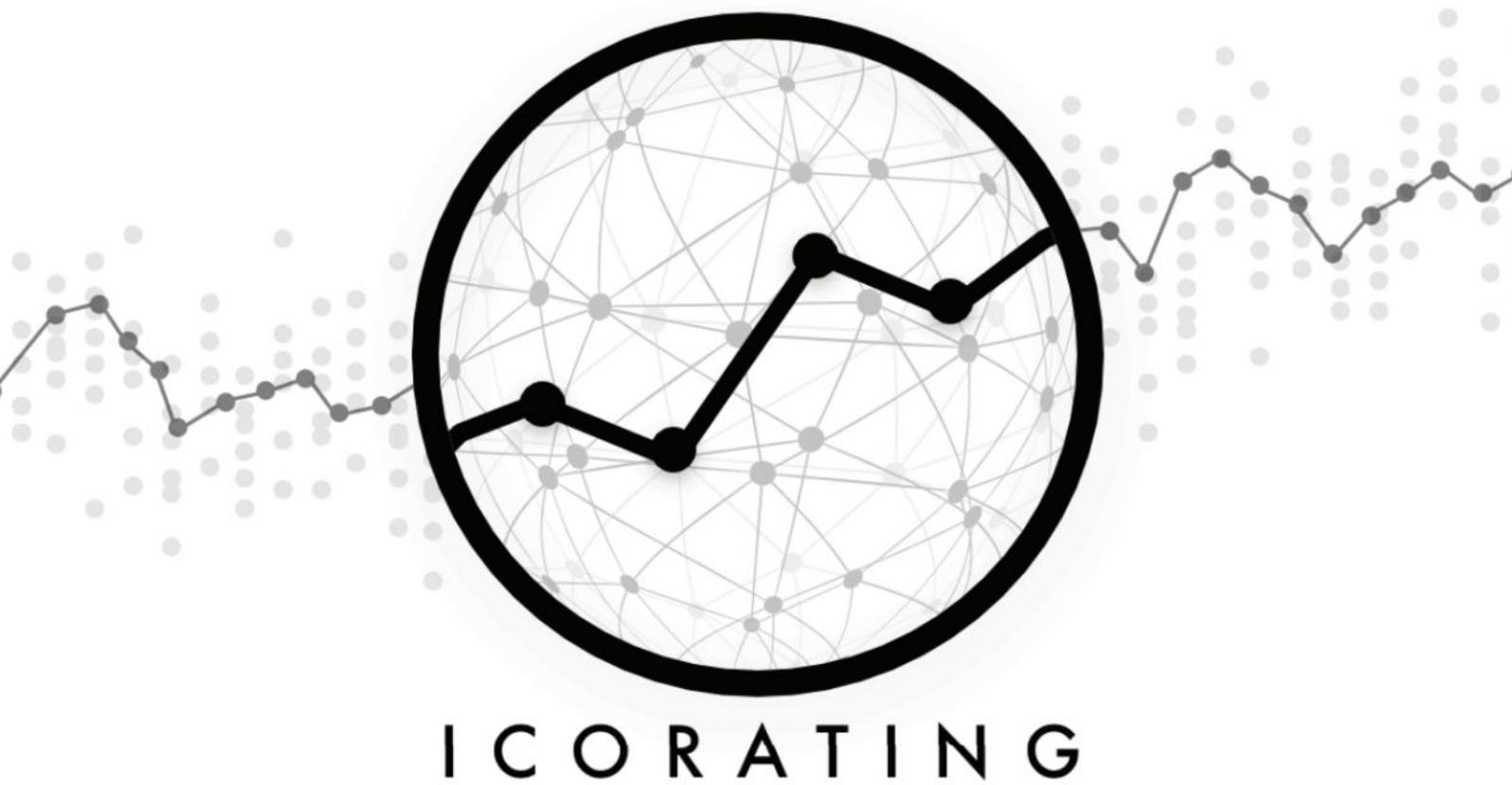


# ICOrating

CONFIDEAL Rating Review (<https://confideal.io/>)

ICO dates (02.11.2017 — 22.11.2017)



I C O R A T I N G

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# 1. Ratings

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**We assign the Confideal project a "Stable" rating. We recommend buying CDL tokens during the ICO to long-term investors whom are aware of the risks identified in this review, primarily legal and market ones. During the ICO, tokens will be sold at a discount, so it is advisable to participate at the very beginning of tokensale for a maximum discount.**

We assess Confideal as a rather risky but high-quality project, returns from which can be expected in the long term. CDL tokens have prerequisites for long-term value growth, and may be interesting for the purpose of speculative earning. Financial support from the Government of Ireland, the availability of a working MVP, a large number of qualified experts in the team and among the advisors, simplicity and high potential for implementing its idea of confidential transactions based on a smart contract are definitely strengths of the project.

Among the risks for the project, the legal issue primarily stands out, especially against the backdrop of recent actions and statements by authorities in world financial centers (USA, Singapore and Canada). The team does not bring investors' attention to this aspect; meanwhile, with the appearance of the slightest barrier between business and transactions in cryptocurrency, a business will be unlikely to risk and make payments in virtual currency, provoking the disapproval of national regulators. But in fact b2b is the most capacious segment - a potential consumer for Confideal's services.

In addition, when considering Confidential's business model, the risk of underfinancing of its operational activities is highlighted, due to the heterogeneity of the commission structure regarding the processing of ETH and CDL transactions. Also, the project's reference point of the confidential transaction market entails the possibility that consumers simply will not accept the service, due to low loyalty to technological innovations and possible administrative barriers.

## 2. General information about the Project and ICO

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Confideal is a project that is creating a service for conducting confidential international transactions in peer-to-peer network format (p2p) using blockchain technologies without intermediaries. Its own developed platform enables Confideal to offer solutions for individuals to complete transactions at low cost quickly and safely. The project's services, in view of their digital nature and technology can support complex solutions, integrating the principles of IoT, as well as the capabilities of Ethereum smart contracts.

Currently, experts in blockchain technology agree that the potential of Ethereum smart contract technology offer opportunities for transferring many offline operations to the online sphere. In fact, Confideal suggests using these opportunities in relations between economic agents.

Although the project is not unique, there are several ICO projects similar in functionality; however there is no full-fledged analogue of Confideal on the market. The international transaction market is seldom the first to use technical innovations, since the large corporate structures which create the bulk of turnover are often characterized by rigidity regarding business model and a heavy bureaucratic load. Therefore projects such as Confideal have a high market potential in the presence of significant risks.

Confideal grew out of the fintech program of the Business Incubator of Moscow Higher School of Economics and approached its ICO after being evaluated by professional investors; in July 2017 the project won a grant of 50,000 euros from the Irish state fund accelerator (Enterprise Ireland). At the end of 2018, subject to good performance and rapid growth, Confideal will be due another 500,000 euros. In addition to investments, the project has received mentoring support, assistance with the siting and registration of the company and access to professional contacts and market experts.

The CDL token offered by Confideal is infrastructural; it provides for the possibility of settlements between counterparties (made in CDL) without commission. In the case of transactions in ETH (it is planned to use ETC, EOS, XTZ, and the ERC20 tokens of Bancor, Aragon, Bat, etc.), parties must pay a 1% commission. CDL tokens also give the right to vote within an arbitration system.

Confideal has declared a guarantee for the redemption of CDL tokens in exchange for other ERC20 tokens, which will accumulate as a result of commission payments from participants (provided they are sufficient.) Exchange will be at the rate of 1 to 1.5 in dollar terms. The team does not disclose the future fate of redeemed tokens; most likely they will be returned to turnover via sale on the open market.

The project is legally represented by Confideal Ltd, registered in Ireland. The project website has two documents: Terms and Conditions, and Token sale agreement.

**Website:** <https://confideal.io/>

**White paper:** [https://confideal.io/pdf/confideal\\_whitepaper.pdf](https://confideal.io/pdf/confideal_whitepaper.pdf)

**Medium:** <https://medium.com/@confideal>

**Twitter:** [https://twitter.com/confideal\\_io](https://twitter.com/confideal_io)

**Facebook:** <https://www.facebook.com/confideal.io/>

**Bitcoin talk:** <https://bitcointalk.org/index.php?topic=2201499>

**GitHub:** <https://github.com/confideal>

**Reddit:** <https://www.reddit.com/r/Confideal/>

**Telegram:** <https://t.me/confidealioeng>

**LinkedIn:** <https://www.linkedin.com/company/11040676/>

**ICO start date:** November 2nd, 2017, 00:00 CET

**ICO end date:** November 22nd, 2017, 00:00 CET

**Hard cap:** 70,000 ETH (~ \$22,000,000)

**Soft cap:** 5,000 ETH

**Token:** CDL, standard ERC-20

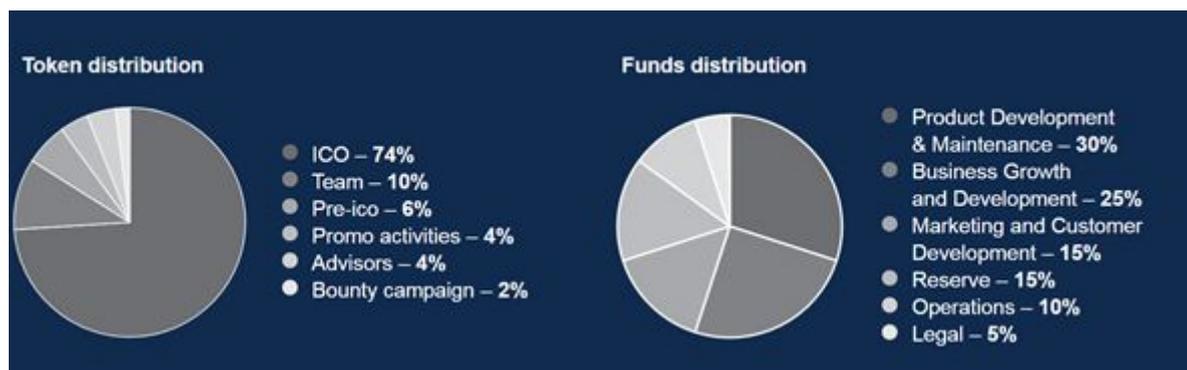
**ICO price:** 1 ETH = 1,000 CDL

**Accepted payment:** ETH

**Total emission:** 100,000,000 CDL

**On sale:** 74,000,000 CDL

### Distribution:



- The pre-ICO was staged on August 15, 2017; the bonus was 50%. In the white paper, the team states that 6 million CDL were sold for 3000 ETH.
- Team Reward: 10% of the total token supply frozen for 6 months after the end of the ICO
- Tokens which are not redeemed during the ICO will not be issued, i.e. only those tokens that have been bought out will be in circulation.
- There will be no release of new tokens after the ICO

The bonus system during the ICO, depending on the volume of attracted ETH is given below:

ETH	0-5%	6-26%	27-42%	43-56%	57-69%
Bonus	25%	12%	8%	5%	3%

### 3. Project services and their usage

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Confideal is a confidential service for quick transactions with the help of smart contracts, created in a bespoke application. Since smart contracts are electronic algorithms, if properly filled they can repeat the generally accepted contract process when executing a transaction between counterparties. At the same time, smart contracts are created within blockchain, which makes them as safe and anti-fraud as possible.

Currently Confideal is a web service exclusive to PC, for which the MetaMask add-on for either Chrome or Mist browser is needed in order to operate. Within the framework of these ancillary services, access will be granted to the full functionality of smart contracts, a wallet and a key for Confideal user's personal area. Also account will be used for digital signature of smart contracts.

The Mist browser<sup>[1]</sup> or MetaMask add-on for Chrome is one of the most popular ways to store Ethereum and deal with smart contracts online. These decentralized applications are already well proven and have high user ratings<sup>[2]</sup>, so their choice seems logical; however, a serious drawback is their current lack of support for smartphones; the company is planning to commence the process of working with contracts via smartphones in 2018.

The mechanism of interaction between service and client is quite simple. One of the parties creates a contract in the application, filling in all information and terms of the transaction (body of contract), including a second-party wallet, after which both parties sign this smart contract with their own unique keys. The contract is written on blockchain, so it is impossible to change this information.

After the formation and launch of the smart contract, the settlement process between contractors takes place and the transaction closes either successfully after the fulfillment of all conditions, or it is broken by agreement of both parties, or the transaction is broken and the arbitration mechanism provided by the service is launched.

The Confideal arbitration mechanism performs the function of resolving disputes that arise in the course of a transaction in analogy with judicial system. Qualified third parties participate - arbitrators, who can be both legal companies and private lawyers with proven competence (members of the association, arbitration centers, etc.) Arbitrators have their own accounts within the service, in which all information about

them is reflected. Confideal personally handles the admission of potential arbitrators, filtering unqualified candidates.

The choice of arbitrator occurs by mutual consent of the parties at the moment of creation of a transaction. The motivation for arbitrators is receipt of commission fees - up to 10% of the amount of the contested contract for resolving the dispute.

In order to optimize the process of choosing an arbitrator, the Confideal service provides an arbitrator rating that is formed on the basis of both objective and subjective indicators. Objective indicators (70% weighting in the assessment) are response speed, the number of resolved disputes, and the completeness of one's own characteristic. The rest of the assessment is formed on the basis of a subjective indicator, which is a CDL tokenholder vote. 10 CDL tokens correspond to 1 vote.

The auxiliary mechanism for assessing arbitrators is a voting system of parties to each transaction on the work of the chosen arbitrator. After completion of the arbitration process, counterparties may "like" or "dislike" the arbitrator. The total number of these ratings will be displayed on the arbitrator's profile, but will not affect his overall rating. Confideal indicates that this system of "likes" will prevent manipulation of the rating, for example, if a large number of CDL tokens is owned by one party involved.

Since a fully digital arbitration scheme generates associated risks for counterparties (for example, the inability to collect funds offline), there are two possible arbitration options:

Arbitration court - an arbitrator's decision is sent to national courts for the subsequent execution of judgments by a judicial system (bailiffs). Arbitrators do not have the right to execute their decisions in this case. In fact, this variant of arbitration is the most justified from the point of view of international law, however it may take the most time.

Mediation - a third party (the arbitrator) is engaged in resolving a dispute, making a decision and enforcing it. This method of arbitration is the main one for Confideal, as there is no strict legal national and international regulation. It also takes less time to execute a decision - all foreclosures take place within the framework of the Confideal service, and therefore without the need for bureaucratic procedures and state institutions.

Since parties do not use third party services for transactions, smart contracts provides for a mechanism for escrow funds. This function is widely known and allows

securing all parties against fraud. It is the arbitrator who receives deposited funds and decides who should receive them.

Transactions within the system can be made using ETH and CDL tokens. When paying for contracts in ETH, Confideal will charge a commission of 1%; commission is not charged when paying in CDL. CDL tokens also provide the opportunity to vote for arbitrators, participating in the formation of their rating and can also be changed into other ERC20 tokens.

Currently the Confideal project has a working MVP in the form of an application on its website; it was released in March 2017 and since then it has been updated several times. The process of creating a contract with the Confideal application is as follows:

## New contract

Name

This name will be displayed only in your dashboard, not visible for counterparty

You are  a client  a contractor

Counterparty

Ethereum address of the counterparty

Agreement 

Please specify all the details. What are the names of the parties and how can they be contacted? Which of the parties is the Customer and which party is the Service provider (Contractor)? What is the subject of the contract? What is the scope of work? How do the parties agree on modifications to the initial conditions? How do the parties organize progress tracking and reporting on the result?

Period since client's payment till  of

Price per unit  ETH

Quantity  pcs

Price  ETH

Confideal fee to be paid by the client: 0 ETH (1% of the contract price)

Down payment Due at closeout  
  %  %

Who pays the Confideal fee?  a client  a contractor

Penalties  Late fee

[1] <https://github.com/ethereum/mist>

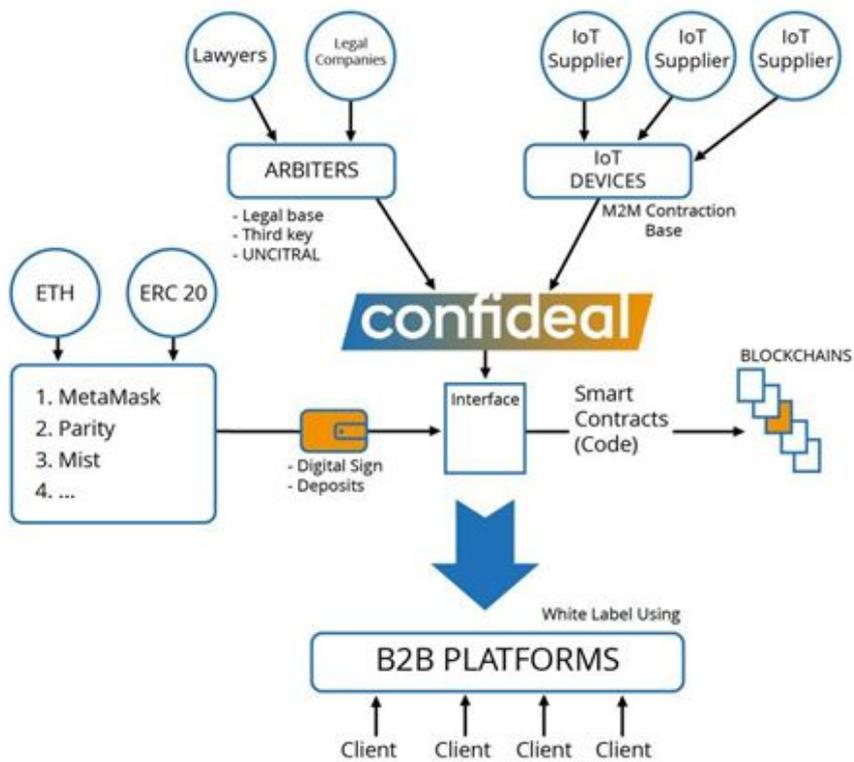
[2] <https://chrome.google.com/webstore/detail/metamask/nkbihfbeogaeaoehlefnkodbefgpgknn>

The application enables customization of the terms of the transaction from price to penalties incurred.

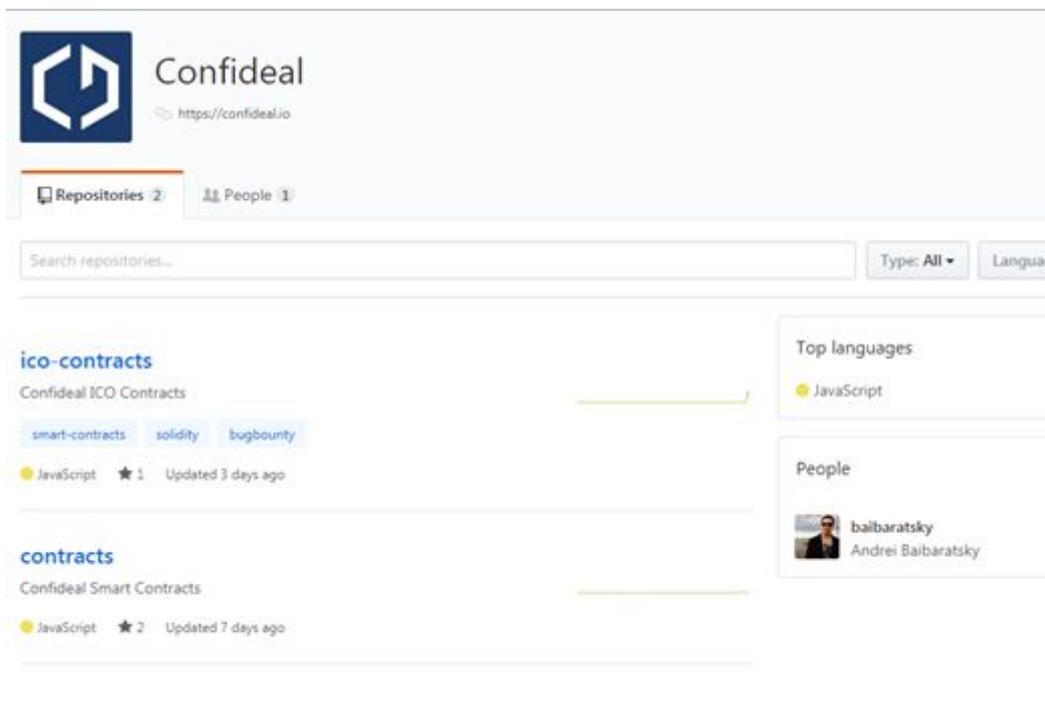
Given the wide possibilities for fulfilling the conditions of a smart contract, it is possible to design different transactions using the Confideal service. With the provision of smart access to third-party information providers (IoT sensors, devices, services), it is possible to implement the entire transaction cycle online. The team provides many illustrations of the use of the service in the white paper:

- Basic trade in goods.
- Trade in goods (including international) using GPS tracking.
- Implementing offline services (sending scanned documents to a counterparty) or online.
- Long-term contracts with deferred / phased payment.
- Chain Contract: indication within the smart contract of data for another related contract.
- Sale of real estate for cryptocurrency.
- Multilateral transactions (involving 3 or more parties, with activation at different stages).
- A pledge in cryptocurrency.
- Rental of goods, real estate, including using IoT (for example, smart locks in hotels)

The general scheme of interaction for the platform, blockchains and third-party services is the following:



The website also has a link to GitHub, where the code for the ICO and the smart contracts for the platform are posted.

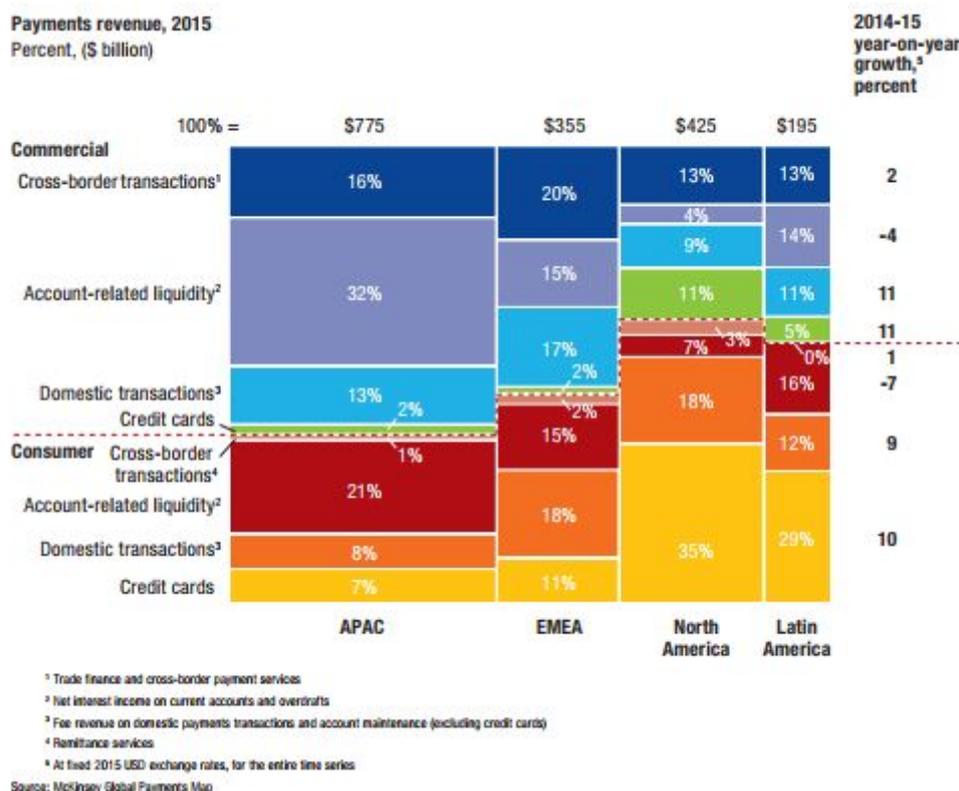


## 4. Engineering solutions

The Confideal market analysis presented in the documentation is in itself rather superficial and made without reference to the project. However, given the universality of the service, it is difficult to correctly assess the scope of the market.

Confideal positions itself primarily as a player in the cross-border transactions market, although the service can be used for other matters. From this point of view, the project can be evaluated within the payment services sector.

According to the McKinsey Global Payments report of 2016<sup>[1]</sup>, revenue to service companies from cross-border payments worldwide amounted to \$303.2 billion in 2015, representing 17.32% of the total volume of services provided by such companies.



These payment intermediaries already occupy a separate sector of the world economy, and it is growing rapidly - according to McKinsey's forecast, the total revenue of such companies will total more than \$2.2 trillion by 2020. Confideal intends to enter a fast-growing and high-tech market and gain a niche.



It is also worth noting that the Asia Pacific region is growing at an accelerating pace, with China playing a huge role. At the same time, Confideal does not provide a strategy for priority sales markets, but most likely these will be North America and Europe.

Despite the difficulty in calculating real figures regarding the market's capacity for the project, its great potential and attractiveness is without doubt. However as we identified earlier, the segment for cross-border transactions is not the most technically advanced; Confideal may have difficulty in gaining an audience for the product.

In this regard, the team indicates that initial clients of Confideal will be individuals involved in cryptocurrency and blockchain:

- Miners and intermediaries can use the services to set up contracts for the supply and use of computing power.
- Blockchain companies - forming contracts servicing operational activities (personnel issues, settlements with contractors)
- Exporters - small trading companies, not burdened by corporate procedures or increased attention from the authorities, familiar with the crypto industry
- Real estate vendors - although those in this business line are often unfamiliar with blockchain, use of escrow mechanism for real estate transactions is gaining popularity. There are also a number of major projects in this field (Atlant, Propy)

<sup>[1]</sup> [https://www.smefinanceforum.org/sites/default/files/post/files/McKinsey\\_Global\\_Payments\\_Report\\_2016.pdf](https://www.smefinanceforum.org/sites/default/files/post/files/McKinsey_Global_Payments_Report_2016.pdf)

## 5. Development strategy and Roadmap

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Confideal presents a detailed development map until the end of 2018, indicating the terms, objectives and amount of funding for each stage.

The team has an alpha version of the platform (MVP), developed by a smart contract for the ICO. MVP platform can already be tested on Confideal website. It is worth noting that the availability of a working service is a rarity in the ICO market.

Further development of the project will take place within the framework of an 8-step roadmap:

	Developing ideas	Date	Costs
1st phase	<ul style="list-style-type: none"> <li>• Mediation - personal offices for arbitrators in which they can track disputed contracts that have been submitted.</li> <li>• API and Confideal Widget</li> </ul>	4Q 2017	5,000 ETH
2nd phase	<ul style="list-style-type: none"> <li>• Possibility of step-by-step payment for transactions (service will remind you of the need for payment)</li> <li>• Arbitration deposits of responsible parties</li> <li>• Document repository - for transaction-related documents</li> <li>• Support cryptocurrencies tied to fiat</li> </ul>	4Q 2017	11,000 ETH
3rd phase	<ul style="list-style-type: none"> <li>• Control of document versions - the parties can simultaneously coordinate and adjust the contract online without leaving the service.</li> <li>• Functions of filters and analysis of transactions (smart contracts)</li> <li>• Exporting smart contracts to a file for offline interaction</li> </ul>	1Q 2018	10,000 ETH
4th phase	<ul style="list-style-type: none"> <li>• Arbitration (Arbitration Court) - implementation of the function under which it is possible to go beyond the limits of Confideal arbitration and submit the contract for consideration to arbitral tribunal for</li> </ul>	1Q 2018	6,000 ETH

	consideration within the framework of national and international law.		
5th phase	<ul style="list-style-type: none"> <li>Extension of the range of supported languages: Spanish, Chinese, Russian, German, French</li> </ul>	2Q 2018	10,000 ETH
6th phase	<ul style="list-style-type: none"> <li>Implementation of IoT functionality - connection of external sensors and other data sources to a smart contract.</li> </ul>	2Q 2018	
7th phase	<ul style="list-style-type: none"> <li>Status (<a href="https://status.im">https://status.im</a>) - mobile version of Ethereum client. Users will be able to manage contracts via smartphones</li> <li>Parity (<a href="https://parity.io/">https://parity.io/</a>) - Ethereum browser for interacting with Ethereum applications</li> </ul>	3Q 2018	12,000 ETH
8th phase	<ul style="list-style-type: none"> <li>Expansion to other blockchain platforms, that support smart contracts (Ethereum Classic, Qtum, EOS, Tezos)</li> <li>Installation of Confideal service on the district0x platform (<a href="https://district0x.io">https://district0x.io</a>)</li> </ul>	4Q 2018	16,000 ETH

Thus by the end of 2017, the team is planning to implement personal offices for arbitrators, the development of an API as well as widgets for placing the service on websites of client companies, the introduction of the possibility of step-by-step payment for contracts, the storage of accompanying documents, and the release of cryptocurrency, tied to Fiat to reduce currency risks for goods and services suppliers.

In 2018, Confideal also has big plans to develop its service: among other things, it is worth mentioning the introduction of the possibility of concluding contracts based on incoming external information (for example, geolocation), management of contracts from smartphones and the introduction of five new languages.

## 6. Team

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The Confideal team consists of Russian specialists. The project has a page on LinkedIn, the link to which is shown on the official website, and is quite active; 10 people are identified as employees. It should be noted that with the ICO coming up, the team and the list of consultants are expanding, and include international consultants.

**Peter Belousov** ([LinkedIn 1](#), [LinkedIn 2](#), [Github](#)) – founder and CEO of the Confideal project. Responsible for Business Development and Product Development. Graduated from Kamchatka State Technical University with a degree in Economics and Management In 2010: it is possible to find his scientific work at this university via open access<sup>[1]</sup>. Has been working in the Corporation for Development of the Kamchatka Territory as an expert analyst for two years: many records can be found in free access<sup>[2]</sup>. Peter indicated that he is co-founder of My's Book<sup>[3]</sup> online service; we could not verify this information. There is information on the website of the business incubator of the Higher School of Economics<sup>[4]</sup> about Peter as a graduate of fin-tech program of the School, with information about the receipt of 50,000 euros from the Irish government fund.

"Assuming rapid growth and good metrics, the company has a chance to receive additional investments up to €500,000 within 18 months. In addition to funding from Enterprise Ireland, the project will receive mentoring support, assistance with siting and registration for the company, access to an extensive network of contacts and experts.

The project sent this application in April; in June the project was invited to the qualifying pitches in the city of Waterford among 12 international teams from Russia, the USA, Australia and Ireland. As a result of the contest eight projects were invited to participate in the Competitive Start Fund program."

**Andrei Baybaratsky** ([LinkedIn](#), [Github](#)) – co-founder and CTO of the project. Responsible for Product Development, Software Development and Technologies. Lives in Barcelona; graduated from Omsk State Technical University in 2007, graduate student of the Department of Physics<sup>[5]</sup>. Former technical director and co-founder of the famous real estate search service MLLS<sup>[6]</sup>; Andrew can be seen among the owners of the company in open sources<sup>[7]</sup>. LinkedIn profile has information that Andrew was CTO of advertising service in Cinemarketing<sup>[8]</sup> theaters - it was not possible to check this information. Technical director and co-founder of Magnetic Project<sup>[9]</sup> - there is information about the registration of Andrew for the

events as CTO<sup>[10]</sup>. Active developer of Github; active user of StackExchange<sup>[11]</sup> which indicates that he is CTO for Confideal.

**Egor Khromov** ([Github](#), [FB](#)) - Software Development and Technology. We could not find reliable information about Egor's professional activities. There is information on GitHub only - Egor laid out code developments in March-April 2017 in four repositories, but their connection with Confideal is unknown.

**Philip Khomenok** ([LinkedIn](#)) – Community Relations, Marketing. Graduated from the Moscow Aviation Institute in 2010 with a degree in Applied Informatics in Economics. Extensive experience in marketing. On open sources Philip is mentioned as a cryptotrader<sup>[12]</sup>, CTO of the NewPublisher<sup>[13]</sup> online store and managing partner for the BE ON TREND<sup>[14]</sup> Internet projects development agency. Also many orders for freelancers on FL<sup>[15]</sup> can be found, where Philip has a good rating as a customer.

**Alexey Semyonov** ([FB](#)) - Product Development, Marketing. We could not find any information about Alexey or links to professional social media.

**Iskander Ishmukhambetov** ([LinkedIn](#)) - Project Manager. Graduated from Higher School of Economics, specialization: the economy of the PRC. Previously worked as an analyst in Association of Clusters and Technoparks, Moscow.

Currently an extensive pool of professional consultants is involved in the project: Reuben Godfrey (co-founder of the Blockchain Association of Ireland), George Basiladze (ICOpromo.com), Alexander Rugaev (Cryptopay), well-known blockchain specialist and project manager Alexei Soloviev (QIWI)<sup>[16]</sup>, Anton Sazansky (ICOpromo.com), Vladimir Efremov (trendlaw.ru), Petr Bel (bzntm.com), Johan Lek (Dana Aria consulting), lawyer Lyudmila Kharitonova (Zarcin, Jankowski & Partners)<sup>[17]</sup> and Spanish strategic consultant Alejandro Klock (CE Consulting)<sup>[18]</sup>.

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[1] <https://elibrary.ru/item.asp?id=17215633>

[2] <http://krkk.pro/press/spetsialisty-korporatsii-razvitiya-kamchatki-otsenili-perspektivnye-ploschadki-dly-a-razmescheniya-proizvodstva-rossiysko-italyanskogo-predpriyatiya-kamit.html>

[3] <https://mysbook.ru/>

[4] <http://inc.hse.ru/article/2017/07/18/hse-pro-fintech>

[5] <https://cyberleninka.ru/article/v/sintez-uglevodorodnyh-modifikatorov-i-issledovanie-ih-vliyanija-na-tri-botehnicheskie-svoystva-polimernyh-nanokompozitov>

[6] <https://mlsn.ru/>

[7] <https://sbis.ru/contragents/5501216539/550101001>

[8] <http://cinemarketing.ru/>

[9] <https://spb.hh.ru/employer/983235>

[10] <https://runet-id.com/event/riw13/users/?page=54>

[11] <https://ethereum.stackexchange.com/users/5905/andrei-baibaratsky>

[12] [https://www.dp.ru/a/2017/05/31/Vse\\_tancujut\\_bit](https://www.dp.ru/a/2017/05/31/Vse_tancujut_bit)

[13] [http://newpublisher.ru/we/editorial\\_board/](http://newpublisher.ru/we/editorial_board/)

[14] <http://www.sbcstart.ru/#hashteam>

[15] [https://www.fl.ru/users/gsar\\_skyes/projects/](https://www.fl.ru/users/gsar_skyes/projects/)

[16] <https://qjwi.com/lenta/news/item.action?id=7748>

[17] <https://zakon.ru/zarlaw>

[18] <http://ceconsultingrusia.com/index.php/team/mary-jane/>

## 7. Marketing strategy

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Marketing support for the project is extensive. The main source of communication is the Facebook page (70,652 followers) and Telegram (304 members). There are also accounts on Twitter (1,014 followers) and Reddit (14 followers). There is also a branch on Bitcointalk, but activity is low (9 pages of comments). The team makes FAQ videos, and streams with the participation of the founders.

Announcements about the project are posted on major cryptoportals:

newsbtc.com

(<http://www.newsbtc.com/2017/09/25/confideal-smart-contract-management-service>)

; cryptoninjas.net

(<https://www.cryptoninjas.net/2017/09/22/confideal-end-complicated-processes-forming-signing-managing-smart-contracts/>);

bitcoinist.com

(<http://bitcoinist.com/confideal-company-announces-release-smart-constructor-launch-crowdsale-campaign/>).

Petr Belousov is Forbes Contributor<sup>[1]</sup>, and the news that the Irish sovereign government fund Enterprise Ireland has invested in Confideal has become widespread, especially in Russian-language media<sup>[2]</sup>. In addition, according to the first post on Facebook, the founders are well acquainted with Vitalik Buterin, who tested their application.

The Confideal team actively participates in activities devoted to blockchain technologies; the website hosts a schedule of visits to events in different countries. In October-November the team is planning to attend events in Dubai, Monaco, Las Vegas and Davos.

In the Confideal budget, 15% of funds raised are intended for marketing purposes, but the documentation does not say much about the marketing strategy in the context of bringing the product to the market. The plans of the founders have been announced in the media. "We are planning to spend five months in Dublin, we want to enter the market and find b2b clients in Europe working with cryptocurrency, make sales for at least 500 contracts and create a database of arbitrators for the arbitration system," says Confideal CEO Petr Belousov<sup>[3]</sup>.

Given the dynamic of public interest in the project, we can talk about the great work achieved in the last month in terms of marketing the project, but the marketing strategy for the launch is not properly worked out.

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[1] <http://www.forbes.ru/profile/343841-petr-belousov>

[2] <http://firma.ru/data/news/59772/>

[3] <http://inc.hse.ru/article/2017/07/18/hse-pro-fintech>

## 8. Competitive Advantages of the Project

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Various decentralized asset management platforms, such as Propy, Real, MyBit, LAToken, etc can be considered as competitors. In contrast to these, Confideal does not intend to occupy any particular niche such as transactions with real estate, art, or solar panels, but intends to be a universal platform. It is important that the project has a clearly formulated concept and roadmap, a working appendix, as well as investments and support from the state (Ireland), which with success could increase. Another competitive advantage of the project may be the lack of a need for potential technologies. In particular, some competitors assume the further development and introduction of digital technologies in the business models of companies and government structures, their success often depending on these external factors. In the case of Confideal, there are no significant external barriers to activity; the service can be implemented in current technological conditions.

The introduction of qualified arbitrators with a system of evaluation of transactions with various assets and smart contracts is an expertise of the project team. Although such solutions already exist, they often have shortcomings that can affect the operation of services. Thus, the risk may be the incompetence of arbitrators in the absence of barriers to work (with Confideal, this problem is solved by licenses and certificates, and the selection of arbitrators by the company itself), as well as potential incompetence of owners of voting tokens (Confideal protects against this by introducing objective assessment factors and their system of "likes").

## 9. Risks of the Project

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Given the advantages over competitors and the simplicity of the project, its risks lie mainly in the economic sphere, entering the market for international contracts, and the legal dimension.

Although the team declares the possibility of service usage by individuals, the main customer for Confideal services is business. This implies a significant risk for the product entering the market, as the service uses advanced IT solutions and blockchain, which is a novelty for most participants in the cross-border transactions market; the larger a business, the less it accepts innovative solutions on average. The team is planning to manage this risk by attracting segments of business already familiar with cryptocurrencies (miners, blockchain companies), gradually broadening into other areas not related to cryptocurrencies.

It is also important to understand that recent actions and statements from world financial centers clearly show the precariousness of the legal foundations of business activity in the sphere of cryptocurrencies. This applies to transactions in virtual currency, whilst the b2b segment is the main one for the Confideal business model. With the appearance of the slightest barriers between business and transactions in cryptocurrency, a business will be unlikely to risk and make payments in virtual currency, provoking the disapproval of national regulators.

The team generally does not deal with these aspects in the documentation, preferring not to focus the investor's attention on such a risk. It is worth noting the anonymity of transactions - if Confideal is open for communication with regulators and develops clear procedures for KYC / AML, this will help in dialogue with governments in case of disagreements. Clients will also know what to provide as a response to questions from government agencies.

The internal risk factor associated with the economic model of the project seems to be the threat of underfinancing of the operating activity, in the event of a reduction in commission payments due to the use of CDL tokens in transactions. There is no information about where the team is going to raise funds from. At the same time there is a conflict - Confideal needs a CDL settlement in order to ensure their demand in the market; however this will also reduce commission flow and the potential for Confideal to buy its own tokens from the open market.

## 10. Economy of the Project

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The project's economy is transparent. The work of the Confideal platform is implemented at the expense of commission payments for counterparties during settlements within the framework of the transaction. In the case of settlements, parties pay 1% commission in ETH. If the transaction takes place in CDL, the parties are exempted from commission, so Confideal encourages participants to use their token.

The project team does not disclose any additional sources of financing for operational activities; their absence may carry risks to the project. In the case of CDL transactions, the platform simply will not have a means to function.

In the framework of the arbitration system, commission is charged to the arbitrator depending on the volume of the deal (up to 10%); this can stimulate competition among arbitrators and their quality of work.

Since transactions occur in cryptocurrency, users are forced to pay Ethereum transaction fees (gas costs), which are set independently of Confideal. This is of course standard for a blockchain project.

## 11. Investment highlights of the token

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The Confideal project is executed quite qualitatively; it provides a mechanism for stimulating demand for CDL tokens due to its infrastructural significance. The fundamental attractiveness of the token will actually grow in proportion to the size of the Confideal business and the volume of transactions made through the service.

Potential opportunities for implementing the services are very wide, since Ethereum smart contracts can contain a variety of functionalities that constantly evolve in accordance with the development of digital technologies and the IoT concept. Confideal does not however have a large-scale revolutionary idea, as with many competing projects, which are often accompanied by fundamental risks - lack of technological progress, adaptation of the masses to new technologies and so on. In consideration of these two aspects combined, we see a key factor for the long-term investment attractiveness of CDL tokens. An undoubted advantage in this case is the financial support of the state - if governments see potential here, then at least it is worth taking a closer look at the future of the project.

Speculative growth in token price is also possible, but this is in our opinion more precarious. The team is actively working to create and maintain interest in the project among the community and qualified investors; however, this activity is typical of most quality startups. A formed community, which would understand Confideal's potential market among cryptoinvestors simply does not exist, since the main turnover in private transactions is created by traditional businesses far removed from the hype around ICOs.

To sum it up, Confideal can be assessed as a rather risky, but high-quality long-term project. CDL tokens have the prerequisites for long-term value growth, and with the strengthening of the marketing policy, they may be interesting for the purpose of speculative earning after the ICO

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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.