 years' experience in internet marketing.

Jacinto Soler Matutes ([LinkedIn](#)) - Senior Advisor for International Projects for PIMEC, the owner of EMERGIA PAgSaRTNERS (arranging transactions to enter the emerging market of Spanish companies, realizing the opportunities of investors from China, India and the Middle East).

Andrey Zaytsev ([LinkedIn](#)) - General Director of CERIC Capital Management.

Dmitry Chelebi ([LinkedIn](#)) - CEO and founder of Quinto Capital Partners (provides legal and accounting support for companies; tax and investment consulting).

Oleksii Matiiasevych ([LinkedIn](#)) - currently employed in Ambisafe (Ethereum architect, engineer of smart contracts), teaches programming in QA Factory.

Konstantin Zaitsev ([LinkedIn](#)) - manager of ICO Ambisafe.

Andrei Okhlobystin - managing partner Gazprombank.

Margarita Fedotova ([rasp.ru](#)) - Vice-President of the Russian-Asian Union of Industrialists and Entrepreneurs (RASPP / RAUIE). Supervises Russia-China direction.

### **Partners:**

Ambisafe - developer of products based on blockchain technology. Have been working since 2010 and are now quite well-known players in the industry, implementing projects for both large companies and start-ups.

77agency - large IT company in the field of marketing. The company acts as a global developer of the strategic priority of Facebook. Partners of this company include giants such as Microsoft and Google. 77agency are helping with the development of the SRG demo module.

RASPP - Russian-Asian Union of Industrialists and Entrepreneurs (RASPP) is a public organization implementing cooperation programs aimed at strengthening cooperation between public and business associations of the Russian Federation and Asian countries. It helps Russian companies to enter Asian markets and overcome intercultural barriers.

## 8. Marketing strategy

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The target audience of SRG is all online and PC gamers worldwide. The geographic plan to conquer the market begins with Russia and the CIS, followed by Asia - China, Japan, Korea. The plan also includes North America.

The website provides existing agreements with partners. Despite the absence of European countries in the development plan, two of three submitted documents talk about agreements for promotion in the European Union (Quinto Capital Partners) and Italy (77 Agency). The third document testifies to a more appropriate promotion plan in Asia and China in particular (the Russian-Asian Union of Industrialists and Entrepreneurs, RASPP).

SRG has profiles on the following resources:

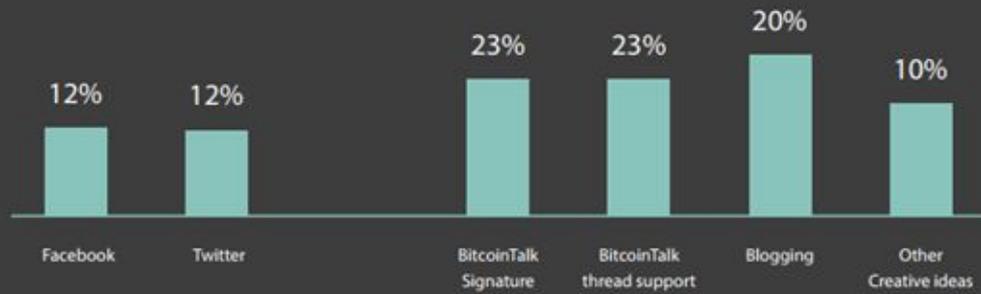
- Telegram (250 participants)
- Twitter (almost 700 subscribers)
- Facebook (more than 350 subscribers)
- YouTube (1300 views in Russian during 1 month, 650 views of the presentation in English)
- BitcoinTalk (almost 8000 views)

These figures indicate low popularity of the project in the community, but this is not surprising - a full-fledged marketing campaign has not yet been conducted.

In order to promote there is also a bounty program launched for activity on BitcoinTalk, Facebook, Twitter and various blogs. At the end of the token placement, 3% of attracted cryptocurrency will be distributed among campaign participants as follows:

# Bounty Campaign

Compensation for the "Bounty" company is made after the completion of the ICO.



For subsequent marketing, SRG is planning to spend 50% of the funds raised, the distribution plan of which is reflected in chapter 10 of this review. Market entry is planned for December 2017 on the Russian platform Mail.ru.

## 9. Competitive Advantages of the Project

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The idea of the project is unique, and currently we have not found direct competitors to SRG. Nevertheless almost every game has its own referral system, which SRG will try to supersede due to the following advantages.

From a player's point of view, the key advantage of SRG is that he will be able to safely withdraw earnings from the platform and exchange them for any other digital or fiat currency. Thus players will have an opportunity to build a viable business, just from playing their favorite game.

In addition, the accrual of all rewards for attracting other participants will be made using smart contracts on the detachment, as a result of which players will be assured of an honest distribution of funds.

Developers will also have an incentive to integrate the SRG platform into their games. Firstly, they will no longer have to worry about inefficient use of the advertising budget, since the players themselves are incentivised to attract real people who will spend their money on game purchases. As a result, game owners will be able to direct this saved money to further development of the gameplay, which will lead to even more interest from the gaming community.

Secondly, the SRG system is designed in such a way that the budget for referral services will come from the funds of attracted referrals, which will allow games to develop with a small or even absent marketing budget.

It should be noted that currently there are (or there will be) many other projects related to the introduction of cryptocurrency to the gaming environment. However in our opinion, all of them have different goals and specificities. For example, Skincoin is aiming to use cryptocurrency for trading game skins and to submit bets on e-sports events. MobileGo is also creating a decentralized marketplace, intended to be a competitor to the App Store and Google Play.

## 10. Risks of the Project

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The key risk of the project, in our opinion, is the model of paying dividends to tokens holders. There is the so-called Howey Test<sup>[1]</sup>, used by the SEC regulator to determine the investment nature of some transactions. The promise of paying dividends to investors inevitably equates SRG tokens to securities using the results of this test, which entails requirements for a strictly defined procedure and disclosure of financial information in accordance with established standards.

Despite the fact that the founders promise to take measures to prevent US citizens from participating in the ICO, this possibility cannot be excluded completely. In addition, any resident of the United States can easily buy tokens on one of the numerous exchanges, counting on subsequent dividend payments. If the amount of dividend appears unfair to him or he suspects unfair company activities, he will be able to file a complaint with SEC without any difficulties, as a result of which the founders could potentially be accused of fraudulent actions and brought to trial under all the severity of extant US law.

Nevertheless it should be noted that currently such a model for monetization is used by many other projects, therefore this risk cannot be characterized as exclusive to the SRG project, but as inherent in the whole sphere. At the same time it is rather difficult to predict the actions of the SEC in the event of the occurrence of the situation described above or similar, as such precedents have not yet arisen.

Another unpleasant consequence of this risk is the unwillingness of leading cryptocurrency exchanges to add tokens of this type to their platforms. There are many lesser known and smaller exchanges that are willing to take on these risks and include such tokens in their system without any problems, but they have significant shortcomings in the form of reduced liquidity and low confidence from a large number of market participants.

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[1] <http://consumer.findlaw.com/securities-law/what-is-the-howey-test.html>

## 11. Economy of the Project

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The white paper describes the business model in sufficient detail via practical examples of token usage and forecast of financial indicators, depending on the number of games connected to the platform.

The basis of the monetization model is the charging of commissions from purchases made by system users, assuming the user has been obtained by a referrer. The system implies that developers will pay a commission of 50% to SRG for purchases made by referrals, which are further distributed between referrers, platforms and token holders in the proportion described above.

The project documentation also contains various development scenarios depending on the amount of funds collected and revenue forecasts that, although not necessarily reliable indicators of future performance, can serve as a benchmark for tracking real system performance after the launch to assist further decisions on buying / selling tokens after the ICO .

### The forecast of the profit distributed among the token holders:

Date	Number of games	Income of the company / year	Profit SRG token / year	Profit at 1 SRG token / year*
Dec 2017	100	\$4,080,000.00	\$1,428,000.00	\$0.07
Feb 2018	300	\$12,240,000.00	\$4,284,000.00	\$0.21
May 2018	600	\$24,480,000.00	\$8,568,000.00	\$0.43
Aug 2018	950	\$38,760,000.00	\$13,566,000.00	\$0.68
Nov 2018	1350	\$55,080,000.00	\$19,278,000.00	\$ 0.96
Feb 2019	1800	\$73,440,000.00	\$25,704,000.00	\$ 1.29
May 2019	2175	\$88,740,000.00	\$31,059,000.00	\$1.55

In our opinion, the key assumptions made during modeling of these financial forecasts are reasonable and fully realizable.

In general the success of the system will be largely determined by demand from the developers for platform services and user activity. With a small number of games connected to the system and minimal player activity the company will not be able to generate sufficient revenue or profit to maintain interest in SRG tokens, which in turn may lead to a drop in their rates.

## 12. Investment highlights of the token

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The key motive for buying SRG tokens during the ICO is the company's obligation to pay dividends to all token holders every half year at a rate of 50% of the company net profit. Based on the calculations in the project documentation, assuming the sale of all 20 million tokens during the ICO and the achievement of projected indicators by the end of the third year of the project, investors can expect dividends of \$1.55 per year for 1 SRG token. Given the fact that the basic cost of 1 token in the ICO is \$2, and taking into account the maximum bonus is reduced to \$1.6, this yield is very attractive, and could lead to a token price increase of several times over within a 1-2 year period.

As for short-term investment prospects, currently we cannot draw any objective conclusions. From a speculative point of view, the price of tokens should increase in the short term, providing the demand from investors significantly exceeds the supply. Given the low media activity and the small number of subscribers on the company's main social media channels, the demand for such growth is currently most likely to be lacking. However, before the start of the main stage of the ICO, the team still has at least 3 weeks, during which the situation can change radically.

**Thus we recommend buying SRG project tokens to long-term investors who are aware of the risks identified in this review. We cannot draw any conclusions about the attractiveness of buying company tokens in the short term, as the project's marketing campaign has not yet been conducted.**

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.