

ICOrating

MDL TALENT HUB Rating Review (<https://mdl.life>)

ICO dates (24.03.2018 - 24.04.2018)



I C O R A T I N G

Web: [icorating.com](http://icorating.com)

Email: [info@icorating.com](mailto:info@icorating.com)

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

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# 1. Rating

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## **We assign MDL Talent Hub a “Risky” rating.**

MDL is a project for the creation of an ecosystem for entertainment talent and its employers, based on blockchain. The project aims at solving some main problems in the entertainment sphere - the difficulty of finding the exact required talent, a lack of transparency in financial relations, high commissions charged by intermediaries, the absence of a single reliable database of feedback on market participants and confirmation of their experience and reputation.

In our opinion, the project idea is valid, but the description of its concept and the rationale for the need to implement the product are rather superficial. The architecture of the future platform and its capabilities, functions of its participants, the unique role of the token in the ecosystem, and the technical features of the project are not described in detail. The financial model is not presented either, and the market review does not enable us to estimate the share that the project aims to occupy. There is also no analysis of the target audience or scenarios demonstrating how the Talent Hub platform provides a qualitatively new experience for users.

Based on the information provided, the founders have almost no experience in the field of entertainment and therefore there is a risk that the platform is not created to solve the problem, rather the problem is invented to justify creation of the platform. The entertainment sphere appears very opaque, giving the impression that some natural existing mechanisms can be used to eliminate any technical backwardness in this sphere. However, it should be understood that it is impossible to describe work involving artistic talent using a rigid system; selection of talented performers requires experience and intuition. This creates a risk that the team’s rich background in other areas will be irrelevant to the project.

The project also carries technical risks associated with the use of the new Skycoin blockchain, which is still under development judging by the project description. Other technical solutions that play key roles in the system are the InterPlanetary File System (IPFS) and Skyledger (CXO). They enable storage of user files in a distributed network. The functioning and security issues of these technologies are not disclosed by the founders.

## 2. General Information about the Project and ICO

The MDL Talent Hub project is creating a platform where talents can encounter those who need their skills. The founders highlight market issues including searching problems, the problem of counterparty reputation and the problem of the effective presentation of talents and skills.

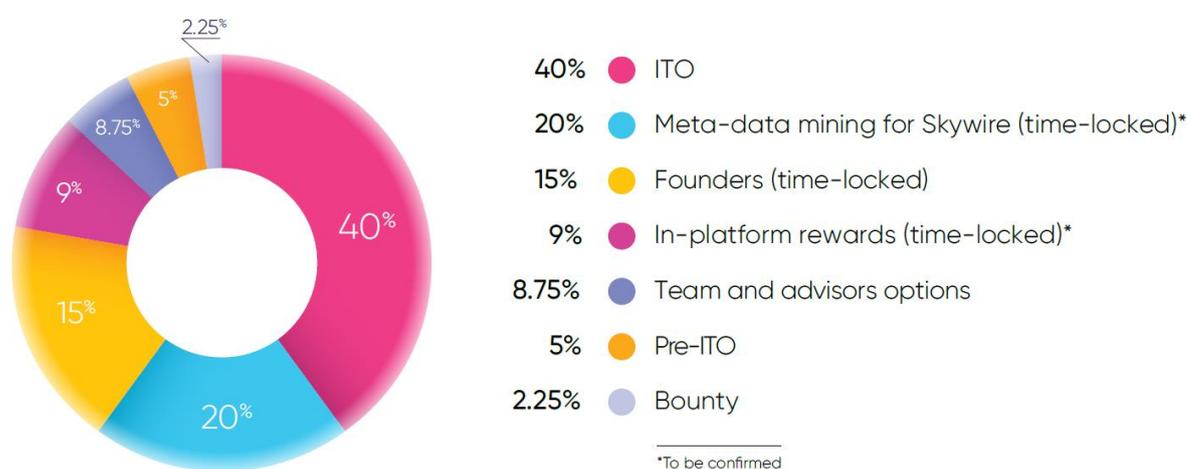
The company is legally registered in Singapore. The ICO is being staged in order to attract additional funding to be spent on platform development, business development, listing on exchanges and other project costs.

[Website](#)

[Whitepaper](#)

**Token: MDL**

**Token distribution:**



**Round 1: Private Pre ICO (closed in January 2018)**

**Hard Cap: \$0.5m reached**

**Round 2: Public sale**

**Start: 24.03.2018**

**End: 24.04.2018**

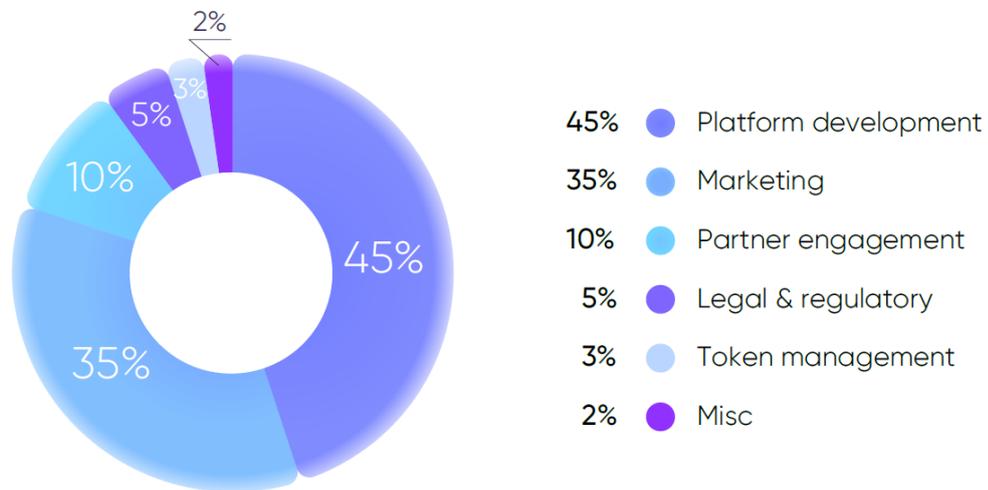
**Soft Cap: 200,000,000 MDL**

**Hard Cap: 400,000,000 MDL**

Period	Token price	Hard Cap
24.03.2018-31.03.2018	\$0.03	40m MDL
01.04.2018-07.04.2018	\$0.04	80m MDL
08.04.2018-24.04.2018	\$0.05	remaining amount from unsold 400m MDL

**Accepted currencies:** ETH, BTC, SKY and WAVES. Institutional investors will be able to purchase tokens with fiat currencies.

**Funds allocation:**



**Vesting:** Tokens allocated to the team and advisors will be paid in instalments over two years.

Investors need to undergo KYC procedure to participate in the ICO.

After the ICO (if not all tokens are sold out) tokens can be purchased from the project 10% more expensive than on the open market.

Funds attracted will be stored in fiat with the bank of Singapore.

### 3. Description of the Services and Scope of the Project

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Talent Hub aims to create a platform on which people with different talents will be represented in a convenient way: musicians, actors, models and others - with those who require their services. According to the founders, the process of selecting suitable artists for performances is non-transparent and poorly organized from a technical point of view. Thus, the service aims to introduce transparency into the industry and, if possible, guarantee compliance with conditions agreed at the start of an engagement.

The founders give screenshots of correspondence showing systematic abuse by unscrupulous agents who are an intermediate link between talents and those who employ them. The project will create a special reputation module to minimize such abuse. Thus, certain activities in the framework of the platform will be monitored and analyzed by mechanisms for working with Big Data, and some final result regarding a participant's reputation score will be recorded in blockchain. The following two points raise questions. First, the technology for establishing a participant's reputation in this case is centralized, which implies a potential for collusion between the founders of the project and a platform participant who wants to correct their rating for a fee. At the same time, other platform participants can only reliably check the invariability of previous reputation indicators. Secondly, even in the case of fully conscientious fulfillment of the task set, the founders do not disclose many technical problems. It is obvious to us that participants could use several accounts on the platform and stop using those accounts whose reputation has worsened. Potentially, the platform could be filled with bots and reputations could be falsified with their help. Methods to counteract this, for example economically, based on the number of tokens, are not described.

Another industry problem is the necessity of searching for suitable talent for further castings. To solve this problem, the project is planning to develop a special function that will enable users to present themselves in a convenient and attractive form and have several different profiles for this. These functions will be developed to create comp cards for talent, as potential employers usually have a minimum of time to spend on a particular applicant, so a comp card that makes a strong first impression is a very important factor in the business (the founders pay special attention to this).

A module that will enable users to buy insurance in MDL tokens to recover potential losses from dealing with unscrupulous counterparts will also be developed. Unfortunately, this function is not described in detail and raises many additional questions without answers. It is not explained what the founders consider to be an effective mechanism for resolving disputes regarding evaluation of opinions, responsibility for such decisions, or the legal aspect of this question; whether the community would be involved and somehow rewarded for this; how protection from potential fraud will take place, and other technical issues.

A single convenient calendar will be implemented, that will enable talents and employers to determine when cooperation is potentially possible and when a talent is already engaged. A function is also being developed that will enable brands and other

advertisers to provide discounts for their services to talents to promote their products. We think that the project will develop and demonstrate other convenient functions. However the founders unfortunately do not provide full examples and scenarios for the use of Talent Hub. The area in which the project aims to function, in our view is very different from any other area where quantitative assessment and creation of certain metrics are possible. The talent and potential of a performer cannot be measured, so producers and agents are a very important part of this industry. These people have developed skills to identify potential stars and promote them. This means that people from the film and television industries, creators of concerts and others will still resort to the services of individual agents and casting agencies, which must conduct a primary selection of talented performers with a final selection of the best ones. In this scheme, Talent Hub could be another intermediary enabling agencies to view candidates in a pre-prepared standardized form. We and many other people have difficulty in illustrating the real selection mechanisms used in these industries. They seem very closed, ambiguous and shrouded in various scandals. In our opinion, the founders have failed to disclose the key weak spots in the entertainment industry or justify a genuine need for their project.

The project uses a blockchain system based on Skyledger, which does not require commissions for transactions. The project is cooperating with Skyledger's creators, and the founders suggest familiarizing oneself with its documentation for understanding how this blockchain functions. Unfortunately, they do not give any detailed description of why they decided to use this technology or what its key advantages for the Talent Hub project are from the point of view of the team.

Talent Hub will apply the distributed data storage technology of IPFS and CXO on users' devices. Thus users of the network will store information about talents with their photos and video materials and receive rewards for this in MDL tokens on the bounty program. Unfortunately, the founders do not give any description of the operation principles of this technology, its advantages or any unresolved problems.

## 4. Market Review

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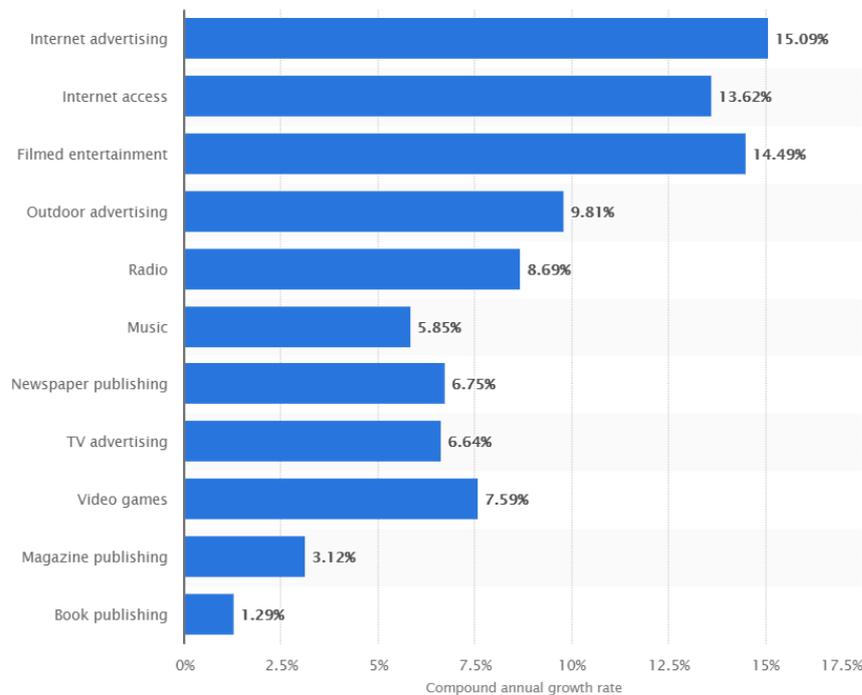
In a broad sense, the project aims to occupy a certain niche in the entertainment and media market. The founders cite data about the size of the global market, which should reach \$2.3 trillion in 2018. At first glance, the market seems very large but we need to figure out which market share is potentially accessible to the project. The fact is that the entertainment and media market consists of many aspects, such as access to services, advertising, content creation, broadcasting, journalism, music, video games and so on. Talent Hub aims to provide a platform that enables bookers to choose artists directly, therefore from our point of view, serious research beyond the scope of our review would be required in order to determine accurately what market share the project could potentially count on. We see casting agencies, modelling agencies and various events agencies that perform mediatory tasks in selecting the right performers for local performances or for participating in media projects, as the main competitors of the project.

Below we will describe our doubts about the correctness of the project's view on market problems, and the general competence of key team members in the subject area. Here we note that long-term forecasting is inexpedient due to what we consider to be these significant risks. The team will have to study the problems within the Chinese market in detail, which is the market focus in launching the campaign; therefore, success in this market will determine the potential of the project for the further development. We will also focus on the domestic market of China rather than the global one.

We will try to determine some indicators that Talent Hub can orient to. [PwC research](#) from 2016 states that the entertainment and media market should be worth about \$223bn by 2018. We were not able to find research on open sources that could be quantified by Chinese casting and modeling agencies, but in 2017 one example of [research](#) into the US market is cited showing the annual income of casting agencies to be \$875m, and another example of US market [research](#) showing annual revenue for modeling agencies to the amount of \$1bn. Based on the fact that according to this [research](#), annual income in this segment of the market in the US was \$635bn with a CAGR of approximately 3.6% in 2016, it was approximately \$658bn in 2017, which means that the share in profits from casting and modeling agencies is approximately 0.3% of total share of revenues. Thus we can make a rather crude assumption, completely ignoring any features and differences between countries, that the market share the project can count on is about 0.3% of total volume - about \$66m in the Chinese market.

As well as these doubts, we also want to highlight some positive trends and facts that will have a positive effect on the project. As [research](#) into the entertainment and media market for 2014-2019 shows, China has seen steady growth in all segments. Even if we discard those aspects of the entertainment and media market to which the project has no direct relationship, growth in the entertainment market will create a need for new faces and talent. The project has theoretical advantages over local agencies, since it

will provide a convenient mechanism for finding people in the global talent network. Working with a huge number of different small agencies is quite complex from a practical point of view and the search for talent via social media is not a simple task, as such media are primarily not designed for this and lack the appropriate functionality.



It can also be said that the project is part of the so-called staffing industry. This is a market for recruitment where the role of intermediaries is performed for the most part by recruiting agencies and related services. The world market size according to [research](#) is estimated as \$428bn in 2016 with China's share at 2%, approximately \$8.56bn. If we take into account the [data](#) on annual growth of 16% in 2017 and 2018 in China, the market volume will reach about \$11.5bn. Intermediaries in this market can be useful in finding an employee for the long-term or for long-term projects. When selecting talent, such agencies may receive a request for preliminary screenings of suitable professional performers who will then be invited to a further casting. The project has all the advantages over these agencies with its unified presentation system for performers. But again, it is not possible to make any quantitative assessment of such an appeal, and suspicions arise that selection of talent takes place through other channels peculiar to the sphere of entertainment. In theory, the project could add transparency to this process; however, it is not known how much that is required in this ambiguous market.

## 5. Team and Stakeholders

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Key members of the team include Dmitry Timokhin (CFO / COO), Roman Tronenko (CTO) and Dmitry Doronin (CEO). All the founders of Talent Hub have been living and working in China for a long time.

Roman Tronenko is an experienced developer who can use different programming languages, with a wide experience in online industries. He is one of the early specialists in IPFS technology, which occupies a key place in the framework of the platform. As stated, most users who are interested in China, the Chinese language or languages in general have used his applications, or applications which he co-developed. Roman took part in the development of solutions for Alibaba, chinesePod.com, italki.com and openlanguage.com. Roman is the founder of the [gogo.tattoo](http://gogo.tattoo) project, which also uses IPFS and blockchain technologies. Roman's competence and rich background convince us that the project should not have problems in implementing its conceived plans from a technical point of view.

Dmitry Timokhin has broad entrepreneurial experience, and has managed companies in China, Vietnam, Hong Kong, Taiwan and Russia. The documentation emphasizes that Dmitry's experience enables him to deal with various legal and tax issues.

Dmitry Doronin is the one team-member with relevant experience in the field of the project's activities. As stated, he is involved in the creation of TV commercials as a production coordinator and casting manager. He has experience of working as a model. However, according to his profile on [LinkedIn](https://www.linkedin.com/in/dmitry-doronin), Dmitry's relevant experience has been over less than two and a half years. This is curious, because such a short immersion in the subject area does not enable the opportunity to assess its needs and shortcomings fully and comprehensively. There are risks that the team will set and solve irrelevant market problems, which will prevent the project demonstrating its advantages over existing or long-running methods.

The project has prudently invited Monika Rofler and Chris Ihideo as advisors possessing experience in the relevant field, but the role of advisors should not be overestimated. From our point of view, for successful operation in such an opaque business, the project will need to develop workable business models and implement them. The founders' diverse experience shows that they are able to work in different directions but we still cannot expect quick success in the staffing industry sphere. The non-transparency of this market could be attractive to people who know how to create technical products, but the root of non-transparency in entertainment largely depends on an ability to work with talents on an individual level, and to feel potential in an artist that cannot be objectively measured. Our team suggests that this is the main cause for opacity in this market, as to discover talent you also need talent, and therefore the platform should help people who are looking for new 'faces'. The ability of the team in this area does raise questions, since working with creative people is a completely different kind of activity than any other that lends itself to a quantitative description. We

hope that the project will be supported by its partners, the TVCX casting agency and Cindy & Emma, in this regard.

## 6. Token Analysis

The project ecosystem will involve:

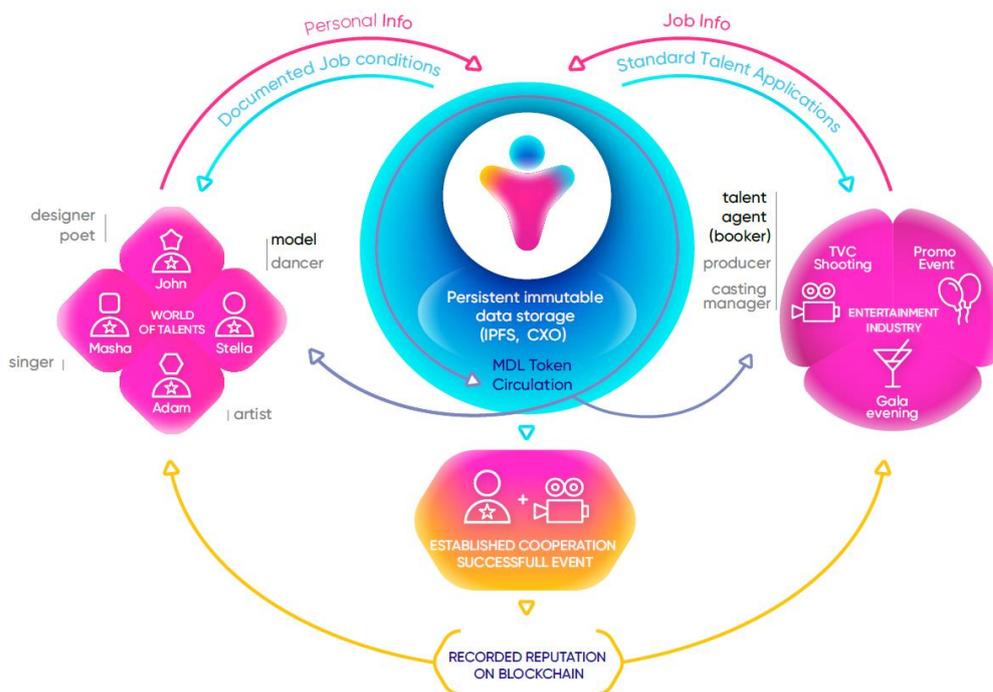
- Talents
- Customers
- Brands
- Safety pool

The interaction between these types of participant seems straightforward. Talents and potential employers interact with each other and all operations are conducted in MDL tokens. The project receives a commission for the process, also in tokens.

Brands can provide popular artists with a high reputation on the platform with services offered at a discount, so they can promote their brand using local opinion leaders.

A marketplace will be available on the platform where talents will be able to communicate with each other for trading and leasing their instruments.

Insurance is in place to mitigate against harm from potential interaction with any dishonest party.



The project token is a payment instrument to be used for internal operations within the platform. Each MDL token generates a MDL Token Hour every hour. These tokens are used to pay for transactions and prevent their excessive occurrence. They can also be used to pay for temporary services, for example, customization of profiles and promotion in the search bar.

In our opinion, the need for tokens on the platform based on the principles described is not obvious. If we do not consider the possibility for settling between participants in

cryptocurrency as an end in itself, then the business model of the project can dispense with the use of blockchain. A possible argument against this could be decentralized storage of information about reputations of participants. However, the process of entering information about a user's reputation is centralized, depending only on the project team, so a fundamental leap towards decentralization is not demonstrated. Moreover, transactions in cryptocurrency in practice will only create additional difficulties in terms of convenience and tracking current token rate which will undoubtedly fluctuate significantly in the medium term.

The project lacks an MVP, so an influx of users is impossible in the near future. Therefore the dynamics of token growth in the short term will be influenced solely by Talent Hub's marketing campaign which, in our opinion, is at a very low level. The page on BitcoinTalk has almost no live discussions; entries consist of endless messages about links to other social media. There are about 4000 readers on Twitter but they are extremely inactive; virtually all posts lack any comments. The Telegram chat channel has a lot of flooding not related to discussion of the project. We did not manage to find any substantive discussions involving potential users of the platform. Thus, we estimate community activity as extremely low.

Only the launch of the platform and a major influx of new users could affect fundamental token demand in the medium and long terms. Unfortunately, it is impossible to assess these factors because of the lack of a financial model or any adequate plans for entering the market. The marketing strategy is described very superficially and therefore cannot form a basis for any forecasts.

## 7. Investment Risk Analysis

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The key risk of the project from our point of view is its non-unique idea, which by and large is no different from regular talent-recruiter websites. A reputation module, i.e. a record of indicators on blockchain could be called a difference from these existing resources. In general, any resource has an internal rating system without exception, and on Talent Hub these results cannot be falsified due to blockchain. However, changes are made centrally, so the possibility of collusion in which the project could bring agreed indicators into the system for future evaluation, could be a negative factor for potential users. Moreover, potential attack on the reputation module via creation of multiple bots and spoiling the data is not considered.

We see a risk that users will be able to find each other on the platform and negotiate their interaction via other channels. In this case, Talent Hub would be a kind of talent directory which is used by professional participants in the talent market for their needs. The main mechanisms for the monetization of the platform would then be the placement of advertising, mechanisms for increasing participants' rankings, and other possibilities which are not considered now out of practicality.

As we noted earlier, the founders have not demonstrated a deep understanding of the market they are trying to enter. The team does have high competence when it comes to implementing complex goals in terms of development, but valid goals must first be set and in the case of Talent Hub, there is a possibility that the project will solve not existing real problems in the area, but instead, problems which the founders see by analogy with their experience in other areas. This experience could be very poorly correlated with the entertainment area, which is largely unique for reasons already discussed. For successful selection of creative talent, the selector must have unique skills themselves; so, as noted, this sphere is still old-fashioned in its manner of staff selection. Scandals and events which in other areas of business would lead to negative consequences for participants, can easily create additional interest in this sphere and promote artists. Not all principles that work in one area will work in another, especially in such a singular area as the employment of talent.

Talent Hub uses a new blockchain developed by the Skycoin project. Judging by this project's materials, it is based on quite interesting mathematical principles from our point of view. However, the product is in development stage; it does not even have a full-fledged white paper from which we could glean all its features, and existing descriptions of the consensus algorithm leave some technical issues unclear. Storage technologies used in the distributed registry InterPlanetary File System (IPFS) and Skyledger (CXO) are also new. The founders use the term 'PIDS' for these, but relevant search results for the indicated abbreviation cannot be found. Any new technology has inherent needs for improvement and as yet-unknown glitches and bugs.

The founders' reflections on a fast future involving artificial intelligence technologies and ubiquitous robotics performing all simple tasks, taking away routine work for people also invite concern. One of them is that the team is building a business strategy based not on the medium-term or real market needs but on an idea of a bright future necessarily

involving many singers, musicians and actors. Thus, there is a risk that the founders have set themselves the task of creating a product for a long-term or even unevidenced future, rather than solving current problems.

The project team lacks professional lawyers, and the project does not use the services of agencies that specialize in dealing with cryptocurrencies. For these reasons, we highlight regulatory risks inherent in all projects involving cryptocurrency.

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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.