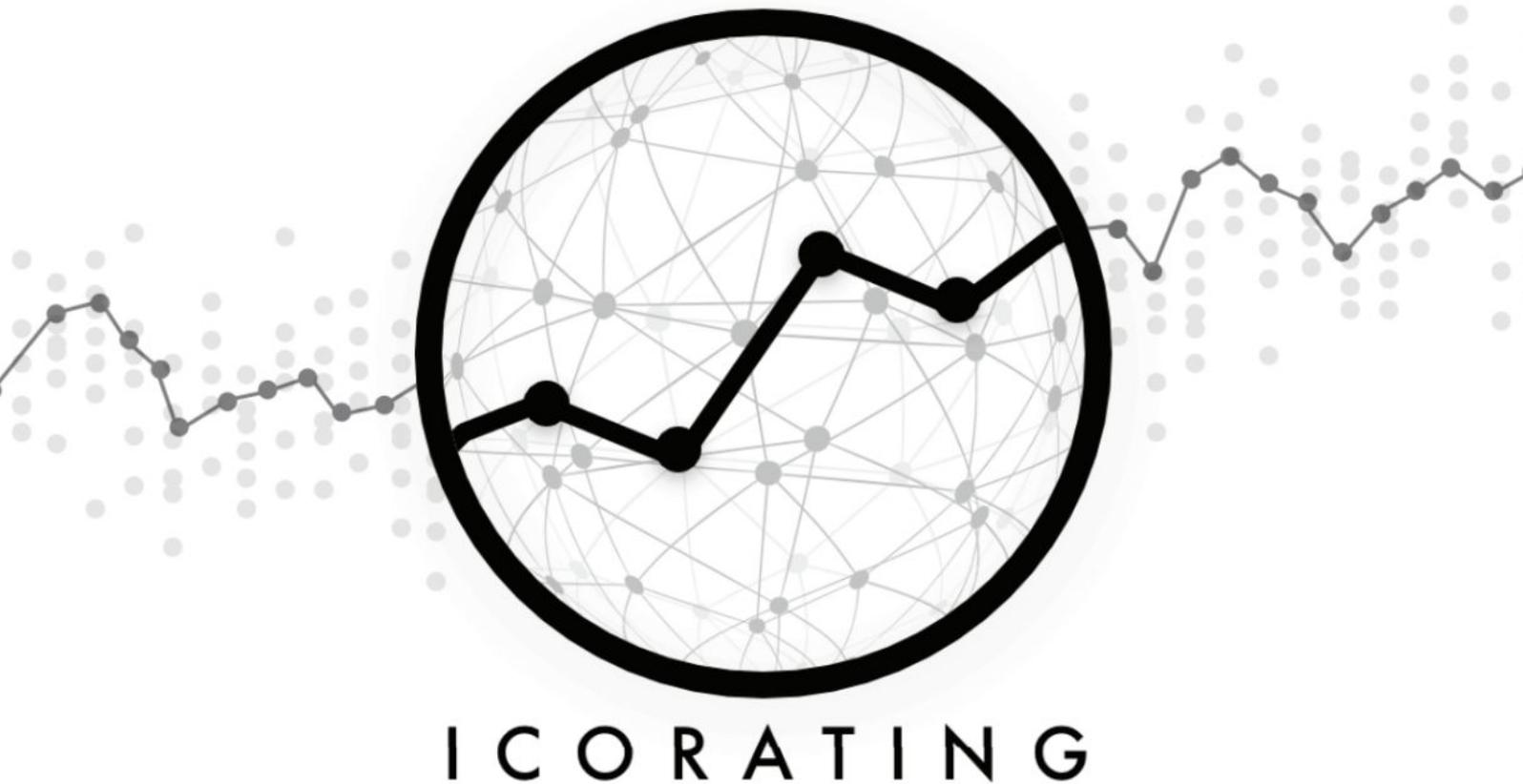


ICOrating

PATRON Rating Review (<https://patron-ico.io>)

ICO dates (01.03.2018 - 31.03.2018)



I C O R A T I N G

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1. Rating

We assign the PATRON project a "Stable" rating.

PATRON — Is a Japanese platform which works with influencers, BNB-media, and uses smart contracts and an internal currency to carry out the payment of transactions. The project is led by a team of professionals with a strong background in Blockchain and advertising, which is further strengthened by a solid advisory board.

The team is offering a rather interesting solution to the issue of influencer exchange. In PATRON it will be possible not only to pay for advertising campaigns but also to “buy out” an influencer for the period of up to 1 year. Also, long-term, there is the possibility for the influencers themselves to attract investments using crowdfunding. The PAT token will be the only internal currency used to make all the payments. The PAT team is aiming at creating a token economy, which will allow for demand to permanently exceed the supply of the tokens. However, there is no detailed description of how this will be achieved.

Also, the team does not provide a detailed description of the services planned to be offered on the platform. According to the representatives of the team, the development has already started, however, its results will only become available to the public after the ICO has ended. Then, according to their Roadmap, the team is planning to legalize their activity by registering as a legal entity in Japan.

The risks for the token holders lie both within the technological side, since the project’s development is still in its early stage, and in the economic side, due to the overstated and unjustified forecasts of the team, with regards to market expansion dynamics. The structure of the crowdsale itself also can be considered a risk, since only 36 million of the 400 million of issued tokens will be sold during the main ICO.

2. General Information about the Project and ICO

PATRON — A Japanese platform which works with influencers, BNB-media, and uses smart contracts and an internal currency to carry out the payment of transactions. In their project the founders aim at forming a base of influencers and involving them in the work of the platform through the transfer of part of the tokens in the ICO process. The founders see their business as a kind of Airbnb for social influencers, offering a place on the influencers' social-media for rent.

There is currently no legal entity of the PATRON company. However, PATRON presents a detailed Roadmap of its localization, according to which the key location for the project will be Japan. Overall it is not bad given the high level of development of Japanese law in relation to the crypto economy. We would also like to note the strong legal element of the project and the prepared disclaimer from GVA (Japan). The tax consultant of the project is the Satoshi Fukudome Office (USA).

The PATRON project plans to use blockchain technology to connect advertisers with influencers. The use of blockchain will allow the project to create a transparent system of payments and records of the achievements of influencers. Meaning that the PAT token of the project will be a utility token.

[Website](#)

[Whitepaper](#)

Note that the documentation of the project is ill prepared, and that the team leaves many critical issues without answers.

Token: PAT (ERC-20)

Platform: Ethereum

Volume of placement: 400,000,000 PAT

Token distribution: founders – 40%, for sale – 60% (including initial influencers' share).

Round 1: Private premium-sale (closed on 31/01/18)

Price: \$0.14

Cap: up to \$3,3 m

Volume: 84,000,000 PAT

Round 2: Public pre-sale

Start: 14/02/18

End: 28/02/18

Price: \$0.38

Soft Cap: \$1m

Hard Cap: \$20m

Accepted currencies: BTC, ETH

Minimum Buying Transaction: BTC — 0.01, ETH — 0.1

Volume: 60,000,000 PAT

Round 3: Public sale

Start: 01/03/18

End: 31/03/18

Soft Cap: \$20m

Hard Cap: \$40m

Price: \$0.50

Minimum Buying Transaction: BTC — 0.01, ETH — 0.1

Accepted currencies: BTC, ETH

Volume: 36,000,000 PAT

Round 4: Sharing with influencers

Start: 01/04/18

End: —

Price: \$0.00

Volume: 60,000,000 PAT

Funds allocation aims: N/A

Additional:

- Is registration necessary to participate in the ICO?
- It is necessary to pass KYC.
- Investment funds: reliable data is not available, indirect evidence of the participation of funds.
- Bounty campaign: in step 1 and step 2.

3. Description of the Services and Scope of the Project

In this section, we usually discuss the existing and planned project services and focus on the technical issues.

Any person that has some media weight can be an influencer. This person could be known before they appeared on social media (for example, Dan Bilzerian or Aimee Song) or they might have gained popularity through social media (PewDiePie). Both are considered to be equal agents of influence. Certain types of influencers are ideal for some types of social media projects and not for others.

Influencer Marketing — Is a method of promoting goods and services through opinion leaders. Advertisers usually focus on increasing the volume of sales, clicks, social media activity. When choosing an opinion leader, they don't focus on quantitative indicators, be it the number of friends or subscribers they have, but rather on the individual "influencer", the quality of their content, and the subject of their blog or their business.

At the same time, according to a study by Tubular Labs, the use of influencers brings stunning results. For example, in tourism, each spent dollar returns \$7, in the retail sector this ROI is \$10, and in FMCG it is \$11. The average return on investment is \$6.85. According to the estimates of the YouTube department of social targeting, 92% of buyers trust the recommendations of other people, even if they do not know them personally. According to a study by Tomoson: 88% of opinion leaders tell their friends about the brands they have worked with, 72% create additional content about the brand after the campaign and do so voluntarily and free of charge. 77% admit that they are more likely to buy the product of the sponsor in the future, rather than the product of their competitor.

Advertisers are not only paid for their services but also sometimes receive a nice bonus. For example, opinion leaders often share the experience of working with brands with their friends, who create additional posts, photos, and videos. They do all this completely free of charge and voluntarily, and they too then become customers of the companies, whose promotion they were related with.

On the other hand, the market of influencers is poorly organized. It is difficult to find an influencer in the required area, and they might not always agree to work with a particular advertiser.

PATRON — Is a project aimed at overcoming the shortcomings in the market of influencers in the social networking service (SNS) media system. The goal of the project is to organize the market, in order to ensure that influencers get a stable guaranteed income and that advertisers get an opportunity to attract influencers. The possibility of targeting ads, the organization of mutual settlements on the basis of quantitative characteristics of involvement and providing the market with a number of know-hows distinguishes PATRON from similar initiatives by their competitors.

Speaking about investments in the PATRON project, it should be understood that the technical development has only started recently, and the description of the future services of the project, in the documentation, is rather superficial.

Platform:

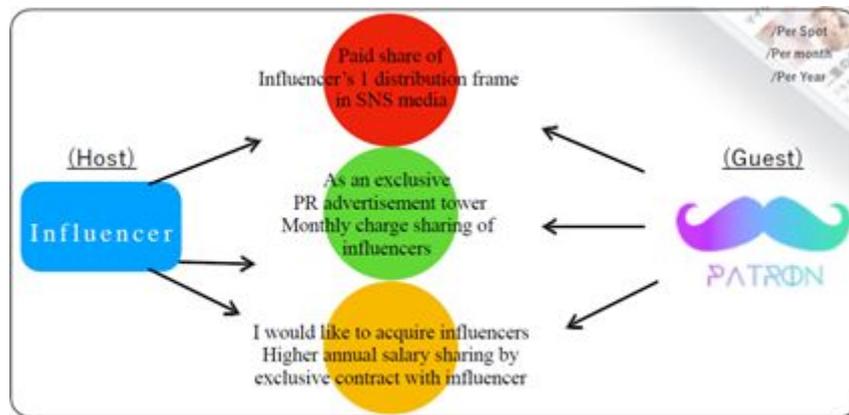
Let's start with the fact that the project is based on Airbnb, which allows advertisers 'rent' influencers. The client of Airbnb chooses a house/apartment on the website, receives a confirmation from the owner of this apartment, makes an advance payment for accommodation, Airbnb receives the payment, collects their commission and then pays the landlord and the payment service provider.



Airbnb sales formula is as follows: Sales = number of nights booked * average number of nights when booking * the average cost of daily living. Commission for completed booking transactions is usually between 6–12%.

However, unlike Airbnb, PATRON is aimed at minimizing commissions in the market of influencers. If Airbnb, through a set of intermediary commissions, comes from the announced 2–5% to 6–12%, PATRON clearly states that unlike other market participants (with commissions of up to 40%) in the influencer market, it will stick to direct commissions. According to the calculations of the PATRON commissions presented in the Whitepaper, the platform will charge 7–10% commissions.

The system of interaction on the platform.



The advertiser will be able to select and attract influencers for a single campaign. They will be able to offer them the chance to become the official PR ambassador of a brand or of an advertising campaign or to buy their media (further details below).

Social media:

PATRON plans to become a social media environment for influencers. PATRON will bring together professionals focused on social media, brands and opinion leaders. On the platform influencers can act as suppliers or as consumers of the SNS media services. The platform also gives an opportunity for communication, serving as a kind of chat or social network for influencers.

Ranking:

The platform discloses the efficiency (rating level) of each influencer and transparently indicates the cost of renting a post in their social-media environment.

The specifics of ranking and evaluation of the cost of attraction of an influencer have not yet been determined, but the key criteria for a three-stage evaluation are given:

- Dissemination ability / reachability (number)
- Power to engage / Engagement
- Trust / evaluation by users

M&A:

Mergers and acquisitions (M&A) is a general term that refers to the consolidation of companies or assets. The founders of PATRON see M&A as a way of obtaining the

exclusive rights for an influencer's media and their cash flows, for a significant period of time, a month or even a year. M&A develops the idea of influencer exchange.

App:

The application is planned for development, but its detailed description is not given.

Switchboard SNS All Live Technology:

Through the app, the technology will allow an influencer to present videos simultaneously in multiple SNS media where the influencer works. At the same time, it will be possible to gather all the information from influencers.

Crowdfunding 2.0 ICO:

Funding for the individual objectives of influencers through the ICO on the platform. The description says that the influencers will be able to raise 10–50 thousand dollars during crowdfunding. The implementation of long-term and ambitious technology is currently unlikely.

Blockchain component of the project:

PATRON is working on a system where the use of smart contracts with tokens will be involved in the system of payment for influencers' services. It will be a decentralized network with an open source code so the peer-to-peer network can be built on blockchain. PATRON will work autonomously as a multi-level application allowing influencers around the world to create and directly interact with their communities.

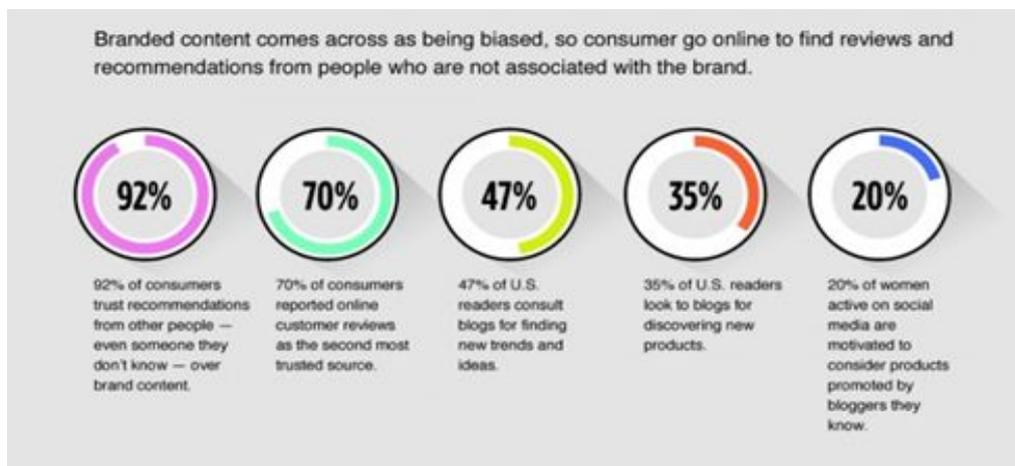
The beta version of the platform is under development. The project definitely needs blockchain, it will allow the project to create a transparent and reliable system of payment transactions for the influencers. However, the means of its implementation is not yet clear.

4. Market Review

4.1 Description of the Market Niche

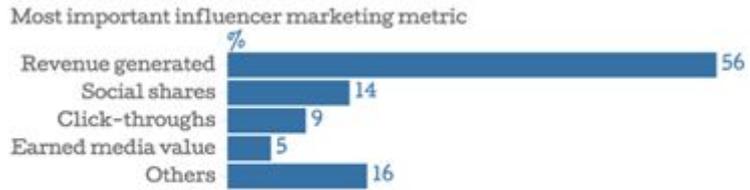
PATRON — Is a platform for professionals focused on social media, brands and opinion leaders.

In 2017, no self-respecting digital marketer cannot do without the support of the so-called influencers, masters of YouTube and Twitch. For users they are "one of the gang", familiar and funny, and the audience is most loyal to them. More than 80% of marketers polled for a Nielsen survey in 2017, said that campaigns with the participation of influencers are successful, and they will continue their development. The secret weapon of influencer marketing is that it does not look like advertising. People tend to believe their favorite bloggers more than advertising on TV or ads on YouTube. 92% of buyers trust the recommendations of other people, even if they do not know them personally.



Source: Nielsen

The most frequently used means of evaluating the effectiveness of Influencer Marketing are sales figures, changes in activity on social media and target clicks:



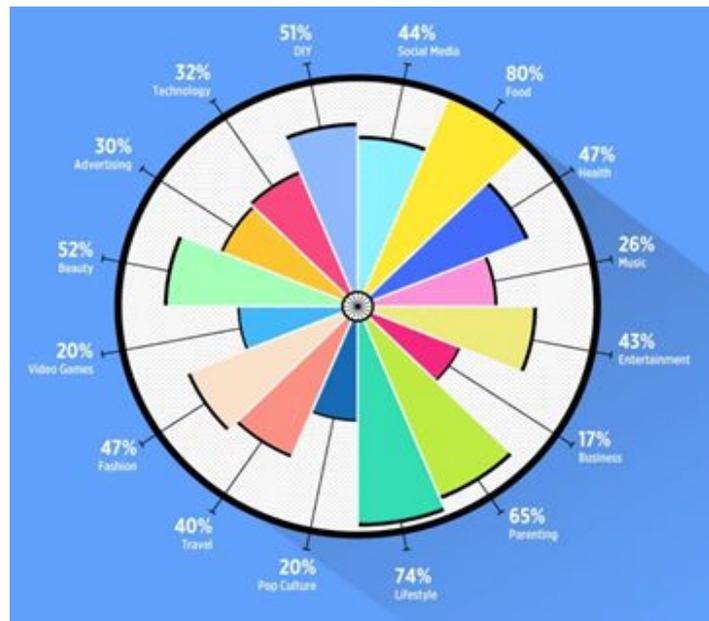
Data: Tomoson

According to the survey of the Tomoson company, where 125 marketers participated, Influencer Marketing has proven to be one of the most effective tools of Internet promotion from the point of view of attracted profit (along with e-mail marketing):

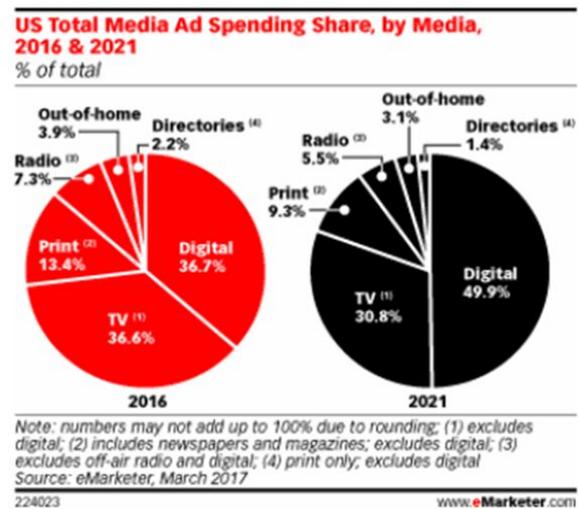
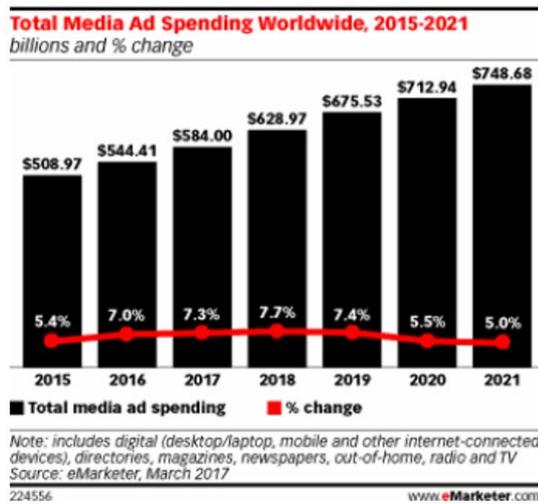


Data: Tomoson

The distribution of the areas of activity of influencers according to the study by Tomoson.



Currently, influencers have become important players in the market of marketing. In 2016 60% of companies in the world used influencer marketing, and, according to the data from the Chute marketing platform, the figure in 2017 was 75%.



According to another estimate made by Adweek, in 2017, 65% of brands were using Influencer Marketing in some way to promote their products and services. 52% of the companies in the Fortune-500 have a separate budget for influencer marketing. 25% of companies' annual budget for Influencer Marketing exceeds 50,000 dollars.



Tools such as Google Analytics and Yandex Metrics are being used to assess the effectiveness of influencers. Most marketers and promotion specialists record extremely high effectiveness of influencer marketing compared to other channels in the past several years. For example, in the segment of FMCG, (fast moving consumer goods) influencer marketing has brought brands \$11.33 for every dollar spent, in the retail sector it is \$10,48, and in tourism it is \$7,04. The worst results were in the sphere of home and garden products — \$0,64 to 1 dollar spent. On average Influencer Marketing brings \$6.85 to the dollar to industries.

At the moment, the market of Influencer Marketing has an estimated worth of \$2.5 billion and around 8 million influencers according to Mediakix. From their point of view, by 2019 it will reach \$2 billion only through Instagram, but in general, the market of Influencer Marketing will reach \$5–10 billion by 2020. We will take a look at the share that PATRON could occupy in the market after the ICO in the "Competitive Analysis" subsection.

4.2 Competitive Analysis

In this sub-paragraph we will determine the place of PATRON in its target market. Currently, about 80% of the influencer marketing market is controlled by offline advertising agencies and a limited number of top bloggers. However, starting from 2015 the platforms carrying out brand communication and bloggers started to appear online, eliminating the middlemen and at the same time able to give the brands the necessary analytical information. Market leaders in this area are Famebit.com and Revfluence.com. Let's review the main competitors of PATRON.

Revfluence is a software solution for brands that want to build influencing relationships and content on a significant scale. The platform consists of four components: 1) search database with 500,000 influencers; 2) CRM software; 3) analytics dashboard to monitor the performance of one influencer / content with sales, followers and interaction; 4) the content library from which one can export the archives and track the results of images and videos on other sites, such as Facebook and Instagram. In their pricing policy Revfluence does not take a percentage of any payments on the platform and builds personal relationships with influencers and brands.

Shoutcart is a network that reaches over 200 million followers through thousands of influencers. They first started with Instagram, but recently they have also expanded to Twitter. Shoutcart is a platform for self-service. The advertiser may begin their work immediately with the minimum amount of \$50. They offer an extensive set of tools for testing the influencing factors and the possibility of providing statistics on specific campaigns that are carried out. Another interesting feature of Shoutcart is the possibility to buy links to biographies of influencers, which is very convenient for affiliate offers and direct promotions.

Ifluenz is a marketing platform with an influence of more than 7,000 registered Instagram users with an audience of over 500 million followers. Ifluenz has developed algorithms for the analysis, sorting and classification of influencing factors using a variety of criteria, including the following: the level of interaction, area of

interest, location, gender, age, etc. The algorithms chosen are compared to find the best influencers with relevant campaigns created by brands.

Indahash is a working platform which engages influencers in advertising projects of the largest international brands. Conducted through social media, the development of which involves the formation of relationships between brands and influencers, is based on blockchain and the use of internal utility. The platform itself brings together 370,000 influencers running over 1,000 campaigns in 70 markets. The platform is distinguished by a very high level of technical development and by the creation of smart contracts and escrow. Indahash staged a successful ICO at the end of 2017 and has attracted about \$42 million.

PATRON comparison with key competitors.

	Influencers	Followers	Case with global brands	App	Employees
Revfluence	500,000	10 048 000	+	+	50
Shoutcart	> 1000	200 000 000	+	-	50
lfluenz	7000	500 000 000	+	-	110
Indahash	370,000	13 500 000	> 1000	+	130
PATRON	Collecting	Collecting	Collecting	+	> 50

Source: ICORating.

Despite the quantitative assessment, it is impossible to determine the market share that PATRON could potentially occupy. Nevertheless, PATRON offers a number of interesting options, as well as their promise to reduce the average commissions of the platforms, which are currently around 40%, for influencers by 30-33%. Thus, the development of the influencer marketing market is far from over.

5. Team and Stakeholders

After analyzing the project team, advisory board, and their relevant experience and achievements, it seems strange that the project is not yet completed. The founders and advisers have the necessary experience and funds to complete the project independently, even at such an early stage. Considering the successful experience and realization of dozens of projects, the team component is an advantage of PATRON.

Tatsuki Nambara — the official ambassador. A businessman, prominent media figure, head of the Luft Holdings group with broad business interests, including car-rental, restaurants, medical and publishing.

Atsushi Hisatsumi — founder and CEO. Member of the Nobuo Ogawa, the founder of the world's largest manufacturer and supplier of LED diodes. One of the most successful influencers in Japan, singer, DJ, media producer, founder of a successful project on blockchain (Extravaganza), one of the investors of KickICO.

Mutsumi Ishihara — co-founder and CTO. A successful engineer and businessman in the IT sector.

Terry Shiraishi — CCO. Successful manager with more than 10 years of experience as a commercial director and producer, creator of a large advertising agency.

Kosuke Takada — CMO. Experience as a sales and PR manager in some of the largest Japanese companies, came to the project from Extravaganza.

Kayo Sato — project support. Successful WEB & graphic designer.

Satoshi Fukudome — CFO. Many years of experience in Big4, co-founder and top manager of Akira Fukutome, an international accounting advisory corporation.

Hideki Kimura — sales representative. Successful sales experience at Three-Call Co., KDDI Co.

The advisory board of the project includes prominent people such as:

Keith Teare – Executive Chairman of Accelerated Digital Ventures, a \$200m UK based Venture company. Co-founder of TechCrunch and EasyNet.

David A. Cohen – an expert in Artificial Intelligence, Cybersecurity, Edge Computing, Decentralized Software industry and recently in the Digital Currency and

the Blockchain industry. Named among the 100 most influential people in the crypto economy.

Toni Lane Casserly – entrepreneur, co-founder of CoinTelegraph, advisor to corporations such as SingularityU, Factom, The United Nations, Propy, HSBC, Cisco, P&G, Institute for the Future and St. Gallen Symposium.

Sam Lee – co-founder of Ethereum south China and south Asia communities, founder and CEO of CoinStreet, member and investor of many projects in the crypto segment and in IT with more than 20 years of experience. Participated in such projects as: the world's first 4G VOD service in 2012 with China Mobile, the first mobile wallet in 2003 with PCCW, the first project of SMS-verification of payments with VISA and Bank of China in 2002.

Yagub Rahimov – CEO and co-founder 7marketz Inc. Group.

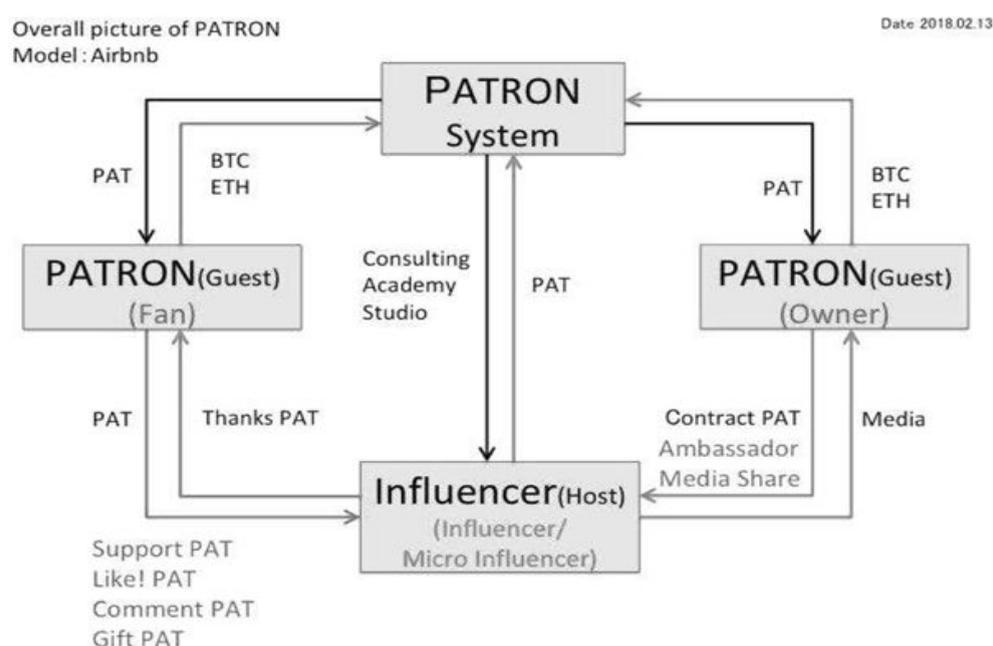
There is also a number of advisors to the project who are professionals in the fields of blockchain, IT, marketing, media, business, encryption, investment and finance. Among the investors of the project, PATRON names Suhas Shetty an expert and investor in the market of precious stones.

Many members of the PATRON team came from the successful project, Extravaganza, and were joined by strong advisors and business leaders. Together they have the necessary and relevant experience for implementing their ideas.

6. Token Analysis

Given the high level of qualifications of the team, it is unfortunate that the documentation is ill prepared and does not provide detailed answers about the role the token plays in the system.

PAT — Is a utility token. The functional description of it is limited by the following diagram given in the Whitepaper.



The team does not provide a textual description of the role of the token in the system. Based on this diagram, the token will be the main payment instrument on the platform. The following will be paid for in tokens:

- Contracts between a merger and an influencer;
- “Thanks” from the influencers to their fans;
- Payment for likes, comments, etc. on behalf of fans;
- Also, a possibility of communication between a token holder-fan and an influencer will be implemented, which will be paid for in PAT tokens.

PATRON is aiming to create an ecosystem, where they hope the reverse conversion of PAT tokens into traditional cryptocurrencies will be brought to a minimum. For this, influencers should pay for the services of consulting and training with the acquired tokens. However, these directions are not covered in detail in the PATRON documentation.

7. Analysis of Factors Affecting the Future Price of the Token

According to the Roadmap, the stage of development of the blockchain version of the application and the service will begin immediately after the ICO in March 2018. The app release is scheduled for June 2018. The process of influencer recruiting, and targeting will begin in July 2018. Roughly at this time the utility demand for the tokens placed during the crowdsale should appear.

Further pricing of the PAT tokens will depend on two factors:

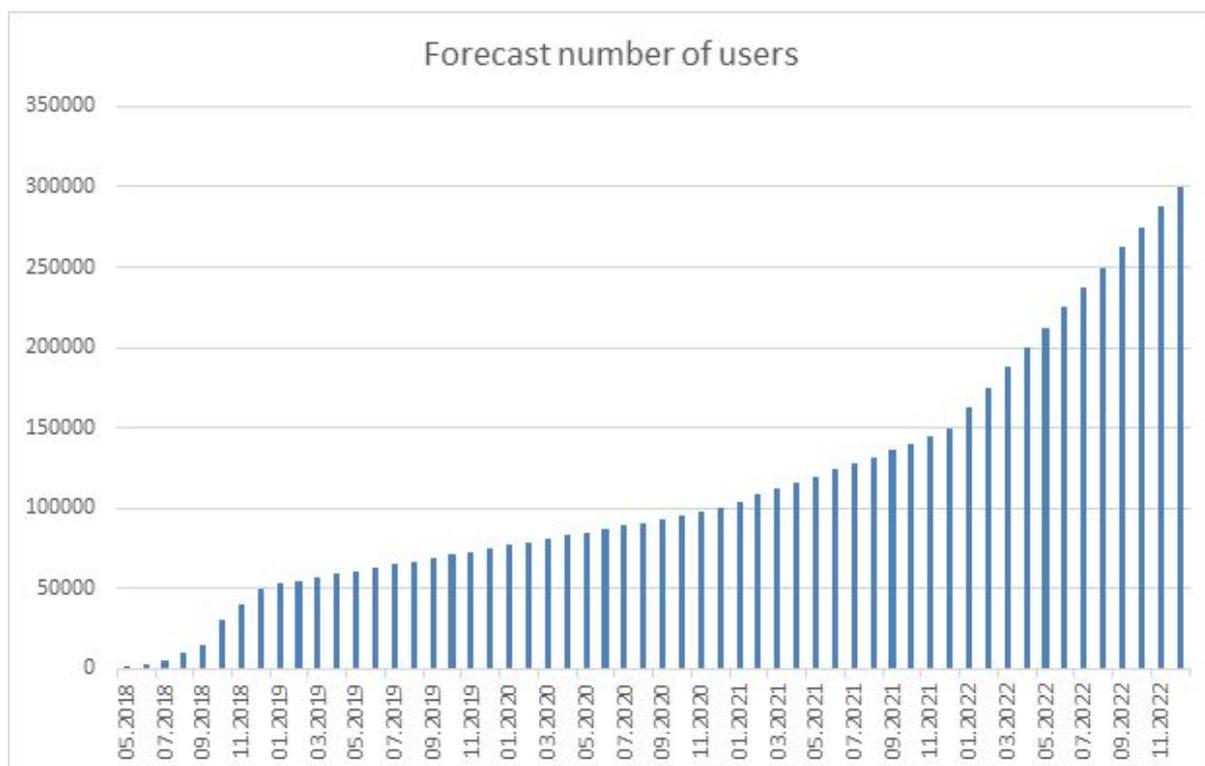
1. How popular and in-demand the service will be.
2. What percent of the influencers will use the consulting/academy/studio services.

According to the forecast of the founders themselves, by November 2018 there will be 40,000 users on the platform 36,000 of which will be influencers. The demand for the token will be \$1.4 million. By December 2022 there will be 300,000 users on the platform and the monthly turnover will be more than \$10 million, that is a quarter of the hard cap. And given that all predictions are fulfilled, the hard cap will turn over three times in 2022.

In the following chapter, we have provided comments concerning reaching 300,000 users by 2022. In the end of this chapter we have decided it necessary to present the token allocation, of 240 million PAT tokens, more than half of what will be sold during the private ICO and pre-ICO with considerable discounts, and only 36 million PAT tokens will be released during the main ICO. There is no data about any restrictions during the token sale on the early token holders, which could negatively impact the price of the token in the first few months after the ICO.

8. Investment Risk Analysis

Returning to the subject that we have touched in the previous chapter, the forecasts of the team concerning the growth of the platform popularity look highly optimistic.



In particular, this concerns the sharp increase in the number of users in Fall/Autumn 2018. The team does not give any justifications in the documentation as to how such an increase will be reached. We believe that there is a chance that the platform will attract users slower than they expect.

All in all, it should be noted that the quality of presenting information in the documentation is low. Apparently, the project team is not focused on the community in the broad sense of the word and is seeking investments through direct negotiations with major market players. This is a viable model of attracting investments in the ICO, however, it does not allow other potentially interested parties to duly appreciate the project.

According to the founders, the development has already started, however, there are virtually no results of said development except for the beta version, which is a catalogue of blocks, with photographs of potential influencers

(<http://patron-demo.collabo-consul.com>). This is the reason behind the technical risk for the token holders. It is unclear why is the team staging the ICO now when the app release is scheduled for June, since the sum requested during the crowdsale will not be fully spent on the app development. In order to decrease this risk, the team should first launch the app even with reduced functionality and only then proceed with the main ICO.

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.