ICOrating

WABI Rating Review (https://wacoin.io/)

ICO dates (28.11.2017 — 28.12.2017)

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1. Ratings

We assign the Wabi project a "Stable" rating, and recommend it to long-term investors who are aware of the risks identified in this review. At the time of writing we see no reason for growth in the value of Wabi tokens in the short term, but there is still a considerable amount of time before the start of the ICO, and this could easily change.

Walimai has implemented technology for authenticating goods at the physical level using security tags. The Wacoin project is aimed at improving mechanisms for protecting digital information using blockchain technology.

The WaBi Project's team includes experienced professionals familiar with the main target market - China. The market for consumer goods, the target one for the project, shows growth and there is good reason to think this will be maintained.

On the other hand, some of the target products for the project that require additional protection already have serious restrictions in turnover due to legislation. The effectiveness of work under these constraints cannot be predicted.

Walimai is not conducting a serious marketing campaign. The main platforms for attracting clients are interactive stands in baby food stores that cooperate with the project.

Like any project, WaBi has its risks, but the existing achievements of Walimai team, an understandable working model and an objective need for an effective (including terms of value) system for the authentication of goods allow us to count on a stable demand for the company's services in the long term.

2. General information about the Project and ICO

The WaBi project is a system for protecting consumer products from falsification and copying, based on blockchain technology. This is a system of interaction between producers and consumers, the intermediary in which is the organization responsible for the uniqueness and security of each product. The main products are baby food and pharmacology, but the company is not limited to them and is ready to expand.

The ICO is being implemented to raise funds for scaling the provision of services, increasing the list of categories of goods protected by Walimai's technology, improving the technology and moving to blockchain and cryptocurrency transactions within the system.

July 28, 2017 was the pre-ICO end date; WaBi reached the maximum target of 10,000,000 pre-WaBi (300,000 USD); The collected funds have been directed to the preparation and organization of the main-ICO.

All ICO participants must pass KYC. Participation in the ICO is not available to Chinese citizens or unskilled US investors.

Website: https://wacoin.io/
White paper: http://resources.wacoin.io/WaBI_Whitepaper_ENG.pdf
Slack: https://slack.wacoin.io/
Twitter: https://twitter.com/wabiico
Telegram: https://t.me/wabi_ico
Facebook: https://www.facebook.com/wabiico/
Bitcointalk: https://bitcointalk.org/index.php?topic=2038385.0
YouTube: https://www.youtube.com/channel/UCqPmhEMNHI50oNH0FwyLAPQ
LinkedIn: https://www.linkedin.com/company/13436396/

ICO start date: 28 November 2017
ICO end date: 30 days or until the maximum goal is achieved

Token: WaBi, ERC 20
Target cap on crowdsale: 11,500,000 USD
ICO price: 0.25 USD
Minimum Buying Transaction: no data available
Maximum Buying Transaction: an individual cap will be applied on the first day of the ICO.
Bonus: no data available

Accepted payment: BTC, ETH

Total emission: 100,000,000 WaBi

With the maximum planned volume, the distribution of tokens will be as follows:

· 56,000,000 WaBi - crowdsale (10,000,000 pre-ICO + 46,000,000 ICO)
· 8,000,000 WaBi - distributed between the team and the loyalty system
· 1,000,000 WaBi - Bounty Program
· 35,000,000 WaBi - reserved for consumers with future use of the system.

Distribution of funds: The project does not disclose the structure of expenses based on the results of raising funds.

Token Issue Date: no data available

Vesting: no data available

Escrow: The ICO wallet will be secured by 3rd party escrow and/or a multisignature account.

Company: WaBi Project, Singapore (based on Walimai, China)

3. Description of the services and scope of the project

Walimai deals with the problem of authenticating products at the physical level and uses tags based on RFID technology. The tags are attached to the product's cover; the buyer reads the information in the tag with his mobile phone, and a process of authenticating the product takes place. Thus, buyers can be assured of the quality of the goods they buy, and fraudsters lose the opportunity to substitute goods with counterfeit ones.

Walimai claims to build a unique system with a secure connection between physical products and electronic data, which at the same time will be cost effective.

At the current stage, the creation of tags and their application in practice have already been implemented for baby food in China. However, at the level of protection of electronic data, Walimai relies on its own cloud platform, with which the data in tags are synchronized.

The WaBi project is aimed at creating a platform using blockchain technology, which will ensure a high level of protection of electronic data and increase the level of confidence in the system; Electronic information will be stored in a distributed network, which is not controlled by the structure of Walimai. WaBi tokens will be released for said purpose, which will support the Walimai system.

The founders of the project explain its necessity by the fact that there are number of products, such as baby food, cosmetics and medical products requiring increased reliability, for which people are willing to pay an additional price. They cite as an example the scandal in China 2008, when 6 babies were killed and more than 54,000 were hospitalized due to a fake infant formula, while in Nigeria 64% of pharmacology is forged.

4. Engineering solutions

An RFID[1] tag is used to protect the goods at the physical level. This tag is a chip on which information is recorded, and an antenna enables interaction between the chip and the reader. For the effectiveness of this mark the creators of Walimai had to ensure it was on the one hand strong and durable for transportation and other similar loads, and on the other hand fragile, so that opening the package would lead to a fracture of the antenna and as a result prevent re-use of the package.

As for electronic information, it is reliably protected from falsification or copying. At the macro level, the system behaves in such a way that it does not allow unauthorized intervention.

The security system is based on three elements: Cloud, the Walimai tag and a mobile phone running an application that provides a link between them. Information in a tag and on the cloud includes an encrypted unique ID - a dynamic code that is updated and synchronized with each readout, as well as geographical data. The dynamic code contains the history of the product and updates it with each readout; the user views it on the screen of his device.

Consumers scan the label with Walimai app, reading ID, secret, geographical data which s then sent to the cloud for verification

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[1] https://en.wikipedia.org/wiki/Radio-frequency_identification

The protection system at the macro level is designed in such way that if the supply chain is not compromised, a forgery will be detected when reconciling geographic data. If supply chain is compromised and the attacker can arrange a forgery within the supply chain, copying the tag will take several days and the data will be updated when scanning the original tag, or all economic feasibility will be lost. To extract benefit the goods should be copied multiple times, but even a single purchase will change the data for counterfeit goods and will negate all efforts to replicate counterfeit copies.
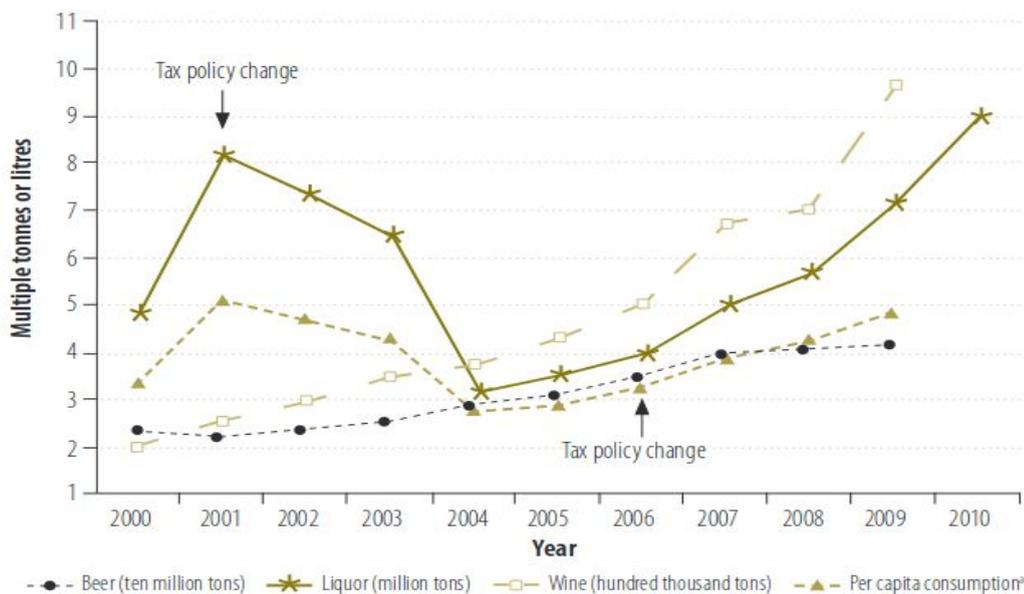
5. Market Review

The problem of counterfeit goods is increasing with the growth in number of goods in the market, clearly increasing the need for something like the proposed method of authentication. For example according to the World Health Organization, in Nigeria, 64% of medicine is fake.

According to data from an Advanced Lipids[2] survey, the market for Chinese infant formula is increasing in volume and has changed structurally during 2010-2015. The market for infant formula for the period from 2010 to 2015 grew by 14% and by 19% in value. About 800,000 tons of infant formula are consumed annually in China. Parents of children aged 13 months to 2 years spend an average of 844 RMB (€ 113) on infant formulas every month. The recent abolition of the policy of one child per family and the permission to have two children gives grounds to believe that the market for infant formula will continue to grow; in fact, 17% of parents will give birth to another child, and 26% of them are considering it. There is also an increase in the premium segment of this market; products from the Premium and Super Premium categories had a joint market share of 18% in 2010, and 39% in 2015.

According to a World Health Organization[3] report there is increasing alcohol consumption and now even problems of alcoholism in China. The survey showed that 55.6% of men use alcohol from time to time and 62.7% of these abuse alcohol. For women the corresponding values are 15% and 51%.

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[2] http://advancedlipids.com/can-chinese-infant-formula-market-keep-growing/
[3] http://www.who.int/bulletin/volumes/91/4/12-107318.pdf

The report also touches on the need to tighten regulation, which will require the development and use of new methods of protection.

6. Competitors and competitive advantages of the project

The idea of linking the protection of goods at the physical level and the protection of electronic data and transactions is new. Another widely used, inexpensive technology for physical protection is QR codes, but they are easily copied and do not allow configuring such a connection. Walimai is the first project of its kind, therefore it has all the advantages of a pioneer. Until then, the well-established RFID technology was used primarily to authenticate users of relatively small systems, such as metro systems or business employees. Expanding the scope of application was limited to the lack of trusted technology such as the blockchain.

In 2014, at the Innovation Forum in Moscow, the Walimai project was recognized as one of the best innovative projects. In 2015, a grant from the municipal government of Jiaxing City was won. In 2016, an online store was launched; cooperation was concluded with three baby food stores to integrate the Walimai system in 2017. These objective indicators confirm the economic efficiency of the business model of the project. The need to confirm the authenticity of baby food products provides a basis for technological development and a hope of success in spreading the technology to other types of products, in particular alcohol and medicine.

As already disclosed, Walimai is based on three basic components: physical security tags, reliable data storage and transfer of transactions, and a procedure for data synchronization between the physical and electronic (digital) levels. The WaBi project aims to significantly change only one component, transfering electronic data and transaction storage system to blockchain. Thus, the project is aimed at finalizing a significant element, but not the entire business process which is already implemented and functioning. In our opinion, this is also an undeniable advantage.

7. Risks

The fundamental basis on which the project operates is that of physical goods. This means that valuation of WaBi tokens will occur according to the turnover of goods with Walimai tags. On the one hand, such reinforcement with objects from real life strengthens the belief in cryptocurrency (which is especially noticeable and important at the first stages of token issue); on the other hand, it can become a serious deterrent for the rapid growth of their price.

There is a possible scenario in which the rate of entering into new contracts with producers willing to join the ecosystem will be greatly reduced. Such prolonged stagnation will lead to a decrease in further investment attractiveness and to withdrawal of a tangible or even a significant portion of investors. This will clearly negatively affect the valuation of tokens.

Pharmaceutical products and alcohol were presented as possible categories of goods that can use Walimai's protective tags. It is not clear whether other categories of products are suitable for the use of the tags. The rather narrow focus of the project at the physical level does not allow us to hope for rapid development of the project during its early period of operation.

Also, legal aspects remain unclear when entering new markets. The downside of the lack of suitable reliable mechanisms that protect consumers from counterfeits is existing regulation of such goods. It is completely unclear what obstacles will be encountered during adoption of Walimai's system while developing markets in new countries. Risks are related to delays in the legalization of methods for authenticating goods via the Walimai system.

The team has reserved 8,000,000 generated WaBi tokens. There is no mentioning of blocking tokens in the official documentation however; we regard this as a negative fact.

It is notable that the founders took care to exclude risks of depreciation of WaBi tokens in the first few days after placement on exchanges. Acquirers of tokens in the pre-ICO at 0.03 USD have a great temptation to sell tokens, and Walimai in the period between the completion of the ICO and the placement of tokens on exchanges agree to redeem them at full ICO cost, i.e. at 0.25 USD. There is another possibility for acquirers of tokens in the pre-ICO, in which tokens are blocked on the account for 3 or 6 months, with payment at the end of the term of 5% or 10% of bonuses respectively.

8. Team

The WaBi team includes experienced professionals who have knowledge of the main target market of China.

Alexander Busarov (LinkedIn) - Co-founder, CEO. Co-founder of WaLiMai. Held the position of consultant at McKinsey & Company for 5 years; led independent activity as a project manager; has experience of working as a director of sales for baby food (company not named.)

Yaroslav Belinskiy (LinkedIn), Co-founder. Co-founder of WaLiMai. Experience in the field of strategic planning (in LP Amina Energy and Environmental, Bain & Company).

Kitty Xu (LinkedIn), Marketing Director. Extensive experience in marketing, particularly in the Asian market. Experience with large companies.

Chi Tung 'Duomo' Pan (LinkedIn), Sales Project manager. Experience in the areas of conflict management, control in the production of goods, trade relations.

Arthur Pinchuk (LinkedIn), IT lead. Software development. Specialist in the field of blockchain and cryptoeconomics.

Roman Tronenko (LinkedIn), Mobile lead / blockchain Architect. Extensive experience in the development of mobile applications - AliExpress, Alibaba.

Wouter 'Walt' de Hoogd (LinkedIn), Community Manager, Copywriter. 4.5 years of experience in companies and freelancing as a copywriter.

Danjie Hu (LinkedIn), Project Manager. One year of work experience in start-ups in the field of marketing.

Dmitry Korzhik (LinkedIn), Blockchain lead. 6 years of experience in IT. Co-founder of Outstaffing.me.

In addition, the project has advisors with relevant skills:

Mario F. Pazos (LinkedIn). Mario's consulting field is the crypto market. Indicated work experience in the field of blockchain since 2016. Has a profile on the AngelList website, where participation in two large blockchain projects, Civic and Metal, is indicated.

Igor Livant (LinkedIn); raising funds and fintech. Extensive experience in trading in large companies; attraction of capital.

Long Chiu (LinkedIn); consumer attraction and loyalty program. Has a career in marketing and development.

Mark Zavadskiy: E-commerce.

The company does not disclose which experts cover the legal aspect, but mentions its access to consultants.

9. Development strategy and roadmap

The WaBi Project is launched on the basis of the existing Walimai company. The company has already achieved success and plans to scale using the ICO.

Goals achieved:

September - October 2013 - choice of technology and branding of the company.

February 2014 - official launch of the company.

April 2014 - preparation of a large project for manufacturer of baby food (top 5 internationally.)

August 2014 - developed MVP technology.

October 2014 - Walimai was chosen as one of the most innovative companies at Forum of Open Innovations in Moscow. Technology protection products demonstrated to Prime Ministers of China (Li Keqiang) and Russia (Dmitry Medvedev).

December 2014 - August 2015 - continuation of expansion among manufacturers of baby food; expansion to the alcohol market.

December 2015 - Walimai is the winner of a grant from the municipal government of Jiaxing. The company is registered in Zhejiang province, China.

July 2016 - Mobile apps for Android and iOS launched. Improved security sensors.

December 2016 - Opening of an online store (JD.com).

April 2017 - Walimai concludes deals with three offline children's goods stores where "islands" with chipped products can be placed.

Current events:

August 2017 - completed pre-ICO, 100% goal is reached.

August - September 2017 - first sales in offline stores

November - December 2017 - launch of sales of Walimai protected products via the WaBi Project, using WaBi tokens.

December 2017 - expansion of the number of children's stores, launch of alcohol sales protected by Walimai.

Future events:

2018 - large-scale development of partnerships with manufacturers and distributors of baby food and alcohol products. Adaptation of technology for pharmaceuticals.

2019 - increasing the utility of the token: developing a loyalty program; product insurance.

10. Marketing strategy

The problem of counterfeit goods in China has reached significant proportions. A special point of concern was child nutrition, the counterfeiting of which has led to fatalities; there was mass poisoning with a registered 52,000 cases of hospitalization in 2008. Unfortunately, there is no procedure for identifying counterfeit products; even an expensive and high-quality product can be counterfeit.

The main audience for the company is young parents, especially mothers. A survey conducted among customers revealed an interest in providing transparency of information regarding the manufacturer, all stages of transportation and storage terms both in warehouses and in the store of purchased food products.

Currently, the main channel for attracting customers is the branded "islands" for Walimai with chipped products in children stores.

The project has not implemented an active advertising campaign or promotion. It seems that the project has formed its own circle of stakeholders and this is enough for a successful launch. However, the founders have provided information on support for the project.

Online articles: small reviews of the project on themerkle.com and cryptocoinsnews.com

Bitcointalk, read 7722 times. The team has supported the forum thread from the launch of the pre-ICO. More relevant data are periodically published.

Twitter, 1343 followers. Here the team shares events and achievements of the project. This resource does not really help to spread information about the project; there are practically no reposts.

Facebook, 180 followers. There is no activity on the page, despite constant publication by the founders.

YouTube, 45 subscribers. Demonstration of technology, interviews of owners of children's shops and buyers, Q & A, interview. Maximum views - 213.

Telegram, 1596 members. The team actively answers questions from participants. The chat participants positively assess the upcoming ICO and the project itself.

Slack, 847 members. Announcements and information update.

Bounty program is announced, however, no activity is observed since in our opinion the terms of remuneration are not sufficiently transparent, and the declared budget for the bounty program actually includes bonuses for investors (45%) and partially reserved (10%).

11. Economy of the project

The founders do not share projected revenue streams and project costs in their documentation; information on the cost of services to sellers is not available either.

The basic scheme for token flow inside the created ecosystem is presented below.
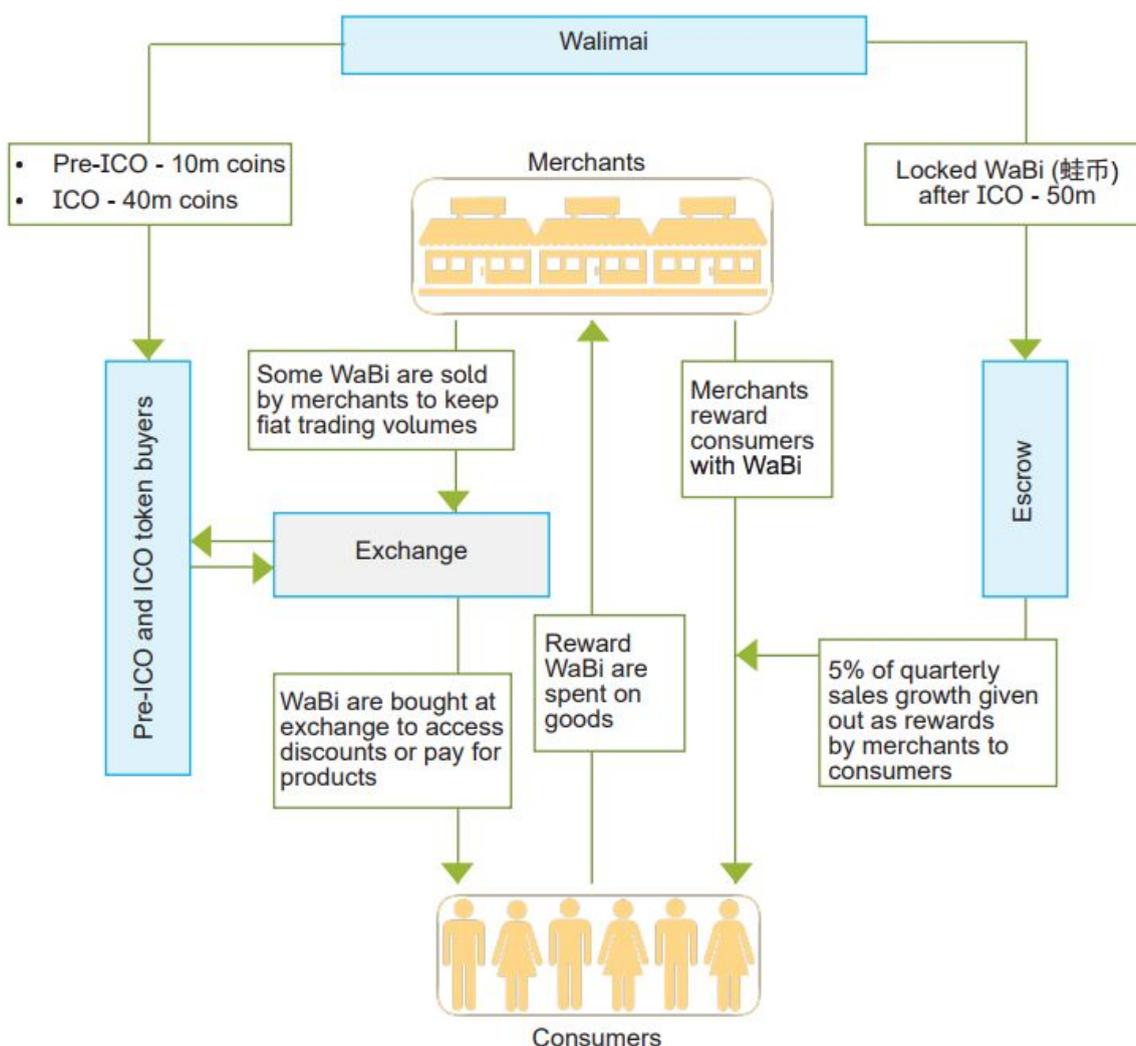
The WaBi token will be used to make payments within the system. In addition to the ICO and on exchanges, tokens can be obtained by implementing marketing activities and acquiring protected products. It is possible to encourage buyers from

manufacturers / sellers by issuing a limited number of tokens which can be spent on subsequent purchases, but cannot be sold on exchanges.

The final purchasers of Walimai services are most likely consumers. In one of the reviews of operating results, the founders write about the readiness of consumers to pay up to 20% of the cost of goods for guarantees about their safety. Although the founders mention the low price of chips, 20% looks like a significant margin - this is just a theoretical landmark however.

Advertising by producers and sellers (in application/on the website/putting on top of sensors) is possible, which could bring income not only in the form of placement fees, but also increase in the volume of trade turnover of products.

12. Token investment attractiveness

WaBi is a cryptocurrency with a limited release, so there is no danger of additional dilution. It also correlates with the actual turnover of Walimai tagged goods. We believe that these factors will allow WaBi tokens to show a stable but relatively slow growth that will correlate with the increase in goods turnover in the Walimai ecosystem in the event of a favorable outcome.

On the other hand, the token's role in the system is not necessary in our opinion. Probably the founders should have used other mechanisms of attracting investments, first of all considering their existing means of operation.

Nevertheless, we recommend WaBi tokens to investors who are looking for long-term investments with low volatility compared to the tokens of other projects that do not have an interconnection with physical goods. Such investors should monitor periods of prolonged stagnation in the growth of WaBi tokens and close positions when there is a tendency for token rate decrease after such stagnation.