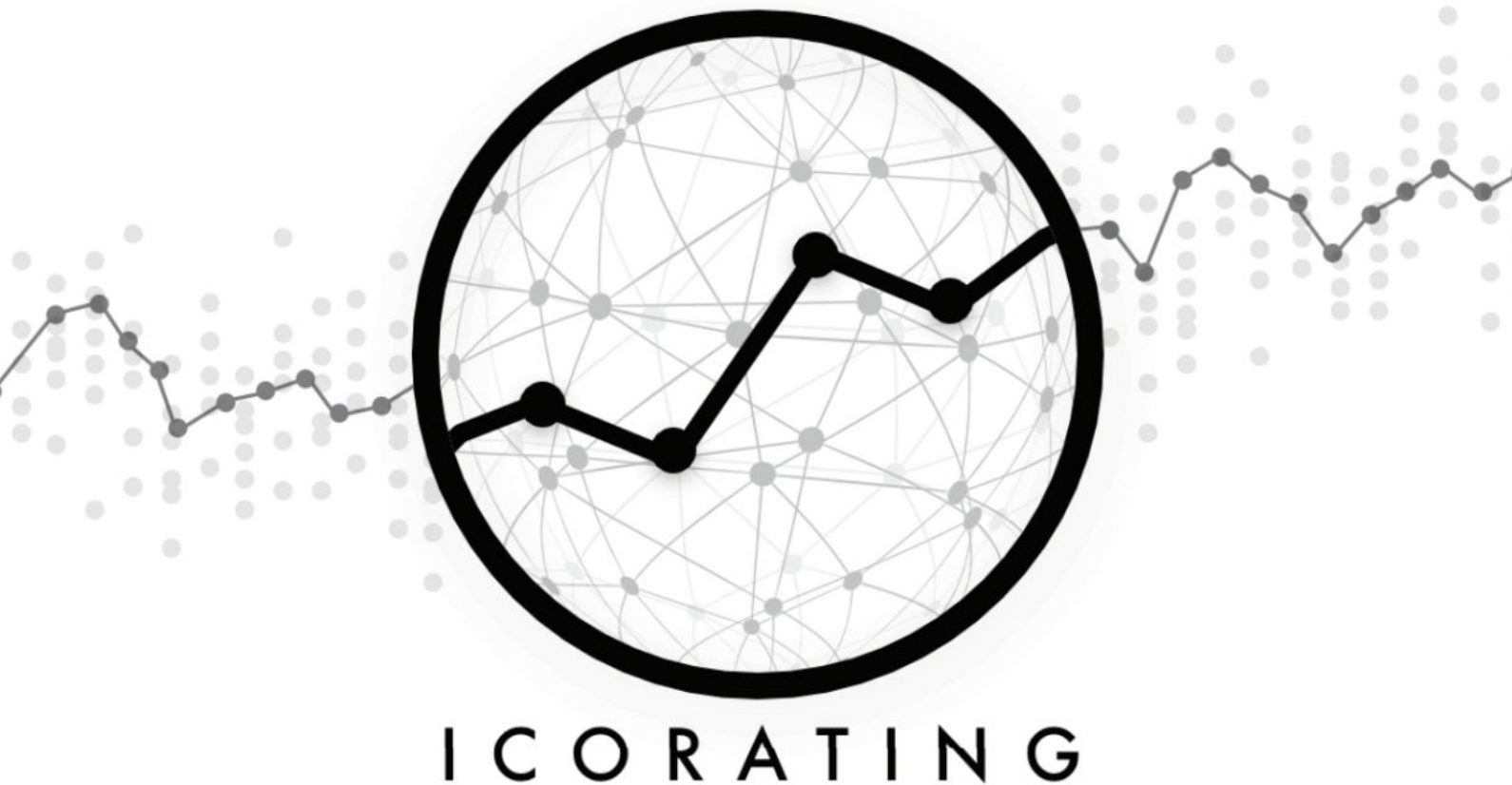


ICOrating

APPCOINS Rating Review (<https://AppCoins.io>)

ICO dates (13.12.2017 — 15.01.2018)



I C O R A T I N G

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1. Ratings

We assign the AppCoins project a Positive rating. We rate the investment potential of AppCoins tokens judging by the quality of the disclosed information and a deep elaboration by the project founders. We recommend participation in the AppCoins ICO to investors who like the idea of the project and who are aware of the risks identified in this review.

The AppCoins project is developing a universal protocol for digital advertising on mobile devices which enables increasing the volume and turnover of the mobile advertising market. The protocol is planned to be implemented as a cross-service solution; thus, any app store will be able to connect to the system and use its advantages to optimize its business.

The project is technically complex, so investors who purchase AppCoins tokens should be aware of the risks involved. However, at this stage, there is evidence that the team is creating the project with due responsibility; investors are provided with exhaustive documentation which details the nuances of the project being implemented as much as possible. The developers demonstrate the necessary qualifications, knowledge of the specifics of their market segment and a clearly worked out development plan.

We see that the project has already received recognition amongst the crypto community. This can be seen from high scores on specialized forums and the constant activity in chat rooms. Judging by its growing audience, the ICO is unlikely to pass unnoticed by the crypto community.

We also note that the team's qualifications and degree of involvement in the project look quite impressive. The fact that the project already has a 200 million user base shows the competence of the team and its skills in managing large-scale projects. This allows us to award a high rating for the AppCoins project.

2. General information about the Project and ICO

In recent years, blockchain technology has come a long way in development from "plain" cryptocurrency to algorithms for the supply chain, e-commerce and other areas that allow optimization of various business processes. AppCoins is just an example of how blockchain technology can qualitatively improve the return on mobile advertising.

Currently, a vast portion of the mobile advertising market belongs to such monopolists as Google or Facebook. The concentration of business among a small number of companies negatively affects its effectiveness by default. Moreover, in recent years, industry giants have not been able to increase the percentage of users making in-app purchases. Currently, this is [no more than 3-5%](#) of the total number of active accounts.

AppCoin is planning to solve this problem and increase in-app transaction turnover by integrating its own blockchain protocol into the transaction management systems of app-stores and in-app advertising. In the development of AppCoins technology, the team from Aptoide, a mobile application store with more than 200 million active users is participating. The company has been in the market for more than 6 years and has an impressive track record.

AppCoins are being issued to finance the development of a decentralized platform. Also, users of mobile devices will be rewarded in the tokens for their interaction with advertisements. Tokens will be the main means of payment for digital advertising in mobile applications and app-store.

[Website](#)

[White paper](#)

[One Pager](#)

[Protocol Definition](#)

[GitHub](#)

[Twitter](#)

[Telegram](#)

[Facebook](#)

[Bitcointalk](#)

[Reddit](#)

[Medium](#)

[YouTube](#)

[LinkedIn](#)

ICO start date: 13 Dec 2017

ICO end date: 15 Jan 2018

Token: APPC

Target cap on crowdsale: 60,120 ETH

ICO price: 1 APPC = 0.0003339 ETH

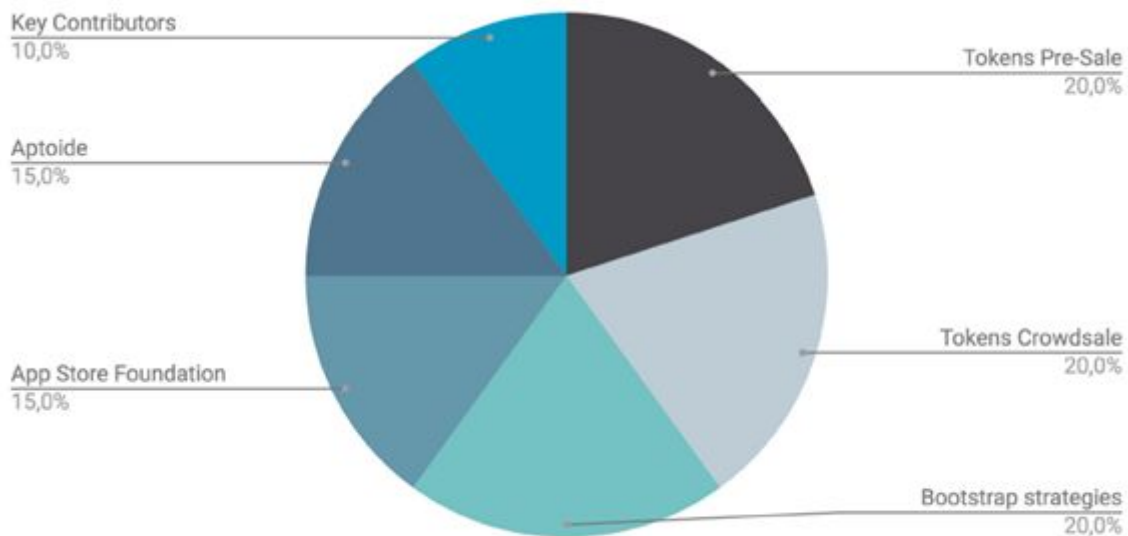
Minimum Buying Transaction: only in pre-sales stage (not relevant now)

Maximum Buying Transaction: only in pre-sales stage (not relevant now)

Bonus: no

Accepted payment: ETH

Total emission: 450,000,000 tokens. All unsold tokens will be burned.



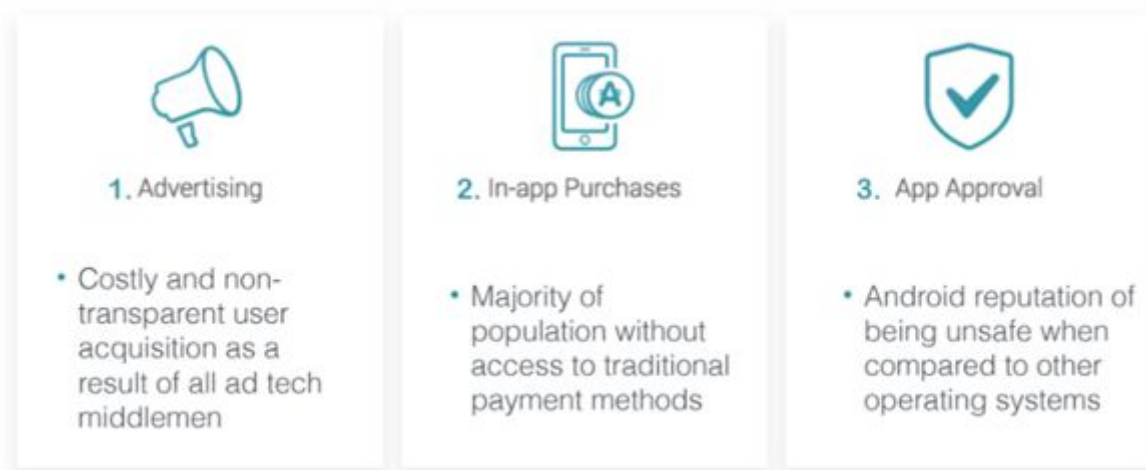
Distribution of funds:

- Development - 58%
- Marketing - 15%
- Strategy and Operations - 23%
- Legal - 4%

Escrow: tokenmarket.net

3. Description of the services and scope of the project

The main purpose of the AppCoins project is to create a universal digital advertising protocol for mobile devices to increase the volume and turnover of the mobile advertising market. AppCoins will be focusing on delivery of advertising technologies to the main app store processes:



The protocol is intended to be implemented as a cross-service solution; thus, any app-store can connect to the system and take advantage of its benefits to optimize its business. Such an approach opens up new possibilities for the decentralized scaling of the mobile economy.

The idea of using blockchain to optimize the mobile advertising market is not new. There are already fairly strong players in the market, many of whom already have a significant advantage in the form of a finished product or a successful ICO. On one hand, the large number of ICOs in this field means the increased interest of users; on the other hand, it increases the risk of project failure when cost planning is incorrect.

However, we should consider that AppCoins will perform new marketing technologies, not used before. For example the “in-store app advertising” technology focused on targeting users to install specific apps and also perform in-app purchases. These are particular processes directly within the app store’s market.

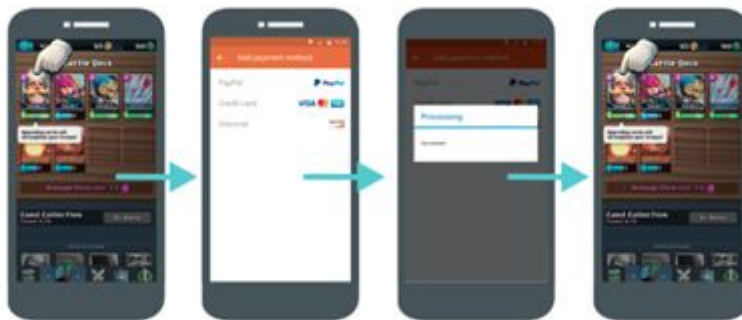
The main tasks that the AppCoins protocol will solve are the following:

1. Justified price for advertising and worthy reward for viewing advertising content.

If a developer wants to advertise his product, the cost of the ad will be determined by the number of "quality views" of his advertising. By "quality views" we mean that the user has spent at least 2 minutes viewing the ad. Thus, the advertising customer will pay only for those users who are really interested in the product. Moreover, the user will receive 85% of the ad cost as a reward for viewing the ad. He will be able to put these funds into circulation and make in-app purchases, increasing the conversion of advertised content. This approach is beneficial for all parties – the user, the developer, app store and OEMs. AppCoins call this approach $U_i \{ [\frac{A}{A_{max}}] \}$

2. Simplifying in-app payments

Currently, the process of paying for content within an application is typically as follows:



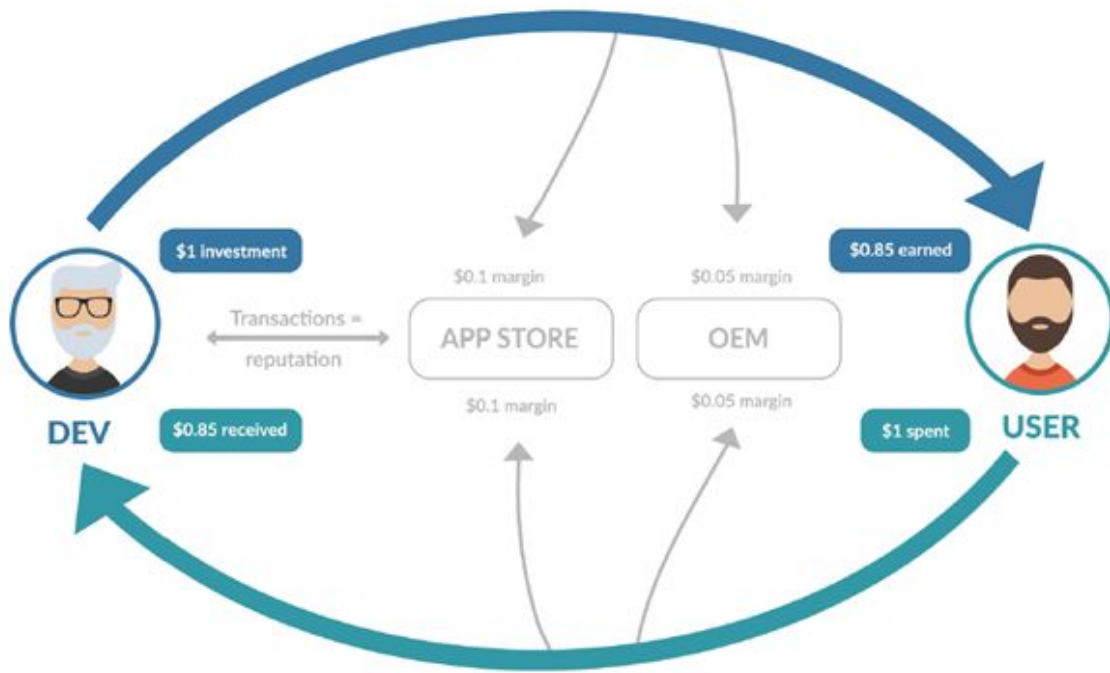
It is clear from the illustration that in addition to the requirement for a confirmed credit card, the very process of making a purchase consists of a large number of steps and actions. In this case, a user must leave the application several times to make a payment and return for their purchased content, often in manual mode. This problem is one of the reasons that users do not make many in-app purchases. Many people are "frightened" by the complexity of this process. AppCoins is designed to solve this problem by creating an opportunity to purchase content on the fly and in one click.

3. Needless tough application filtering system.

Large app-stores often have an excessively conservative approach when choosing a filtering algorithm for content. This leads to many developers not having the opportunity to sell relevant and extremely useful applications.

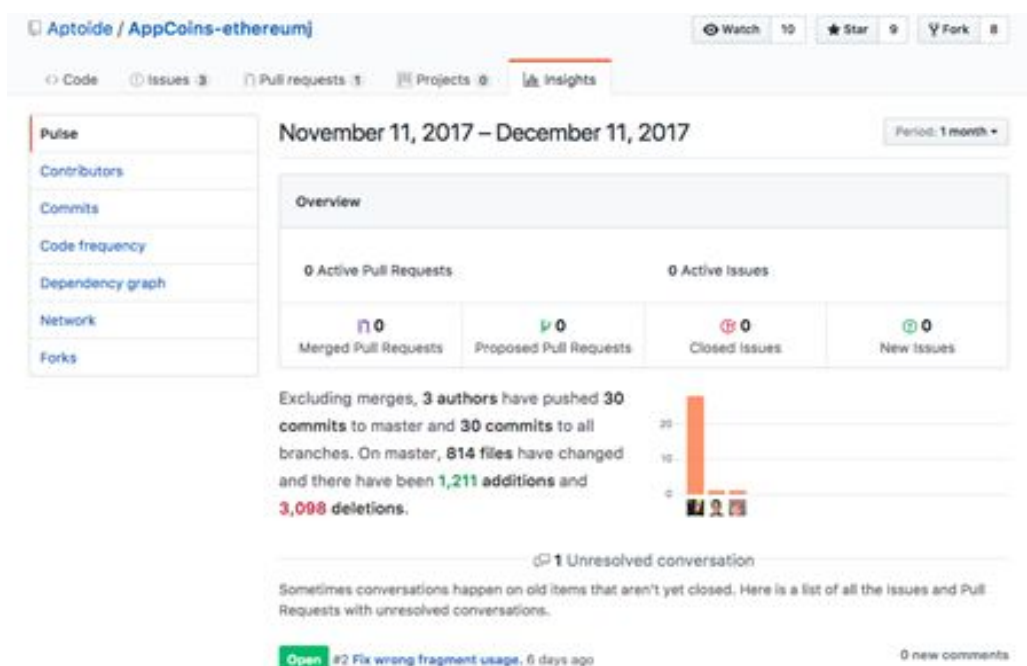
AppCoins is planning to implement a system for the public auditing of developers and evaluating them based on ratings compiled by customers. Developer ratings will be recorded in a public blockchain and will be available to any network user.

After the final development of the AppCoins protocol, its developer / user interaction framework will look the following way:



4. Engineering features of the project

The technical development of the system is implemented in open source mode. Source codes are published in the repository on the [GitHub](#) website. The team has more than 10 repositories which publish the source codes of various components of the system. It is notable that the development is very active in the repository responsible for blockchain elements of the system.



Technically, the protocol will be built on the basis of ethereumj – a Java implementation of the Ethereum protocol. The potential of Ethereum together with the broad capabilities of Java ecosystem give good potential for implementing a competitive application.

The team has published separate [documentation](#) which describes the architecture and technical details of the future system. The planned scheme for the AppCoins protocol looks as follows:



The system will consist of three different blocks:

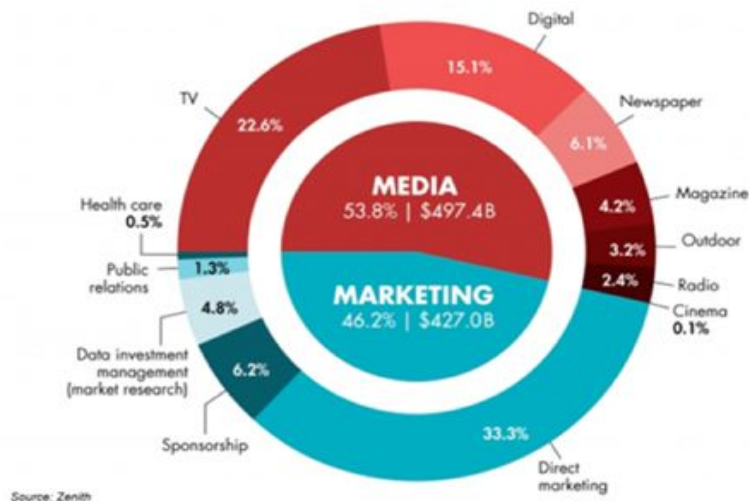
- Advertising - organization of advertising display, Proof of Interest
- Developer's reputation – the evaluation and ranking of application developers
- IAB (in-app micro-transactions) - conducting transactions inside applications

AppCoins tokens will meet the common ERC-20 standard and will be available for storage in most popular crypto wallets.

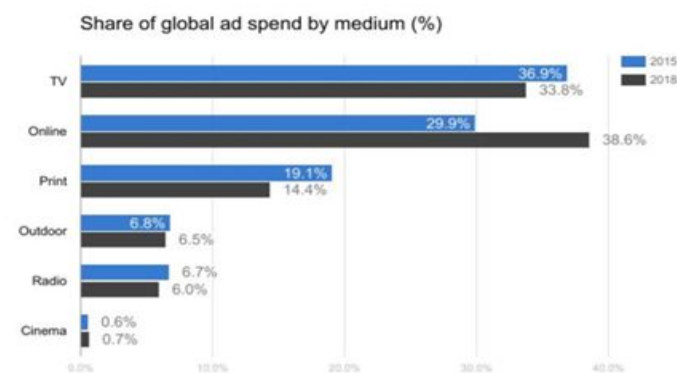
5. Market Review

The advertising market is on the rise. In 2016 the global expenses for advertising reached \$542.55 bln., and the share of investments in digital advertising grew considerably. This is only in the USA where the digital advertising market amounted to \$60 billion - almost a [third of the total market](#) of \$183 billion.

Year to year there has been stable growth of the market by 20% on average. At the same time, more than half (51%) of all traffic goes through mobile devices. Market analysts [expect](#) continuation and even increase in the growth of mobile commerce. For 2017-2018, growth is forecasted to the level of 24%. Currently the global advertising market is represented by the following distribution:

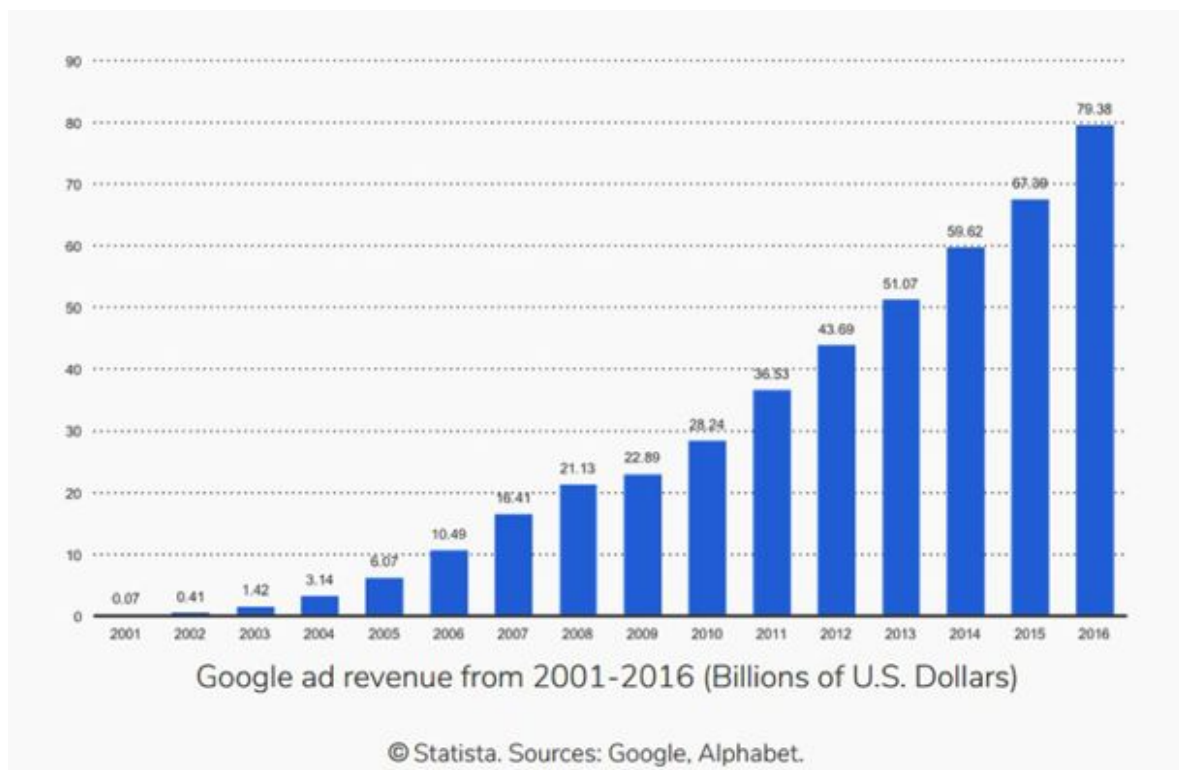


This is how the profile for the distribution of advertising traffic has changed since 2015:



[Direct marketing](#) is a key component of marketing; advertisers spend about one third of their budgets on it. Sponsorship holds second position (6.2%), market research holds the third position (4.8%), and PR position four (1.3%.)

Internet advertising is found among large market participants. The main players among advertising publishers are Google and Facebook. Together they account for more than 73% of the total advertising market. Working only within their own advertising networks, they have contributed to the growth of the entire market by 90% over recent years. Below is a diagram of the dynamic of growth in revenues from Google advertising:



The services provided by the market leaders do not suit all advertisers; this is due to the fact that these publishers typically impose serious restrictions on advertised content and the format for presentation of information.

Besides, despite continuing growth the digital advertising industry lacks many elements that ensure efficiency and reliability; this costs the industry billions of dollars per year.

For example, disaggregated data and limited standards make it impossible to identify many cases of fraudulent behavior. As a result, unscrupulous players use loopholes in systems and lack of transparency to steal value in the digital supply chain. The ecosystem completely lacks any of the common language and coordination that would help to fight this type of abuse.

Blockchain technology can transform digital advertising. Firstly, it can provide transparency and audit along the entire supply chain. In addition to verification of supplies, blockchain is the only reasonable solution for creating a common data set and common language trusted by all participants.

6. Team

AppCoins takes its roots from the Aptoide project which was founded in 2011. Legally Aptoide is registered in Lisbon, Portugal. The company also has additional branches in Singapore and Shenzhen.



The project is led by a team of 18 people with experience in different sectors of the economy - IT, Operations, Marketing and Management. The advisory board is represented by 7 people with a very impressive background. For example, Ryan Terribilini, who has worked with Google Play and Ripple is involved in the project; Adam Stradling is the co-founder of Bitcoin.com.

In total, project advisors have work experience in at least 13 major companies in relevant industries. An important point is the presence of institutional investors in the project.

In general, the team has a good portfolio in core business areas. Project managers, as well as key developers have more than one year of experience in this field.

We did not find any negative moments regarding the team or unconfirmed experience in the public media sphere.

The key members of the AppCoins project are listed below:

Paulo Trezentos ([LinkedIn](#)) - CEO and Founder

Paulo focuses on the architecture and design of systems. He has experience with the Android marketplace, Linux distribution and large infrastructures over OSS (Open Source Software). He took his MsC in Factorisation of Numbers using NFS and Elliptic Curves and a PhD in solving dependencies in software components installation.

A member of the open source community for a long time. He was founder and maintainer of LinuxCM, a Linux distribution with more than 700,000 users between 2007 and 2011.

Alvaro Pinto ([LinkedIn](#)) - COO and Founder

Álvaro is a serial entrepreneur who loves technology, innovative ideas and projects.

As a former ESOP President, the Portuguese Association of Open Source Software Companies, he has been advocating, for more than 15 years, the adoption of open technologies and open standards in private companies and in the public sector. Álvaro has a degree in law.

João Casal ([LinkedIn](#)) - Head of R&D

João has 12+ years of experience in IT, the last 5 being in research and applied R&D management, where he led several projects in mobile computing areas in multinational companies.

Has a solid track record of successful management and delivery of complex R&D projects, and of devising innovative projects that granted considerable funding for the R&D departments he represented.

Working for AppCoins João is a co-author of the description of the strategy for the ICO of its cryptocurrency for main transactions in the App Economy.

7. Development strategy and roadmap

Currently, the documentation has a fairly detailed development plan for the project. It singles out Business, Technical and Organizational directions separately.

If we summarize the rather detailed plan of the team, briefly it will look the following way:

Nov 2017

Pre-sale of ICO with white listing.

Release of AppCoins protocol V1.

Dec 2017

ICO is launched

Proof-of-concept of In-App Purchase transaction on

Ethereum test network

May 2018

Public discussion of ASF rules and bylaws.

“Dev” version of AppCoins integration in Aptoide (on-chain)

500 key developers’ engagement to integrate AppCoins SDK in their apps & games

The first effort will be to bring developers on-board. Using 12,000 top developers the Aptoide network will leverage this effort.

Jun 2018

“Dev” version of Aptoide with side-chain / payments channels

Sep 2018

Production roll-out to all Aptoide clients (and other participant app stores).

November 2018

ASF creation under the bylaws defined by the community and AppCoin token holders.

Tier 1 OEMs (Xiami, Oppo, Vivo, ...) engaged and pre-loading. The Aptoide

Shenzhen (South of China) office will be responsible for the kick off of this task. Opened in

September 2015, this office has 3 people full-time and has a strong network in the Shenzhen ecosystem.

May 2019

ASF takes over the Protocol definition and reference implementation.

AppCoins Protocol Viral actions with users – peer-to-peer actions. As explained in section 6.2, this will replicate some already tested digital marketing viral initiatives. Coming after the engaging of developers and OEMs, at this phase users will have a thriving app store ecosystem at their disposal.

The team assumes the possibility of small adjustments in timing during the process of development.

8. Competitors and competitive advantages of the project

Until recently, the mobile advertising market and app store has been an absolutely exclusive environment. Google and Apple Store applications were almost the only channels for distribution of mobile content. Currently, the paradigm of this market has begun to change towards the decentralization of mobile application vendors. The AppCoins team also contributes to this process. However, in order to outshine the giants and take a confident place among current players in the market, it is necessary to have at least a few "jokers" up the sleeve. Currently, we can note the following "jokers" for AppCoins:

- Aptoide – parent company of AppCoins takes third place for most popular app store after the Google Play Store and Amazon App Store. For a start-up launched only in the third quarter of 2017, the presence of a client base of 200 million users, collaboration with 15+ thousand developers, 1 million apps and more than 4 billion downloads of applications open up tremendous opportunities for development.
- AppCoins has unique access to the Asian market. Given that this market is closed for most American companies, this gives significant advantages for building up a client base.
- The project is negotiating with companies such as Xiaomi about including the Aptoide app-store in a package of pre-installed applications on new smartphones.
- The existence of a unique process of rewarding the user for viewing advertising will contribute to a steady flow of new users. Since the service will not require a confirmed credit card, AppCoins will receive significant recognition in developing countries.
- "Fair" advertising pricing based on the number of really interested users will help attract more developers.
- The fact that the AppCoins protocol is cross-platform and can be embedded in various app stores means that the size of potential AppCoins users can significantly exceed the audience of Aptoide.

9. Risks

In general, the risks of the AppCoins project are associated with quite serious competitors in the market. Companies such as Google are unlikely to just give up part of their market to new players. If AppCoins and Aptoide begin to noticeably "conquer" Play's market, Google can theoretically begin to apply "dirty" techniques of competition. For example, the creation of restrictions on the level of the Android operating system which is controlled by Google, or implementing other strategies that could potentially interfere with fair competition in this market.

There is, of course, a technical risk: The project is quite complex. This means that it will be necessary to attract a large number of highly qualified personnel for successful completion of the development process. At the same time, incorrect budget planning at the early stages of development can lead to lack of funding and failure of technical development.

10. Marketing strategy

Currently, the AppCoins marketing campaign is showing notable results. The project is actively discussed in authoritative publications, not only blockchain-oriented ones. AppCoins is presented in publications such as:

- [Forbes](#)
- [Hacked](#)
- [The Bitcoin News](#)

In total, the project was quoted in more than 85 different publications. Search queries for keywords also produce relevant pages (project landing pages).

Several [venture capital investment funds](#) have already been invested in the project, having a large number of successful projects in their portfolios.

Strategic Investors



Moreover, the team has entered into partnership agreements with companies such as [Indors](#) and [Kyber](#). Successful development of effective B2B interaction is an additional confirmation of professional management of AppCoins.

The team is very active on social media and instant messengers. At the time of writing the review, the growth of subscribers is quite significant and we expect that by the beginning of placement, their number will correspond to the "normal" indicator for a successful start-up ICO. The main public posts of the project have the following number of subscribers:

- Telegram - 2,890 members
- Facebook - 8,858 likes
- Medium - 177 followers

- Twitter - 4,140 followers
- Reddit - 233 readers

The main channel for communicating with the community on the upcoming ICO is the project's group on Telegram. Communication is quite active there and the team readily answers questions.

In addition to Telegram, the project has a [thread](#) on bitcointalk.org. At the time of writing the review, it consisted of more than 49 pages of active correspondence. There are 11 more pages of correspondence in the thread dedicated to the Bounty program.

Based on the information above, we expect high activity and community participation in the ICO.

11. Economy of the Project

The white paper of the project contains a very detailed description of the rules for the distribution of rewards among participants within the system. AppCoins as a provider of infrastructure technology will receive a fixed commission from use of the system by other participants.

Commissions will be charged both when displaying the developer's advertising to the user and making in-app purchases from the user's side.

Let us take a closer look at the amount of revenue received by the team:

1. Developer - User transaction (Advertising)
 - a. The user receives **85%** of advertising revenue in their wallet.
 - b. The app stores will receive **10%** of the revenue for distributing the APK and for being the oracle for the smart contract.
 - c. OEMs who distribute the solution in their devices will receive **5%** for the role of pre-loading the app stores and bringing their user base to the system.

2. User - Developer transaction (IAP)
 - a. Developers receive **85%** of the IAP transaction in their wallet directly from the user's wallet (The price can be dynamically established by the developer and may change during the app's lifetime)
 - b. App stores will get **10%** of the revenue of purchases made by users, for the role of distributing the APK and as an oracle for the smart contract.
 - c. OEMs will receive **5%** for the role of preloading app stores adopting this solution.

Thus, the growth in the number of system users and token turnover will directly affect the company cash flow.

12. Token investment attractiveness

The team is guided by growth rates for the entire industry when assessing the growth rate of company development. Since the growth in the popularity of blockchain networks can be described by [Metcalfe's Law](#) and the price of the token in fact is a function of capitalization, the involvement of new users in the system will directly affect the price of the token.

Given the growth rate of the market as a whole and the number of Appcoin users, the team expects a capitalization of \$20 billion during the first five years of the project existence. The size of capitalization of \$70 billion is planned by 2024.

It is assumed that the growth of key indicators will occur at the following rates:

	Crowdsale	Month 6	Month 12	Month 18	Month 24	Long Term (Month 60)
		<i>Beta users</i>	<i>Early Adopters: Aptolide App Store</i>	<i>Consolidated bootstrap strategy results</i>	<i>App Store Foundation: First set of App Stores</i>	<i>40% of the apps industry</i>
Monthly Active Users (MAUs) Forecast		10 000	18 000 000	41 000 000	95 000 000	1.3 Billion
Tokens in circulation (%) – Developers		1,05%	1,20%	4,00%	6,00%	8,00%
Tokens in circulation (%) - Users		0,95%	1,00%	3,00%	5,00%	7,00%
Total AppCoin tokens supply in circulation (Developers and Users)		9 000 000	9 900 000	31 500 000	49 500 000	67 500 000
Estimated Market Cap		\$2 000 000	\$3 578 433	\$24 879 522	\$98 982 056	\$18 798 097 690
Price of each AppCoin Token	\$0,10 ²	\$0,22	\$0,36	\$0,79	\$2,00	\$278,39
AppCoin Token Appreciation (since crowdsale)		122,2%	261,5%	689,8%	1 899,6%	278 390,3%

Since the emission amount is limited and new coins will not be produced after the ICO, the demand for system tokens will increase with the increase in the number of users of the "mobile economy" and the spread of AppCoins as the prevailing technology. Accordingly, token price would grow proportionally with this.

We tend to believe that the prospects for the token will directly depend on the quality of the implementation of the final service. The product is certainly interesting and unusual. We recommend that investors purchase AppCoins project tokens for medium-term and long-term investments. The use of speculative strategies makes sense only if there is a significant excess of demand over supply.

The information contained in the document is for informational purposes only. The views expressed in this document are solely personal stance of the [@U/aej](#) * 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.