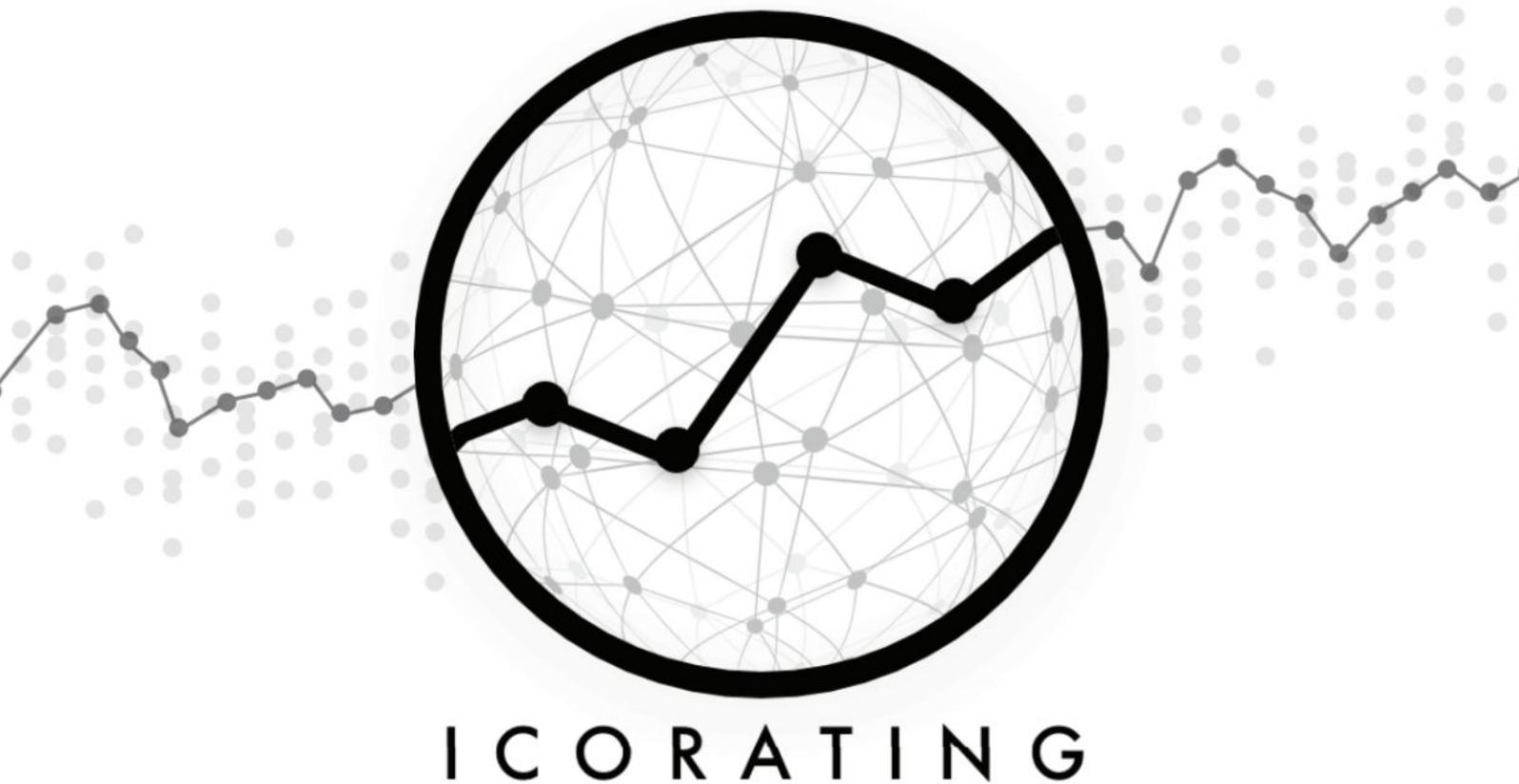


# ICOrating

Capacity Rating Review (<https://artoken.io/>)

ICO dates (25.10.2017 — 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 Cappasity project a "Positive" rating. We believe that the project has good potential, but it will take some time to fully implement it, since the market in which the company operates is at an early stage of development. In this regard, we recommend ARTokens to long-term investors. We also recommend ARTokens as speculative purchases, since the project ICO will be conducted in accordance with the requirements of SEC, and the maximum amount of funds raised during the first phase is limited to \$30 million, which is not likely to completely satisfy demand.**

The Cappasity project is an important step towards the widespread adoption of AR / VR / 3D<sup>[1]</sup> technologies worldwide. The idea of the project is understandable and, in conjunction with the use of blockchain technology, is likely to become very much in demand in the coming years.

The Cappasity team consists of professionals with a lot of experience in this field. The documentation is well-formed, logically structured and clearly argued. Other valid advantages are a low Howey test value and an existing \$1.8m development fund raised from VC, which indicates a high valuation of the project for professional investors.

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<sup>[1]</sup> Augmented Reality/ Virtual Reality

## 2. General information about the Project and ICO

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Cappasity is a well-known player in the AR / VR market, engaged in the creation and integration of 3D images of goods in online stores. According to the founders of the company and other major market players, the AR / VR industry has great prospects for development. However, one of the main obstacles to full potential in this area is the lack of quality content. For this reason, the company is launching a community-based blockchain platform, the main purpose of which is the generation of 3D content. Participants will be able to create, lease and sell AR / VR / 3D objects using ARToken (ART) tokens. The infrastructure of the platform will be based on the Ethereum blockchain system, the application of which will allow users to register the copyrights to their work and monitor the fair distribution of compensation between all stakeholders using smart contracts for transactions.

One of the key features of the upcoming ICO will be compliance with the requirements of Rule 506 (c) of the Securities Act, so that tokens will be available for purchase by accredited investors from the United States. However, unlike residents of other countries, they will need to undergo a special KYC procedure to confirm eligibility.

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

**Whitepaper:** <https://artoken.io/whitepaper>

**Slack:** <https://cappasity.herokuapp.com/>

**Twitter:** <https://twitter.com/cappasity>

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

**Facebook:** <https://www.facebook.com/cappasity>

**Bitcointalk:** <https://bitcointalk.org/index.php?topic=2135473.0>

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

**Medium:** <https://blog.artoken.io/>

**LinkedIn:** <https://www.linkedin.com/company-beta/3773119/>

**YouTube:** <https://www.youtube.com/channel/UCRCSGdmb2CIX-3P9A6oXkAw>

**Google+:** <https://plus.google.com/u/0/+Cappasity3D>

**ICO dates:** The token sale will be divided into two phases:

- **Phase 1 launch date** and time: 1PM UTC, October 25, 2017;
- **Phase 1 end date:** 28 days after launch or when the Phase 1 hard cap is reached;
- **Phase 2 launch date:** 120 days after the closing of Phase 1

**Token:** AR

**Token price:**

Phase 1 – 1 USD = 125 AR

Phase 2 – 1 USD = To be announced 2 months prior to start of phase 2 token sale

**Minimum purchase:** 0.1 ETH

**Total hard cap:** \$50M, Phase 1 hard cap is \$30M, Phase 2 hard cap is \$20M as well as unsold tokens from the first phase, if applicable.

**Bonus:** Phase 1 bonuses will depend on the tier in which the contribution is made, and on the amount contributed. The tier system is based on the whitelist application process and is defined as:

- First \$10M (TIER 1) – 10% Bonus
- Second \$10M (TIER 2) – 5% Bonus
- Third \$10M (TIER 3) – 0% Bonus
- Contribution size bonus: \$100K-\$300K - 5%, >\$300K - 10%

These bonuses are independent and can be summed.

Phase 2 will have two tiers and its bonus model will be as follows:

- First \$10M (TIER 1) - 10% Bonus
- Second \$10M (TIER 2) – 0% Bonus

**Accepted payment:** BTC, ETH, LTC, DASH

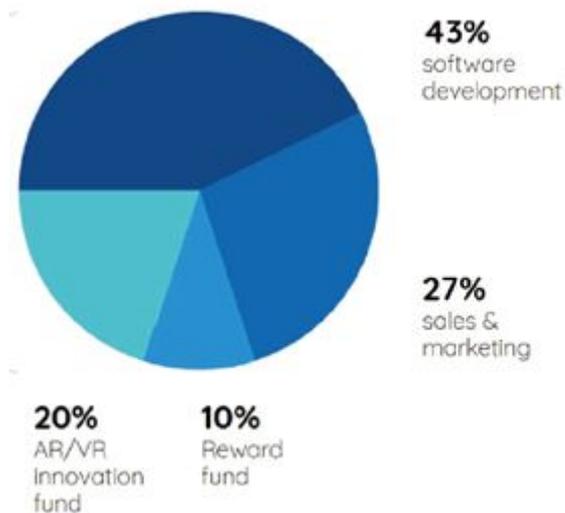
**Tokens for sale:** 7 000 000 000 AR

**Total emission:** will be known after the end of the crowdsale. 10,000,000,000 is the maximum token supply. The founders' endowment and early contributors' portions are issued when the crowdsale is over. Whatever the amount of tokens sold, it will constitute 70% of the total supply of ARs.

- 70% sold in the token sale
- 18% retained as founders' endowment
- 12% left for early contributors

Unsold tokens will be burned. No further mining, minting or additional emission will take place.

**Distribution:** To favor the AR/VR/3D community, two endowment entities are established: *The AR/VR Innovation Fund* and *Reward Fund*. Upon a successful token sale 20% of raised funds will be dedicated to the former and 10% will be allocated to the latter.



**Token Issue Date:** December 2017. According to statements from the founders, there is already at least one agreement on listing tokens on an exchange, and several other exchanges are considering such an opportunity. Payment in tokens on cappacity.com will start from December.

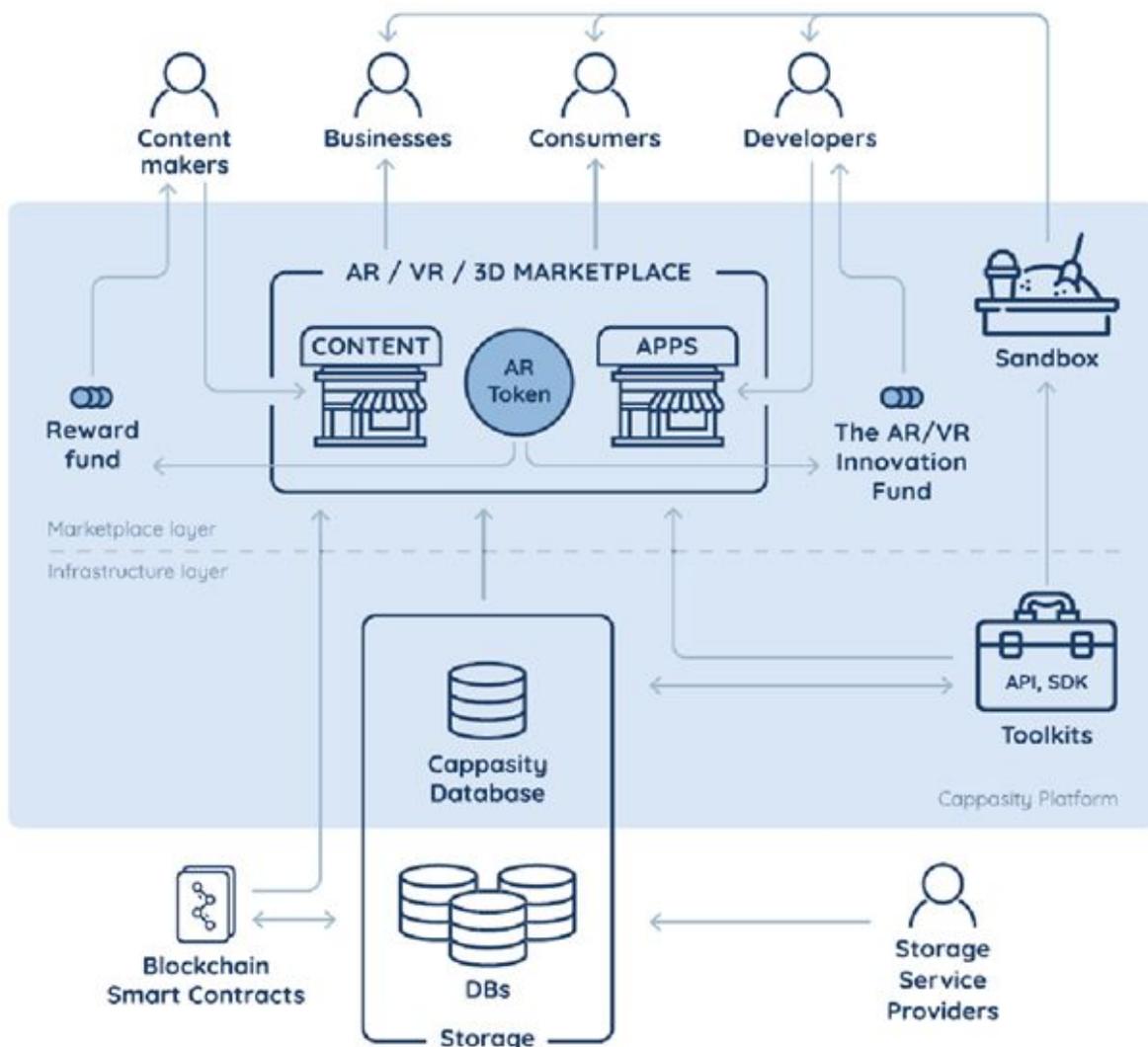
**Vesting:** 2 years' vesting with a 1 month cliff.

### 3. Project services and their usage

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The ecosystem of Cappasity will be based on the already existing and successfully operating platform of the company, which has more than 700 thousand views of 3D images per month. Its architecture will consist of two levels - infrastructure and marketplace. The infrastructure layer includes blockchain, software toolkits, and a decentralized repository, which is provided by Cappasity servers and other independent providers. The marketplace layer is a platform for the exchange of AR / VR / 3D content and a "sandbox" for its testing.

The general structure of the platform is reflected in the following scheme:



Thus, the key elements of the system are the following:

- **Marketplace** – an area in which transactions will take place on the purchase and sale of AR / VR content between platform participants. There will be two main categories of product: AR / VR / 3D objects, and apps for different purposes. Examples in the first category are 3D models, 3D Views, 3D holograms and 360-degree view videos. AR / VR / 3D apps will be used to create content and integrate it into various devices in such areas as entertainment, business and 3D printing. In order to support and promote the creation of high-quality content, the platform will implement a system of moderation and rating.

- **Sandbox** is a section where buyers can learn more about the content they wish to purchase and test it to ensure compatibility with the software they are using.

- **Blockchain and smart contracts** will provide transactions between participants. They will contain information on copyrights, content owners, transitions of property rights for commercial use, as well as other necessary information.

- **Storage** - a decentralized database distributed among the participants connected to the platform, one of which will be Cappasity itself. Storage services will be paid with commissions for transactions.

- **Software tools and SDK** will be available to developers to create both AR / VR / 3D content and their own applications for its integration into various services.

- **AR / VR Innovation Fund** will reward community developers and content creators with periodic grants for their contribution to platform development.

Currently VR technologies are used for the most part in the gaming industry. However, some companies are also trying to introduce a new type of service to traditional business schemes. So for example Sotheby's, the auctioneer, uses VR to show houses to potential customers without the presence of an agent. Ford uses VR technology to test prototype designs before actual production.

AR is not yet in common use, but many people started talking seriously about this technology after the release of Pokemon Go in 2016. Nevertheless, AR has a high chance of being widely used in engineering, design, surgery and many other areas.

The authors of the Cappasity platform give several examples of the possible use of their system in the white paper:

1. 3D models for games. Developers of new games will be able to purchase suitable content for them, pay for it with ARTokens, test its compatibility in the sandbox and launch the product much faster than if they created it by themselves.

2. 360-degree video. Various customers in the form of cable-TV broadcasters, travel agencies and on-demand streaming services will be able to place orders on the platform to create 360-degree videos of anything ranging from concerts, safari park experiences or erotic content.

3. 3D graphics for consumer AR apps. Using AR technology, developers can create applications that, for example, will impose 3D graphics on the user's video stream. At the same time, users can choose between free 3D images or more advanced paid ones, the proceeds from which will be distributed between the creators of the applications and the content on the agreed terms.

4. 3D models for 3D printers. Examples of using the Capassity platform in this direction could include anything from printing objects on home printers to technical details for professional devices.

## 4. Engineering solutions

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In order to enable convenient conditions for the creation and use of platform content, the service will be based on Cappasity's technical developments using provided toolkits and open API. Currently the software developed by the founders of "Easy 3D Scan"[1] is available to users, allowing the creation of 3D models of almost any object even on ordinary computers; soon there will be an application for smartphones.

In addition, the project will provide SDK developers with the following capabilities:

- Integration of 3D content with third-party apps and SDKs;
- Integration of 3D capturing with third-party mobile apps;
- Accessing 3D content via AR/VR apps.

The API platform will allow the downloading of content to the platform and will give access to some special functions, such as an embedding solution, Cappasity AI, a remeshing solution and a 3D measurement solution. The API code will be available on GitHub before the ICO period.

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[1] <https://cappasity.com/easy-3d-scan/>

## 5. Development strategy and Roadmap

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Cappasity has been operating on the market for four years, and has made significant progress during this time. Cooperating with Intel in 2014, the company introduced the Easy 3D Scan® in 2016, a free software program that accelerates creation of 3D content by almost 10 times.

In January 2017, a platform was launched, currently having gained more than 700,000 views of 3D content. Among known customers of the company are such well-known brands as TSUM, Jazmin Chebar, Jake and PrestaShop.

The road map is elaborated in details. The main aspects are shown in the chart below:

**2013**

Cappasity Inc. is founded

**2014**

R&D of easy 3D content production

**2016**

Free 3D digitizing software Easy 3D Scan® to create 3D Views: 10x faster 3D content production

**2017**

Cappasity Platform launch: 4x faster browsing from any type of device proprietary 3D format. Easy embedding - manual or API.

**Q1 2018**

- Free Mobile 3D capturing SDK
- 3D View, 3D hologram mobile capturing
- 3D Hologram Unity/UE integration

**Q2 2018**

- Smart contract empowered 3D/AR/VR content marketplace
- 3D Hologram Apple ARKit integration
- Cappasity AI API: prescriptive analytics of user behavior, CMS integration

**Q3 2018**

- Free 3D avatars scanner
- Remeshing solution for AR/VR devices
- Remeshing solution for 3D printing

**Q4 2018**

- Decentralized AR/VR/3D content storage
- Free 3D capturing for real estate space
- 3D measurement solution
- 3D content search engine

**Q1 2019**

- Decentralized AR/VR/3D app marketplace
- 3D capturing for drones
- Fast mobile photogrammetry
- Decentralized GPU photogrammetry solution

## 6. Market Review

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Virtual / augmented reality no longer seems to be a storyline for a futuristic movie. It is an actual industry now, generating both ideas and devices that facilitate their implementation. The application of technology is possible in a variety of areas - primarily education, entertainment, advertising and communication. The world is waiting for the potential to be fulfilled, trying to predict what will happen next after the advent of Oculus virtual reality glasses and the PokemonGo game.

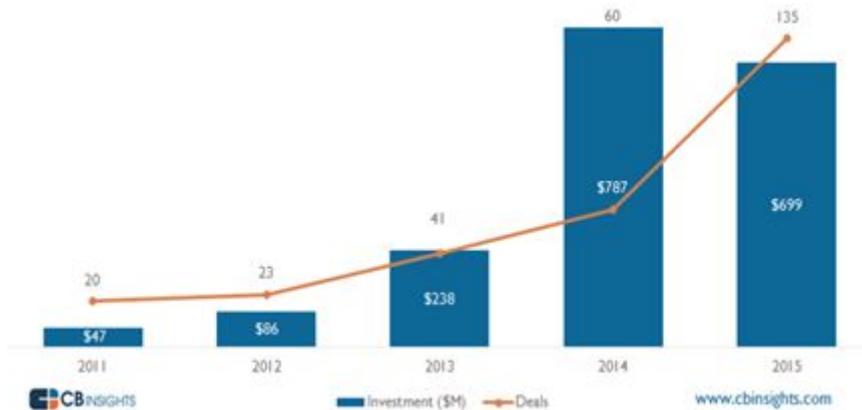
Digi-Capital provides a huge list of companies engaged in the AR / VR industry<sup>[1]</sup>. Consider the "tip of the iceberg" - corporations of world significance, dealing with both content and technical component.

For example, Digi-Capital bets on Apple<sup>[2]</sup>, expecting a new generation smartphone as early as 2018 (outperform 2017, underperform 2019): "Apple is the best placed of all major tech companies to potentially drive mobile AR, with its end-to-end ecosystem of hardware, software, app store, developers and retail. ...all it needs are a few additional sensors, integrated Metaio software and some serious intent."



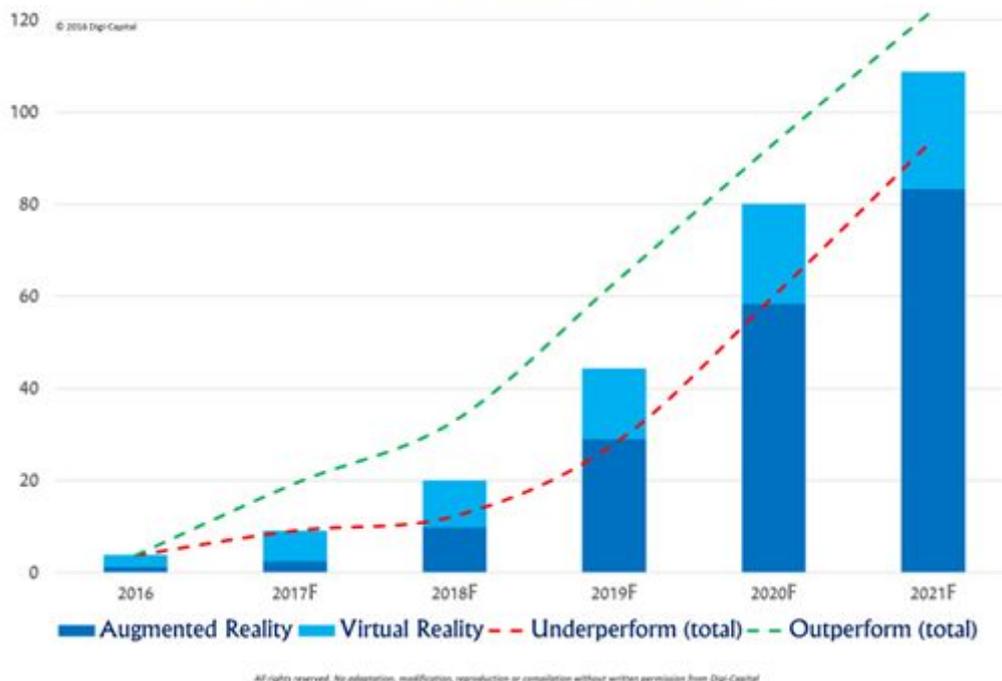
Since 2012, investments in the industry are increasing and the number of projects being invested in is growing. Users are given virtual tours of fantasy worlds, or flight and driving simulations for training purposes. However, scope is still fairly limited in view of the relatively high cost. As with the internet, a technology is not available for every user. The industry is financially demanding; the development of prototypes, tests and subsequent improvements involve large resources.

### AR/VR Global Yearly Financing History 2012 - 2015

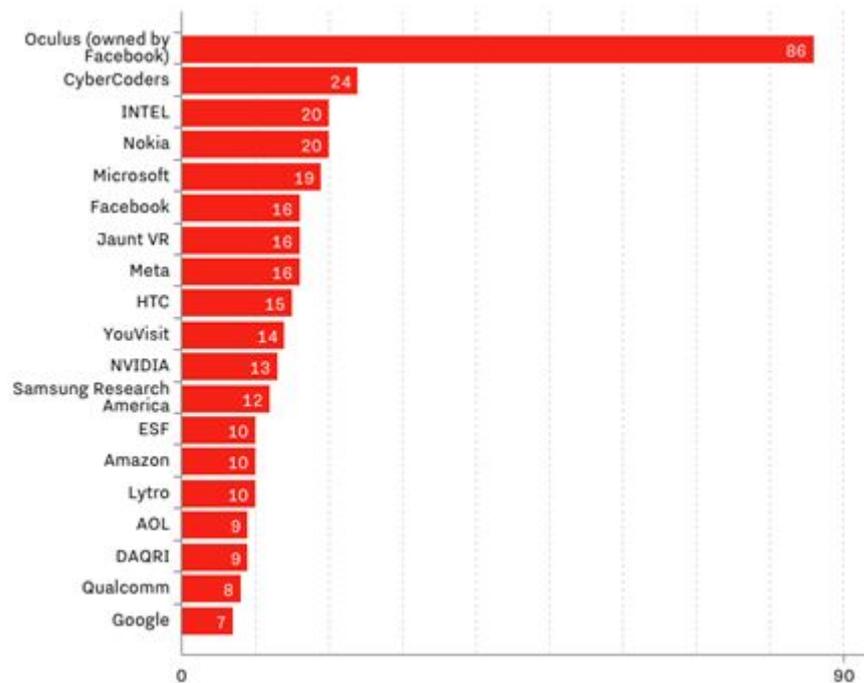


Analytical agencies express optimistic expectations regarding the development of the industry. Digi-Capital quotes forecasted volumes for the industry at \$108 billion by 2021 against \$2.7 billion in 2016. For five years, 40-fold growth is projected. It is obvious that innovative breakthroughs (including a new generation of smartphones) are made in the expectation of this

### Digi-Capital™ VR/AR revenue (\$B)



Recode<sup>[3]</sup> gives statistics on the vacancies in the industry, posted on LinkedIn. Companies are actively attracting specialists, directing their forces into a promising industry.



Analysts at Goldman Sachs quote the following distribution of technology by industry<sup>[4]</sup>: leading positions include video games, live broadcasts and other video entertainment (totaling about \$18.9 billion, 380 million users); retail, real estate (\$4.2 billion, 32 million users); education, medicine, military (\$7.2 billion, 7.3 million users); Design (\$4.7 billion, 3.2 million users).

We are confident that in the future AR / VR technologies will be applied in a variety of industries. Having passed a complex stage of development, the technology will help to minimize mistakes (education, medicine, military industry), make trade relations easier and move the world of entertainment to a new level accessible to everyone.

<sup>[1]</sup> <https://www.digi-capital.com/news/2017/02/record-2-3-billion-vr-ar-investment-in-2016/#.WbOei5NJZgf>

<sup>[2]</sup>

<https://www.digi-capital.com/news/2017/01/after-mixed-year-mobile-ar-to-drive-108-billion-vr-ar-market-by-2021/#.WbOdo5NJZgc>

<sup>[3]</sup> <https://www.recode.net/2017/4/28/15376268/facebook-augmented-virtual-reality-linkedin-jobs-charts>

<sup>[4]</sup> <http://www.goldmansachs.com/our-thinking/pages/technology-driving-innovation-folder/virtual-and-augmented-reality/report.pdf>

## 7. Team

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The founders have been working in 3D technology for more than 15 years and have extensive experience in IT business development. The team includes experts from such areas as computer vision, SaaS solutions, 3D engine development for apps, 3D mobile and video games.

The artoken.io website lists 4 team members and 7 advisors. DLA Piper, which advises the legal project, is also indicated as a partner. The Cappasity page on [LinkedIn](#) lists 9 employees of the company (including several other advisors). We did not find any negative information about team members or advisors.

[Konstantin Popov](#) – Founder and CEO of Cappasity, managing Cappasity project. There is a lot of information about Konstantin on open sources due to his work in Cappasity<sup>[1]</sup>. The company and its CEO have received wide media coverage. Prior to Cappasity, Konstantin's activities can be tracked via his profile on LinkedIn.

Konstantin studied at the Moscow Power Engineering Institute (MPEI); his specialty, academic degree and year of production are not specified. It was not possible to find information about training at MPEI via open sources. In his experience, Konstantin indicates that he was a co-founder of the RLCompany, but we could not find references to this company.

In 2002, Konstantin founded the Biart<sup>[2]</sup> studio in Moscow, which was a union of developers of software development and video games. In 2007, the company had a license to develop games for XBOX 360, a partnership agreement was concluded with the Intel Corporation<sup>[3]</sup>, with whom Konstantin continues to work via Cappasity. Biart was located in the special economic zone "Dubna"<sup>[4]</sup> and participated in the project of the party "United Russia"<sup>[5]</sup> "National Innovation System"<sup>[6]</sup>; Konstantin himself headed the Russian Association of Developers of Interactive Technology (RADIT) <sup>[7]</sup>, which also actively cooperated with the Government of the Russian Federation<sup>[8]</sup>. Subsequently, Biart moved to the city of Houston, Texas, where it worked on games development and applications for various platforms until 2013, when during work on the next project the Biart team required 3D scanning<sup>[9]</sup> and due to a limited budget, independently developed a scanning system for 3D modeling. This is how the Cappasity company was born, going on to consistently and successfully develop solutions and attract significant funds for its projects.

Konstantin is an open and public person, regularly making posts about his activities on [Facebook](#).

Konstantin is an active participant in the Intel Software Innovators program. He won second place in the Top Intel Software Innovators contest of 2016 in North America for the development of the 3D scanning system.

**[Alex Chegaev](#)** – Co-founder and CTO of Cappasity. Alex does not have a LinkedIn profile, but there is a lot of information on open sources linking him to Biart<sup>[10]</sup> projects (in Manual he is listed as one of the programmers) and Cappasity<sup>[11]</sup> (a photo with Konstantin Popov and Marianna Alshina).

[Marianna Alshina](#) – Co-founder and CBDO Cappasity. Information is freely available on her work for Cappasity<sup>[12]</sup>. According to LinkedIn and other open source information, Marianna obtained a BSc Susiness Studies from Lancaster University Management School, then received additional education at the University of Greenwich. Since 2015 she has been employed by Cappasity. Marianna leads Instagram and Twitter, where, among other things, she actively shares events from company life.

[Natalie Reyes](#) – chief sales officer. Information could not be found via open sources; a link with Cappasity Inc. is evident only on LinkedIn.

#### **Advisors:**

[Anders Larsson](#) - Anders has been working in telecommunications for 20 years, participating in the development and implementation of 2G, 3G, 4G and 5G technologies in several countries for Ericsson, and current vice president of the latter. In addition, Mr. Larsson created an open source VR Framework for Interactive Cinematic VR, which allows the creation of Live VR Tours.

[Joakim Holmer](#) - Mr. Larsson's colleague at the Ericsson Group, where he has worked for 20 years in various positions. Together with Anders Larsson, Joakim is co-founder of LiveTourLAB, a company engaged in developments in the field of VR.

[Yu Cao](#)- works for the LVMH group of companies, helping in the search for and evaluation of digital start-ups that could be useful to LVMH in their business. LVMH is a transnational corporation that owns such famous premium brands as Louis Vuitton, Givenchy, Guerlain, Chaumet, Moët & Chandon, Hennessy, and others.

[Henry Ines](#) – Henry has extensive experience as an Advisor Board Member for various projects: SnapOutlets, Backbone Labs, OnePiece Work, MDEC. Best known was his work as a General Partner in DFJ DragonFund China<sup>[13]</sup>. There is a separate

page about Henry on Bloomberg<sup>[14]</sup>, compiled by S & P Global Market Intelligence. He received an MBA from the Fuqua School of Business. Indicates himself as a Cappasity advisor on LinkedIn.

[Jim Theberge](#) – has extensive experience as a top manager (marketing director) for large companies: Verizon<sup>[15]</sup> and Intel (the information was not verified). It is indicated that he has won an Emmy Award working for Verizon, but this information was not verified. Listed as a Cappasity advisor on LinkedIn.

[Leo Batalov](#) – partner<sup>[16]</sup> in the famous international law firm DLA Piper, lecturer at Lomonosov Moscow State University<sup>[17]</sup>. Leo is a renowned specialist in corporate finance, mergers and acquisitions, venture capital and private equity investments, as well as general corporate law issues, specializing in advising developing companies and technology companies in particular. Cappasity is mentioned among his clients<sup>[18]</sup>

[Jeff Smith](#) – professional advisor to technological start-ups<sup>[19]</sup>.

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[1] <https://3dprint.com/47224/cappasity-easy-3d-scan/>

[2] [www.biart7.com/node/2](http://www.biart7.com/node/2)

[3] <http://us.viadeo.com/en/company/biart-company-llc>

[4] <http://dubna-oez.ru/it/?id=122>

[5] <http://www.tpp.dubna.ru/7/87/692/>

[6] <http://deloros-perm.ru/?tag=национальная-инновационная-система>

[7]

[http://twvideo01.ubm-us.net/o1/vault/gdceurope2010/slides/K\\_Popov\\_CurrentStateOfRussianGamesIndustry.pdf](http://twvideo01.ubm-us.net/o1/vault/gdceurope2010/slides/K_Popov_CurrentStateOfRussianGamesIndustry.pdf)

[8]

<http://www.gamesindustry.biz/articles/2010-08-16-russian-government-to-support-USD820m-games-industry>

[9] <http://www.rbc.ru/newspaper/2015/08/13/56bcabae9a7947299f72bccf>

[10] [http://www.biart7.com/DH\\_Manual.pdf](http://www.biart7.com/DH_Manual.pdf)

[11]

<https://www.bizjournals.com/sanjose/news/2017/04/20/cappasity-wants-to-enhance-online-shopping-with.html>

[12]

<https://af4-sydney-production.s3-ap-southeast-2.amazonaws.com/files//a//M/8/s/VT61RmwNF5/entry-kwOGIBwN-79100.pdf>

[13] [http://www.dfjdragon.com/cn/team\\_read.php?id=20](http://www.dfjdragon.com/cn/team_read.php?id=20)

[14] <https://www.bloomberg.com/research/stocks/private/person.asp?personId=1576398&privcapId=49412515>

[15] [https://www.youtube.com/watch?v=V-\\_naSGqd38](https://www.youtube.com/watch?v=V-_naSGqd38)

[16] <https://www.dlapiper.com/ru/russia/people/b/batalov-leo/>

[17] <http://www.law.msu.ru/node/37585>

[18] <http://www.preqveca.ru/consultants/247/person/218641/>

<sup>[19]</sup> <http://www.techfuturesgroup.org/new-page-1/>

## 8. Marketing strategy

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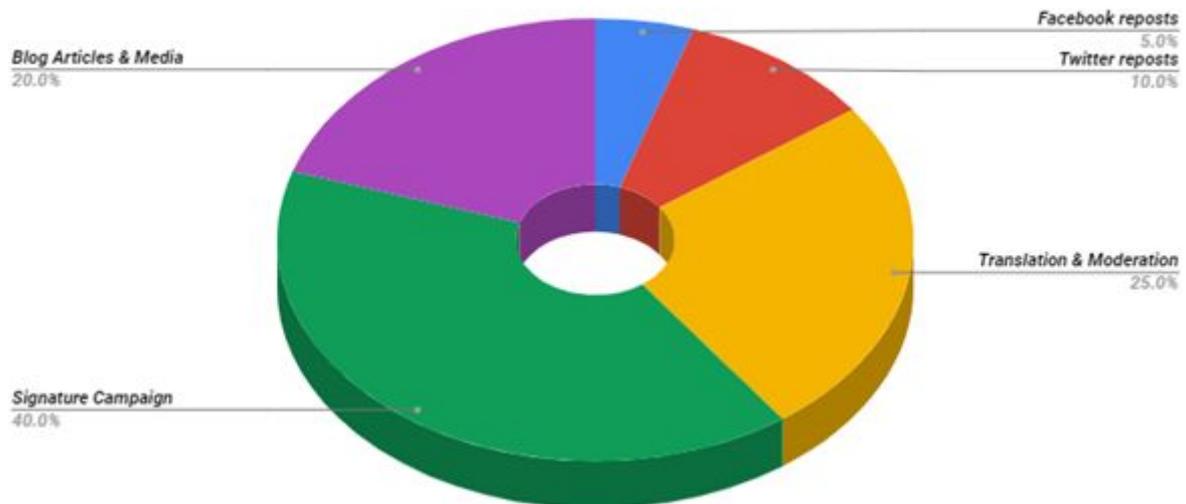
Cappasity is actively promoting its project Cappasity via the media. Several articles have been published in resources such as: Cointelegraph<sup>[1]</sup>, BTCManager<sup>[2]</sup>, 3DPrint<sup>[3]</sup>, AndroidHeadlines<sup>[4]</sup>, Coinspeaker<sup>[5]</sup>, Steemit<sup>[6]</sup>, NewsBTC<sup>[7]</sup>, Blockchain News<sup>[8]</sup>, Bankless Times<sup>[9]</sup> and a number of others<sup>[10]</sup>. Separately, it is worth noting an essay on Cappasity in Bitcoin Magazine, posted on the NASDAQ website<sup>[11]</sup>. However, there is no full-fledged marketing campaign, despite Cappasity having obvious opportunities for powerful promotion for Cappasity, since the company is widely known already.

The greatest user response is observed on the social networks of Cappasity itself. Currently the strongest resource for ICO promotion is Facebook<sup>[12]</sup>: 4,686 likes, 4,746 subscribers. Each post about the ICO receives up to 150 likes, 150 reposts and 50 comments. 1094 people read Cappasity's Twitter<sup>[13]</sup>, while their tweets receive up to 200 retweets and likes. The Cappasity Youtube channel has 422 subscribers, with a dedicated video on Cappasity<sup>[14]</sup>, which has received more than 5000 views.

The recently created Slack<sup>[15]</sup> (139 users) and channel on Telegram<sup>[16]</sup> (already more than 400 participants) are rapidly gaining users, where active discussion of the project began recently. It is notable that the authors of the project fully answer questions from potential investors. The response to the recently created Bitcointalk<sup>[17]</sup> forum branch can be seen - 95 posts and 43,208 visits.

On September 1st, the authors launched a separate branch of their bounty program<sup>[18]</sup>. We note a thorough description of the ACappasity Bounty-program provided. The tasks are standard: remuneration is provided for reposting on Twitter and Facebook, translating the white paper into other languages, moderating forums, writing articles about the project, advertising in the media and signing on the forum.

## Bounty Tokens Breakdown



The project has a blog on Medium<sup>[19]</sup> and a Google+<sup>[20]</sup> page, although they have not received a large response.

As for future marketing strategy, the authors of the project do not describe this, although 27% of attracted funds are allocated for marketing and sales.

[1]<https://cointelegraph.com/news/vr-needs-blockchain-to-solve-copyright-issues-interview-with-cappasity-founder>,

<https://cointelegraph.com/news/new-platform-leverages-blockchain-infrastructure-to-create-rent-sell-3d-content>

[2] <https://btcmanager.com/artoken-platform-captures-blockchain-arvr-synergy/>

[3] <https://3dprint.com/185955/cappasity-blockchain-ecosystem/>

[4]<https://www.androidheadlines.com/2017/08/cappasity-announces-blockchain-market-arvr3d-content.html>

[5]<https://www.coinspeaker.com/2017/09/04/cappasity-set-unveil-worlds-first-blockchain-platform-arvr3d-content/>

[6] <https://steemit.com/ico/@moderntoken/artoken-by-cappasity-new-platform-to-bring-vr-closer-to-you>

[7]<http://www.newsbtc.com/2017/08/22/cappasity-introduces-ar-token-brings-cutting-edge-technologies-e-commerce-segment/>

[8]<http://www.the-blockchain.com/2017/08/24/cappasity-arvr3d-content-blockchain-platform-gears-to-ken-sale/>

[9]<http://www.banklesstimes.com/2017/08/22/content-blockchain-platform-cappasity-preparing-for-crowdsale/>

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[11] <http://www.nasdaq.com/article/cappasity-drives-world-of-arvr-one-block-at-a-time-cm843049>

[12] <https://www.facebook.com/cappasity>

[13] <https://twitter.com/cappasity>

- [14] <https://www.youtube.com/watch?v=uj9SH2VQQz4>
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- [19] <https://blog.artoken.io/>
- [20] <https://plus.google.com/u/0/+Cappasity3D>

## 9. Competitive Advantages of the Project

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Currently there are several databases of 3D models that provide content compatibility with AR / VR, however according to the founders, they all belong to large corporations developing these platforms exclusively in their own interests. Decentralization, achieved with the help of blockchain technology, can remove this shortcoming and develop the platform, focusing on the opinion of the community that uses it. Among other advantages of the platform, we can distinguish the following:

- The physical basis of the project. This is not an idea or a project on paper, but a functioning company that is preparing a platform for the meeting of customers and creators.
- The experience of the project founders in the industry. Cappasity is a company with a powerful 3D content platform. The platform capabilities are open to developers of various technologies (Unity, Unreal Engine and Apple ARKit)<sup>[1]</sup>. The founders speak about more than 15 years of experience in the industry and the availability of specialized professionals for the project.
- A clear idea of project development. The plan for the implementation of ideas is not based on temporary guidelines, but on the amount of funding. This may indicate the availability of ready-made projects for implementation, which require only resource recharge.
- Cappasity is selected as a promising start-up by Plug and Play, which helps connect representatives of start-ups with corporations and investors to launch new ideas effectively. The amount of funds raised amounts to \$1.8 million.
- Cappasity promises to solve some of the main problems of 3D content authoring with the help of system decentralization (blockchain): copyright and unfair remuneration issues.
- 3D models created for a specific project are rarely implemented in other projects. The developing ecosystem will help to enable re-application of created content, increasing its profitability.

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<sup>[1]</sup> <https://cappasity.com/about-us/>

## 10. Risks of the Project

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We did not identify specific risks that could significantly affect the successful implementation of the Cappasity project. The project is detailed, based on an already existing platform, and the team has sufficient professional experience and an excellent understanding of the market. Moreover, the company will conduct one of the first regulated ICOs in full compliance with the rules of SEC (Securities and Exchange Commission of the United States).

Nevertheless, the threats inherent in the entire crypto industry as a whole related firstly to its developing state should not be forgotten. Investors should be mindful of the recent hacker attacks on sites conducting ICOs, carefully follow team instructions and do whatever is necessary to be protected against such threats.

## 11. Economy of the Project

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The project's economy is described in great detail. Users of the new website will have access to a full-fledged market where they can buy, sell or rent AR / VR / 3D content for ARTokens, and create their own applications.

Content creators, both individuals and companies, will be able to download within the service and choose whether they want to place content publicly, putting it up for sale, or just privately. Content can be sold or rented; it will be possible to arrange a tender or to allow a wide range of people to use the content, receiving income from copyright.

Content owners do not receive all revenues from sales, just an 85-95% share. The amount received depends on the rating, which increases according to positive user votes and the correct moderation of another user's content. The rating is reduced if the owner's content is considered inappropriate to the moderators, or if the content owner regularly makes untrue comments about others' materials. Initially, a neutral user is rated at 90%.

Commissions are charged in ARTokens, and are divided into the following:

- Commission for storage. This is fixed at 2% of the monthly content turnover. This commission is distributed between content custodians, who also have a rating and receive a greater or lesser reward accordingly.
- Commission on the day fund, which is from 3 to 13% of content turnover. These funds go to remunerations for senior moderators, rewards for reports that lead to the removal of inappropriate content, as well as to awards for important achievements: moderators which identify 10 instances of inappropriate materials, creators of maximum-rated content, custodians for maintaining database (storage) for one year, or for 100 terabytes of traffic passing through the storage.

In addition within the framework of the project two endowment funds will be created, which will be formed using funds raised by the token sale:

- AR / VR Innovation Fund. Within five years after launch of the ecosystem, developers of the best AR / VR / 3D applications within the platform will be rewarded. The size of the grants and the number of recipients will be determined each year.

- Reward Fund. Within 200 weeks after the launch of the ecosystem, the most active content authors will be rewarded: weekly results will be announced; the best will receive a distribution from 0.05% of the total amount of token sale funds attracted. All rewards from these funds will be paid in ARTokens. These funds are designed to stimulate the development of the ecosystem: in addition to motivate application developers and content creators.

## 12. Investment highlights of the token

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ARTokens are an exclusively infrastructural element, so increase of their fundamental value will directly depend on the popularity of the platform and the number of transactions. Thus, we consider the most likely scenario in which the fundamental cost of ARTokens will grow from 1 year to 3-5 years, depending on development speed and the distribution of AR / VR / 3D technologies in the society.

As for short-term outlook, the purchase of project tokens for speculative purposes also seems attractive to us for the following reasons.

Firstly, Cappasity intends to hold the ICO in full compliance with the rules of SEC, which is quite a rare event. The first project that already conducted a similar Token sale - Filecoin - attracted a record \$257 million. This gives us reason to believe that Cappasity can also be in strong demand from large investors, and given the fact that the first phase of the ICO is limited to \$30 million, there is a high chance that there will not be enough coins for everyone. As a result, token demand can move to the secondary market, which will lead to a significant increase in their value.

Secondly, the bonus system is designed in such a way that bonuses of 10% and 5% will be available only to participants who had time to buy ARTokens from the first and subsequent \$10 million respectively. In addition, price for the second stage will be increased by 20-40% depending on the situation, which will also serve as an excuse for the growth of its value in the event that the tokens allocated for sale in the first phase are sold out, and demand is not completely satisfied.

**As a result, we recommend buying Cappasity project tokens for investors creating long-term portfolios, as well as for investors counting on speculative price growth.**

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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.