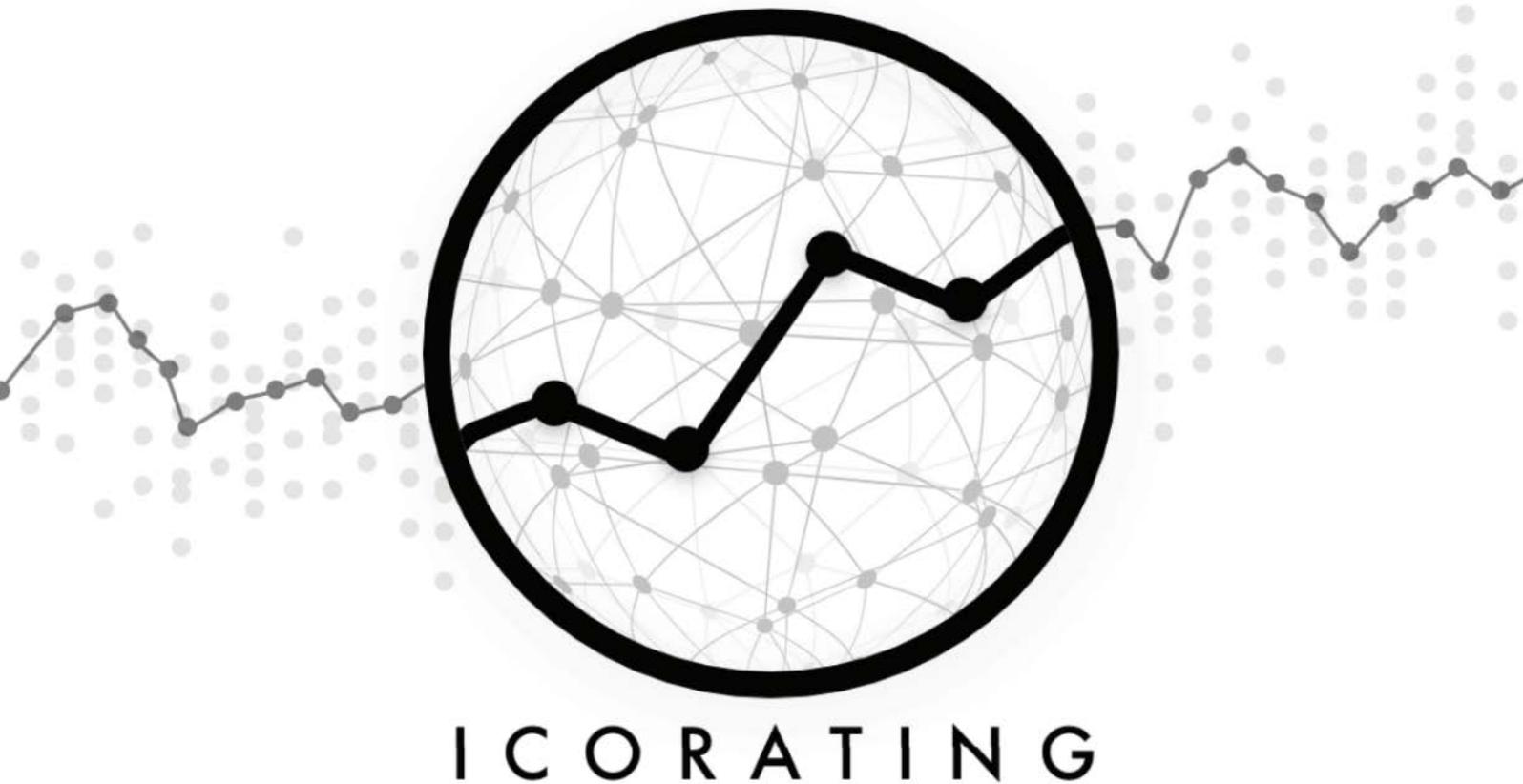


ICOrating

Zeex Rating Review (<https://www.zeek.me>)

ICO dates (Q2 2018)



I C O R A T I N G

Web: icorating.com

Email: info@icorating.com

Twitter: [@IcoRating](https://twitter.com/IcoRating)

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1. Rating

We assign a “**Stable**” rating to the Zeex project.

The Zeex project has tasked itself with overcoming one of the greatest obstacles to the widespread adoption and use of cryptocurrency - turning cryptocurrency into an everyday payment method for goods and services. The solution proposed by the team involves combining two components - cryptocurrency as a means of payment and the gift card market.

Project is led by an experienced team of specialists of various fields and competencies. One of the main advantages of the project is that it is connected to the Zeek project, which operates in a field related to one of the two components of the solution – the gift card market. Several team members have experience working for the Zeek project and a number of advisors to the Zeex project also currently work there too. The Zeek team has a working service, a kind of gift card exchange. (<https://www.zeek.me>)

The ZIX token will perform a utility function, the team names five ways in which it can be used. In general, the economics of the token can be considered as being successful. If the team are able to accomplish all of their declared objectives and adhere to the dates listed in the roadmap, the resulting product will be in great demand in a highly competitive market, which in turn will promote the growth of token quotations.

The main risks of the project are competition and regulation. Given that the roadmap is designed for almost two years, it is impossible to exclude the risks of both, fundamental changes in the legal regulation of the crypto market and the strengthening of the competition during this time. The remaining risks are listed in Chapter 8 of this review.

2. General Information about the Project and ICO

The Zeex project has tasked itself with overcoming one of the greatest obstacles to the widespread adoption and use of cryptocurrency - turning cryptocurrency into an everyday payment method for goods and services.

The Zeex solution is user-friendly gift cards, which will take into account cryptocurrency, rather than bonus points or other forms of loyalty programs, to purchase goods and services.

The requirements for creating such a service lie in the combination of two things:

- The advantages of cryptocurrency in its gradual spread and growth of popularity. There is a notable demand from users of cryptocurrencies in increasing its ability as a payment function and the availability of these payment possibilities. Currently, cryptocurrency is easily converted into the goods and services that people really want to purchase.
- In addition to that, gift cards and vouchers are easily converted into goods and services. In fact, this is what they are for. However, they also have drawbacks such as complex transfers between holders, limitations on certain stores or brands, the validity period, etc. However, there has been an increase in the demand for gift cards over recent years which indicates the possibility of their greater popularity in the future.

The combination of these two components, gift cards and cryptocurrency, is the basis of the Zeex service, where it is easy to issue a gift card via mobile application, deposit cryptocurrency and use it to pay for goods and services in the future.

For a more detailed description of the product functions, see *Product Services and their scope*.

[Website](#)

[Whitepaper](#)

[Twitter](#)

[Telegram](#)

[Facebook](#)

[BitcoinTalk](#)

[Medium](#)

[LinkedIn](#)

ICO start: Q2 2018

ICO end: Q2 2018

Token name: ZIX

Token standard: ERC20

Soft cap: \$14 million (If the proceeds received through the token sale do not reach the soft cap, the proceeds collected during the public sale will be returned to the purchasers.)

Hard cap: \$50 million

ICO price: 1 ETH = 5000 ZIX

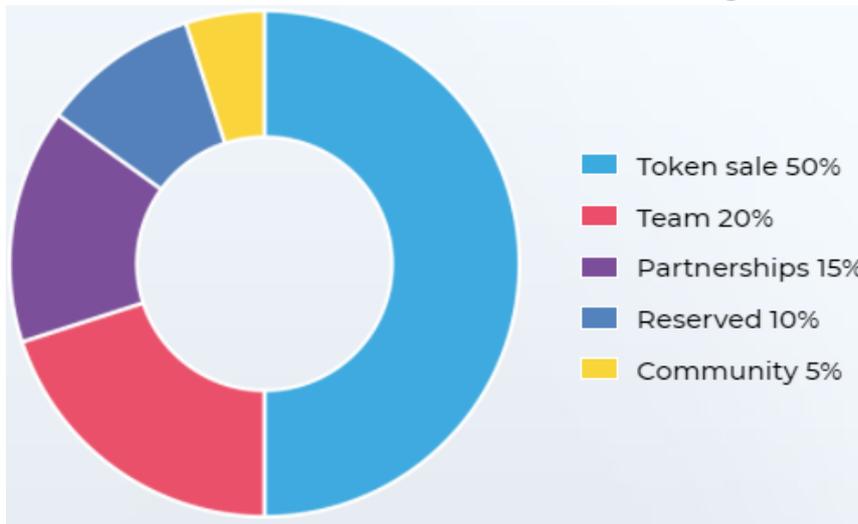
Accepted currency: ETH

Minimum transaction: \$100 in ETH

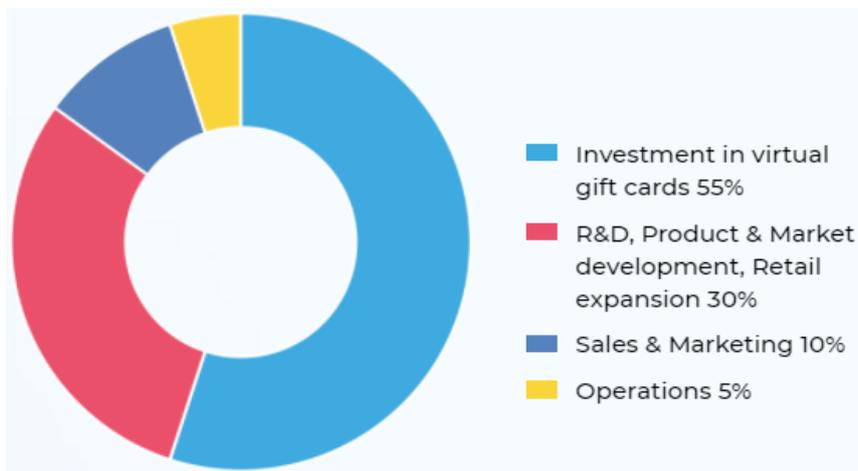
Unsold tokens will be burned.

If the soft cap is not achieved, the project is going to return the funding, minus a proportional share of all expenses and liabilities, of any kind, incurred by the company at its own discretion (including exchange fees and losses related to cryptocurrency, currency conversions, price changes and administrative costs).

The distribution of ZIX tokens during emission is as follows:



Distribution of funds:



3. Description of the Project Services

The main service provided by the platform is the ability to pay for various goods and services with cryptocurrency by using gift cards.

The service is based on the combination of two components - cryptocurrency as a means of payment and the gift card market.

The requirements necessary for creating such a service are the capabilities of these two elements, their synergy and their ability to neutralize each other's shortcomings.

Cryptocurrencies are becoming more popular and their considerable growth attracts more and more people, wishing to acquire cryptocurrency. This is not surprising, as there are a number of advantages to cryptocurrency compared to conventional currencies such as:

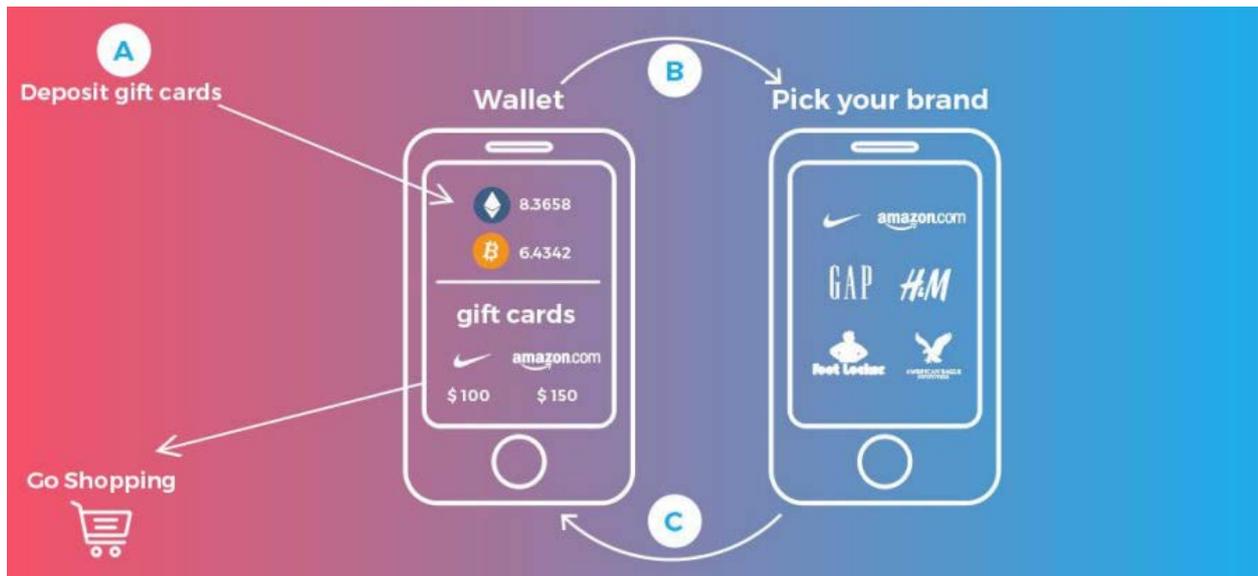
- The distributed database, which makes transactions transparent and resistant to erroneous and fraudulent activities.
- Blockchain logic, which allows the users not to be afraid for the safety of their account records and to store values in the distributed database.
- Encryption, which makes transactions more secure.

However, even when taking into account all of the advantages, cryptocurrency still has a big drawback - it has not yet become widely used as a means of payment. The problem arises due to both legal difficulties and weaknesses in the technical implementation of its widespread use.

Zeex will allow holders to spend cryptocurrency on goods and services via gift cards. Gift cards, unlike cryptocurrencies, can be exchanged for goods and services. However, they are often tied to one individual, have a limited period of validity and are a serious risk for fraud due to counterfeit copies.

Zeex solves the shortcomings of both gift cards and cryptocurrency. On the one hand, Zeex frees cryptocurrency from its limitations in the digital space and makes it easily convertible into goods and services via gift cards. On the other hand, the service allows gift cards to be unbound from individual holders, which makes them easily transferable between crypto-holders with the same security and transparency.

Any user who has cryptocurrency can create a unique gift card via the mobile application using a smart contract for the further purchase of goods and services, pre-depositing the platform token for additional functionality and leveling any transaction costs that may arise when paying.



The Zeex protocol encrypts the data using the Elliptic Curve Integrated Encryption Scheme (ECIES). As a means of hybrid encryption, ECIES simultaneously transmits the encrypted data along with the encrypted key. This means sending a currency purchased in a locked cell along with a key that can open it in another locked cell, which only the recipient can do.

We highly appreciate the level of development and usefulness of the platform service and think that the idea and its subsequent implementation will be highly appreciated by the crypto-community.

4. Market Analysis

In the market analysis we identified 2 components: crypto payments and gift cards. Let us consider each of them separately:

I Crypto payments

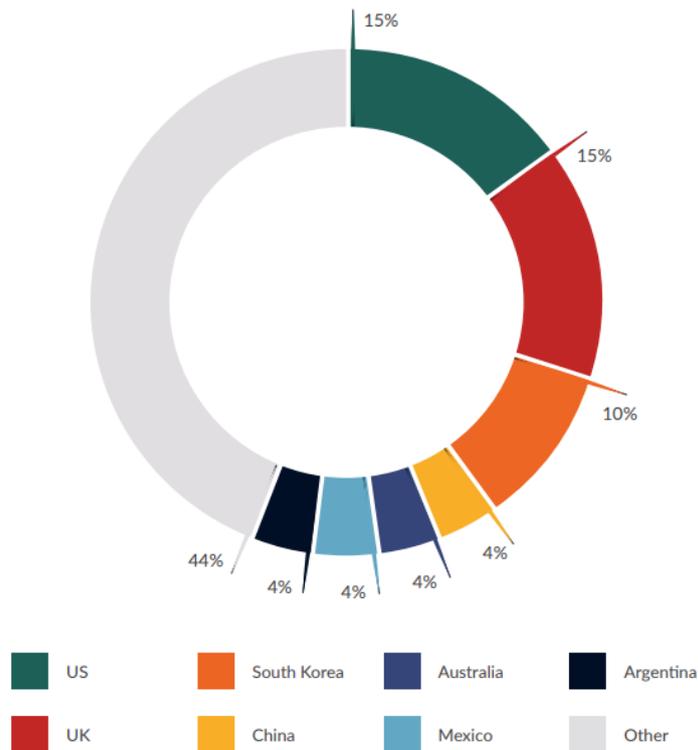
The crypto payment market is developing almost as quickly as the cryptocurrency market. Payments in the retail sector grew more than 20 times in 5 years and are projected to grow even further, which gives great opportunities to companies that will occupy this niche.¹



Geography of crypto payments:²

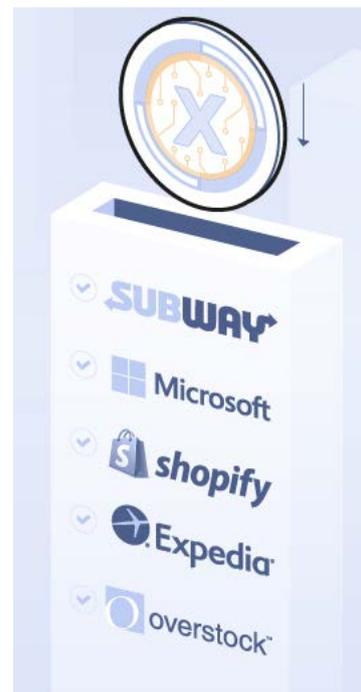
¹ <http://www.visualcapitalist.com/the-future-of-crypto-payments-in-the-retail-market/>

² https://www.jbs.cam.ac.uk/fileadmin/user_upload/research/centres/alternative-finance/downloads/2017-04-20-global-cryptocurrency-benchmarking-study.pdf



Currently, the crypto payment industry can be characterized by the following important features that should be taken into account in the development of business in this industry:

- 79% of payment companies make their payments jointly with banking institutions. Dependence on their infrastructure and licenses is seen as one of the biggest problems of the sector.
- Many large companies such as Microsoft, Subway and others already accept cryptocurrency and this list will only grow.
- Asian and Latin American payment companies pay special attention to local users, while European and North American payment companies have a significant share of users in non-native regions.
- Almost two thirds of payment companies specialize in the single payment sphere (for example, only B2B payments).
- 54% of payment companies are licensed. This is higher for B2B-services - 83%.
- 86% of payment companies perform KYC/AML verifications, with internal verifications being the preferred method of compliance.



- The average business payment (B2B) is \$1,878, while P2P transfers are \$351 and payments by consumers (C2B) are \$210.

Currently, the main challenges facing the industry are:

1. Price volatility. The price of bitcoins ranged between \$1,000 and \$20,000 in 2017 alone. Large price fluctuations make it inconvenient for daily transactions.

2. Slow transaction time. At present, the average confirmation time for bitcoin transactions takes about 20 minutes per transaction, but in the last stages of activity (for example, in January 2018) it reached 41 hours.

3. High transaction fees. The average transaction costs about \$1 at present but just a few months ago the average bitcoin transaction cost \$40.

These factors are not always problematic, but these problems can make cryptocurrencies less attractive for everyday retail transactions such as purchasing goods in a grocery store or a local cafe.

Companies that are able to solve the issues associated with the industry will definitely have an advantage over their competitors.

II Gift cards.

A gift card is a card with a certain saved value that is used as an alternative to regular money in a certain store or business for purchases related to goods or services. Gift cards are also known as gift certificates usually issued by a retailer or a bank as part of a loyalty or promotion program, as well as to promote a particular service or product.

According to the latest report published by Allied Market Research³, the global gift cards market was estimated to be worth \$679,743 million in 2016 and it is projected to reach \$3,003,320 million by 2023, increasing annually by 24.0% from 2017 to 2023. In 2016 Europe has shown the highest income due to the high technical development of making gift cards. During the projected period, the gift cards market in the Asia-Pacific region is expected to grow due to the growth in retail trade, significant economic growth in Southeast Asia, India and other countries, and a growing trend towards the greater integration of various payment technologies.

Market growth will be provided by technical innovations in product offerings, an increase in the scope of application among end users, an increase in the market of prepaid gift cards, an increase in requirements for advanced advertising strategies, growth associated with the development of e-commerce and an increase in consumer spending. The flexibility associated with ease of use will lead to the development of global gift card market.

However, the different types of fees associated with card transactions and the lack of security measures compared to credit or debit cards are the main limitations that impede market growth.

Taking into account the hyper-growing market (almost \$3 trillion by 2023) we see the potential of the Zeex platform to take 0.5-1.5% of the market which is \$12-36 million a year with a multiple increase while maintaining the growth rate of the industry.

4.2 Competitors

³ <https://www.prnewswire.com/news-releases/gift-cards-market-expected-to-reach-3003320-million-by-2023-globally-648674513.html>

The competitors of the project in this case will not only be gift cards services but also various solutions that exist in the field of crypto payments.

The current level of competition is very high. We consider the following as the main competitors of the Zeex project:

- **bitpay.com** – A payment processing service for Bitcoin & Bitcoin Cash. It has partnerships with many companies, including Microsoft. Bitpay.com conducted payments of about \$1 billion in 2017.
- **coinbase.com** – The second most popular service allows users to pay in cryptocurrency and also acquire cryptocurrency.
- **cryptonator.com** – This service not only allows cryptocurrency to be converted into fiat and vice versa but it also has its own widget, which can be easily built into websites. The payment form is generated individually for each order. The negatives of the platform are its high commissions and "spreads", as well as the fact that the seller has a balance in cryptocurrency which is difficult to store and account for in the accounting department.
- **spectrocoin.com** – Provides an opportunity for businesses to accept payment in BTC, DASH and XEM. The capacities are able to process mass payments and offer turnkey solutions. Work is carried out via mobile application. The main drawback of this service is that not all top-level cryptocurrencies are available. A strong point of the service is that it converts received cryptocurrency and sends fiat to the account.
- **coingate.com** – This is another service that offers a convenient way to integrate the ability to pay for a product or service using cryptocurrency via mobile application. There is a possibility of fiat withdrawal from the account.
- **coinpayments.net** – A well-known platform which has a built-in store where users can buy various goods and services for cryptocurrency. A major advantage of the platform is that it offers its service in many different languages and offers many different altcoins too.
- **bitcoingiftcards.com.au** – An Australian service that allows the use of gift cards for payment through the use of cryptocurrency.
- **cryfter.com** – A crypto payment gift cards service. One of the drawbacks is the instability of work.

It is worth noting that since payment in cryptocurrency is a vital industry problem, new competing companies will often appear and there will be many of them. Most of the competitors are focused on a simple service for receiving cryptocurrency using a mobile phone, using certain payment gateways on the part of the seller and implementing the processing of payments. This requires integration and, most likely, will be difficult to scale. This is the potential competitive advantage of Zeex where gift cards, especially electronic ones, are easier to scale than other solutions that exist in the current market.

5. Team

The public information available about the team is quite detailed. The team consists of specialists of various fields and competencies. An advantage of the project is the fact that advisors are also involved in the work of the project in important areas necessary for the development of the product along with experienced profile specialists. There are experts on financial and investment issues, blockchain and financial direction.

Let us consider some key participants of the project, their positions and experience in the industry:

Co-Founder & Chief Executive Officer(CEO)



Guy Melamed

Guy has more than 7 years of experience in the development of various products and management. He has founded several companies.

His main work experience:

- GreenRoad – Chief Product Officer & Head of Strategic Partnerships
- Ginger Software – VP, Products

Co-Founder & CTO



Ziv Isaiah

Ziv has over 18 years of experience in various companies, working mainly as a CTO. He has earned a wealth of experience in management and development from his time at Ginger Software, SpriteCom, Cellglide and others. His experience in different companies and in different positions will allow him to manage development effectively.

CMO



Apan Amos Damri

Apan Amos Damri is vastly experienced, with over 15 years of experience working in web development and marketing. He is the Co-Founder of Operad. His key skills include affiliate marketing, content marketing and social media marketing.



Yaniv Barak

Head of Business Development

Yaniv has more than 7 years of experience in the field of services and marketing. He was the Co-Founder and CEO of Vacationship LTD, where he showed high levels of business development. He also worked as a Business Consultant and Project Manager at BY1 Business & Product Strategy.



Ilan Schifter

Blockchain developer

With over 18 years of experience in positions related to development or management in one way or another, Ilan brings a wealth of experience to the team. His key skills were obtained at Intel, Potion, and others, where he developed various gaming and Internet solutions. He is the Founder and CEO of Play Patterns.

In addition to the participants described, the team also includes specialists in community management, operational management and many others.

We also note the presence of a strong team of advisors. In our opinion, the advisors, being actively involved in the project, will greatly assist in the development of the product and the ICO. Some of them are presented below:



[Daniel Zelkind](#)

Strategic Advisor

CEO & Co-Founder of Zeek



[Eyal Hertzog](#)

Blockchain Advisor

Product Architect at Bancor



[Artūras Asakavičius](#)

Fintech and Crypto Advisor

Co-Founder & COO of WePower



[Sebastien Stupurac](#)

Blockchain Product Advisor

Co-Founder of Wings

The project team is vastly experienced and consists of many "industry veterans". However, it might be worthwhile to think about adding more specialists to the team, such as, blockchain developers. Given the size of the team and their high level of competency, we believe that there is a high probability that the project will successfully implement both its technical and commercial aspects.

6. Project Tokens

Zeex will offer ZIX-tokens during the ICO, which carry a utility function. The functions of the token are described in detail in the documentation. The five functions of the token are given below in order of importance according to our subjective assessment:

- Payment instrument on the platform: ZIX tokens will be accepted as payment for discount cards.
- Access to the platform: To access the platform users will need to deposit a certain amount of ZIX tokens. The amount which needs to be deposited is not disclosed.
- Access and Priority: Storing ZIX tokens provides access to special offers, discounts, etc. The greater the volume of ZIX tokens deposited, the higher the probability of access to the desired asset.
- Guarantee of transaction execution: Tokens will be frozen for the duration of the transaction to ensure its execution by counterparties.
- Voting on the platform: The token holders will be able to influence the portfolio of gift cards offered on the platform.

We feel the introduction of the token is justified. It is important that the team does not restrict the clients to using only ZIX tokens. There will be other cryptocurrencies in circulation but access to the ZIX platform will require tokens. Therefore, there will be a permanent excess of token demand over supply.

7. Token Price Factor Analysis

As we have indicated above, the project's token economics are configured in such way as to ensure a permanent excess of demand over supply of ZIX tokens. However, the growth of the token should be expected only if the Zeex product is in demand by the users.

In this sense, it is important that the project team adheres to the roadmap.

So according to the roadmap the team is planning to launch the web app with 100 brands in May 2018, and 300 brands will be presented on the platform in Q4 2018. By then, both Android & iOS versions of the app will be running.

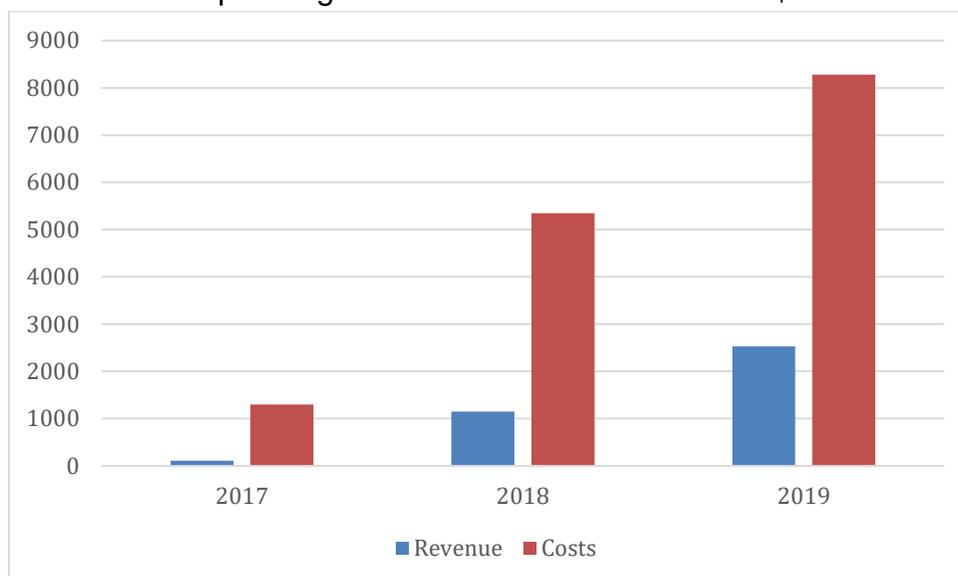
Therefore, the demand for the token can rise almost immediately after the crowdsale planned in May, which will positively affect the quotes of the token.

8. Investment Risk Analysis

The team provided for us with an open source project code, a smart contract and a demo version of the protocol. This reduces the risk in terms of compliance with the rate of development of the project at the rate specified in the roadmap. However, the possibility of any delays by the project in meeting the milestones listed in the roadmap is a risk for investors. But, the likelihood of this occurring is very low.

The main risks of the Zeex project are competition and regulation. Given that the roadmap is designed for almost two years, it is impossible to exclude both the strengthening of competition and fundamental changes in the legal regulation of the crypto market during this time.

The team provided forecasts of revenues and operating expenses for 2017-2019. According to these forecasts, the financial result shows a downward trend and the accumulated operating loss in 2017-2019 will exceed \$11.1 million.



The losses of 2017-2019 are covered by the soft cap of the project, however, it is not clear, how the operational activity will be financed after 2020, because, judging by the trend of financial indicators, the project's output for profitability will happen much later.

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.