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SOCIAL Rating Review (https://ico.nexus.social/)

ICO dates (17.08.2017 — 17.09.2017)
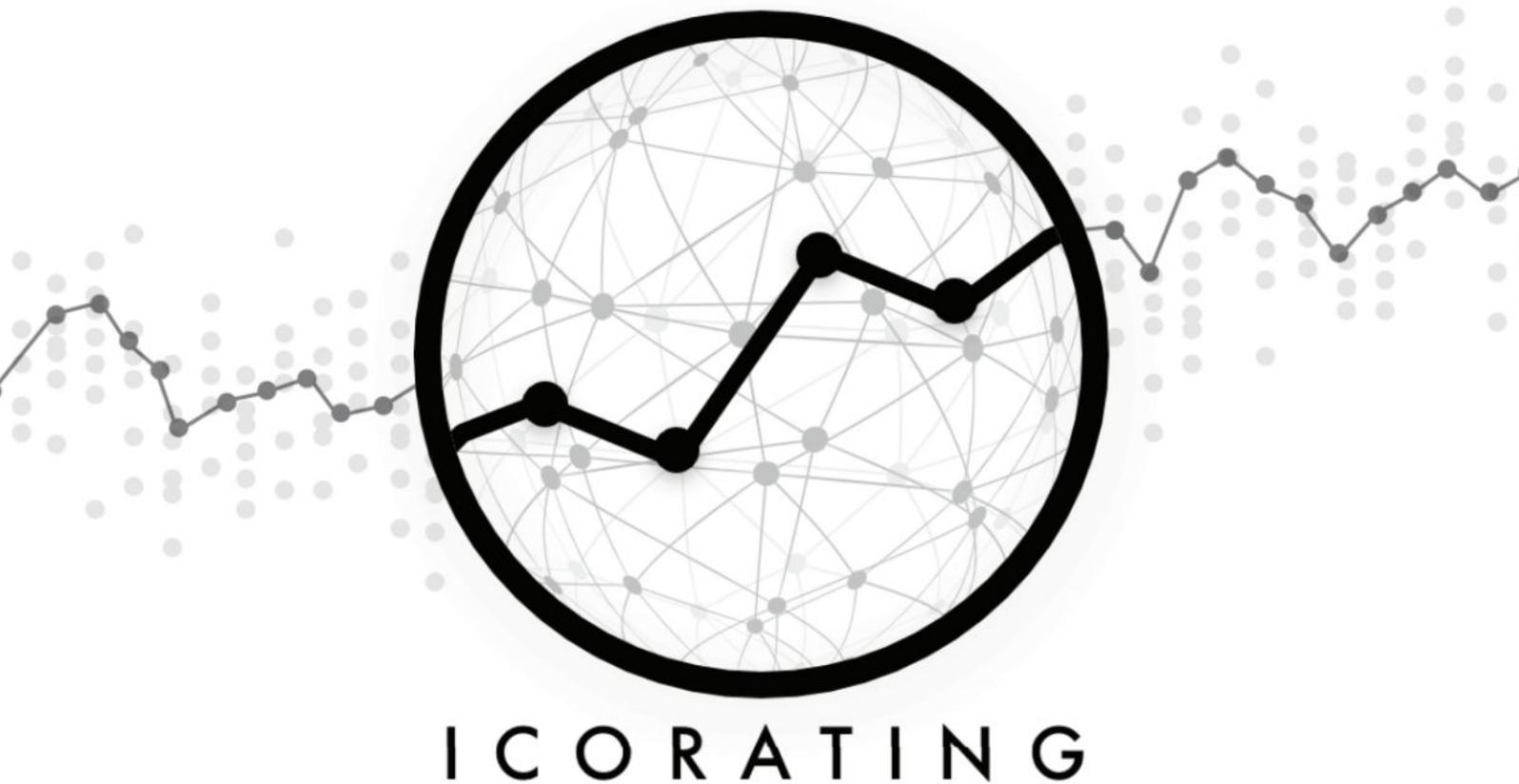
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1. Ratings

We rate the Nexus project as "Stable+". We believe that the SCL tokens have speculative value growth potential and recommend buying the coins during the ICO as a part of diversified portfolio. We also recommend to familiarize yourself with the risks outlined in this overview.

Of course, there are risks associated with the project; below we describe four important ones. They must be assessed against the potential of the e-commerce market within which the project intends to operate.

SOCIAL tokens are used for:
- exchange between participants within the social networks;
- payment of charges for services within the system;
- payments for services and goods with a debit card balance, which is refilled with monetary means after the tokens sale.

So, the more participants within the Nexus social network, the more SOCIAL tokens are in demand.

The SCl tokens may rise after the ICO due to the buyback program, initiated by the founders. Once the ICO is completed, 5% of the tokens are to be redeemed from the market, which will no doubt support the quotes.

2. General information about the Project and ICO

The Nexus project is an Ethereum blockchain-based decentralized platform. It comprises:

- a social network;
- an online platform for sales and advertising;
- a crowdfunding platform.

The founders emphasize protection against unauthorized data usage and disclosure; they intend to improve secure storage opportunities with the help of blockchain. They will agree on innovative ideas with the community and then implement them.

The Social (SCL) token is used within the Nexus system for purchase of goods and services, advertising space on the integrated advertisement platform, and for crowdfunding sponsorship.

Maximum quantity of issued tokens will be 50,000,000. New tokens are not planned to be issued.

The pre-ICO was carried out from July 28 till August 07, 2017. Within the mentioned period they sold 3 141 269 SCL at more than $3,1 mln (3 519 ETH). The price was fixed. 1 ETH = 850 SCL. The raised capital is being used for arranging the ICO.

ICO Start: August 17, 2017, 01:00 GMT.
ICO Close date: September 17, 2017, 01:00 GMT
Token: SCL
Issue volume: 50 000 000 SCL.
Placement:
- 44 358 731 SCL during the ICO.
- 3 141 269 SCL has already allotted during the pre-ICO.
- 2 500 000 (5% from the total volume of issue) – for digital marketing.

However, immediately after the ICO, the buyback program will be launched aimed to redeem 5% of the tokens from the market and distribute them among the team.

We note that the founders and team will not be apportioned any SCL tokens after the ICO.

Price: 1 ETH = 500 SCL
Minimal amount for participation: 0,04 ETH
Currency: ETH
Minimal Target: 250 000 SCL (it is achieved while pre-ICO)

Distribution of raised funds during the pre- & main ICO:

- Development   65%
- Security Audits 10% (max. 3000 ETH)
- Legals   10% (max. 1000 ETH)
- Hardware Upgrades 5%
- Advertising/Marketing 10%

Bonuses for ICO participants during:

- the first day - 1 ETH = 750 SCL
- the first week - 1 ETH = 700 SCL
- the second week - 1 ETH = 650 SCL
- the third week - 1 ETH = 600 SCL
- the fourth week - 1 ETH = 550 SCL

Distribution of tokens among investors takes place immediately after receipt of the ETH.

ETH is changed into SCL tokens under smart contract, so there will not any remaining unsold tokens after the ICO. The total volume of tokens is calculated after the pre-ICO and ICO; either when 100 000 ETH is raised, or after the ICO closing date, the tokens will not be issued any more.

3. Project services and their usage

Nexus offers users a new blockchain-based social network. After examination of other successful projects, the founders intend to provide users with what they deem to be in-demand services.

Firstly, Nexus gives any social network an opportunity to implement its main services. Users are able to register accounts, publish their posts, like other users' posts, follow, subscribe, and chat. You can try the main services and interface right now, using an application downloadable on the App Store or on Google Play.

The founders claim that the main distinctive feature of Nexus is safe communication and personal data protection.

It is no secret that social networks are not just used for communications but that they are a platform for service providers. The special SOCIAL cryptocurrency is used within the Nexus project. The founders intend to establish a purchase and selling platform. Vendors will send a special message «product post», and followers and subscribers will see it and be able to purchase the goods and services directly without intermediaries.

The message «Funds» means that anybody can write a Fund post and request crowdfunding sponsorship for an idea. These posts should include idea descriptions, pictures and all necessary information including automatic support tuning. So a user can share his/her Social tokens and become a sponsor.

The founders do their best to make Social tokens convenient for users. They intend to create their own debit card; the card is connected with the Nexus account user. Users are able to settle card payments offline in FIAT money - a Visa card is planned. This type of card is of course accepted worldwide; transaction expenses are small, so users will not have problems with payments outside of the Nexus Platform.

Safe online communication is a primary concern, so Nexus mobile applications include a TOR API system to protect connections. They intend to use TOR and VPN systems in conjunction to ensure security and privacy.

The team intends to create a decentralized system by the end of 2018; all data will be stored using blockchain technologies to preserve personal data and prevent 404 errors.

4. Engineering solutions

Technological documentation is not available at the moment of the review writing. The project is at its beginning. There is no GitHub repository either, so we cannot say anything about the code.

We know only that they intend to use a technique called JITF (Just in Time Funding) to adopt the debit card. Here's a breakdown on how an entire transaction will work using the Nexus debit card:

1. User is issued either a physical or virtual Nexus debit card that is linked to their account wallet
2. Card contains $0 at all times
3. User swipes the card to pay for a purchase
4. Transaction is sent to Nexus server
5. Server checks which fiat currency is requested (USD, AUD, EUR)
6. Nexus checks if user account wallet contains enough Social (SCL) to make the purchase
7. SCL is then sold for requested fiat
8. Fiat is moved to the debit card
9. Transaction is approved
10. Card balance is back to $

One of the aims of the project is to protect social networks against unauthorized personal data usage. This can be solved with different methods; the team decided to use Tor API for its mobile application. Tor functionality will be opt-in and only used by the account if requested.

In addition they intend to use VPN together with Tor in the application. Their mutual operation will improve privacy.

5. Development strategy and Roadmap

The Nexus platform is a currently active social network powered by iOS and Android. It is available via web application as well. A test version of the trading platform is available; the most attractive service is automatic purchase. This function will be implemented in the second quarter of 2018 after accounts integration with users' web wallets. At the moment there is a trial crowdfunding service, to be automated after SCL token integration into the Nexus platform. All data will be stored using blockchain technology by the end of 2018. The next services to be implemented are:

Q3 2017

Begun initial coin offering where users can get their hands on Social coins.

Q4 2017

Release new version of Nexus front-end.
Full front-end re-development in Angular 4
CI adaption for zero downtime on new releases
Split back-end API from front-end project
Open source front-end

Q1 2018

Release new version of Nexus back-end.
Re-evaluate and optimize NodeJS back-end
Better security for API
Post reactions
Restructure models and database for faster queries
End-to-end message encryption
Integrate 2FA

Q2 2018

Finalise integration of Social coins into Nexus for marketplace purchases and fund donations.
Perform one or more third party security audits.
Create secure web based wallet for each user inside their Nexus account.

Q3 2018

Ad platform where Socials can be traded for advertising.
Development and integration of the Nexus debit card.

Q4 2018

Move data and uploads to decentralized and encrypted storage.
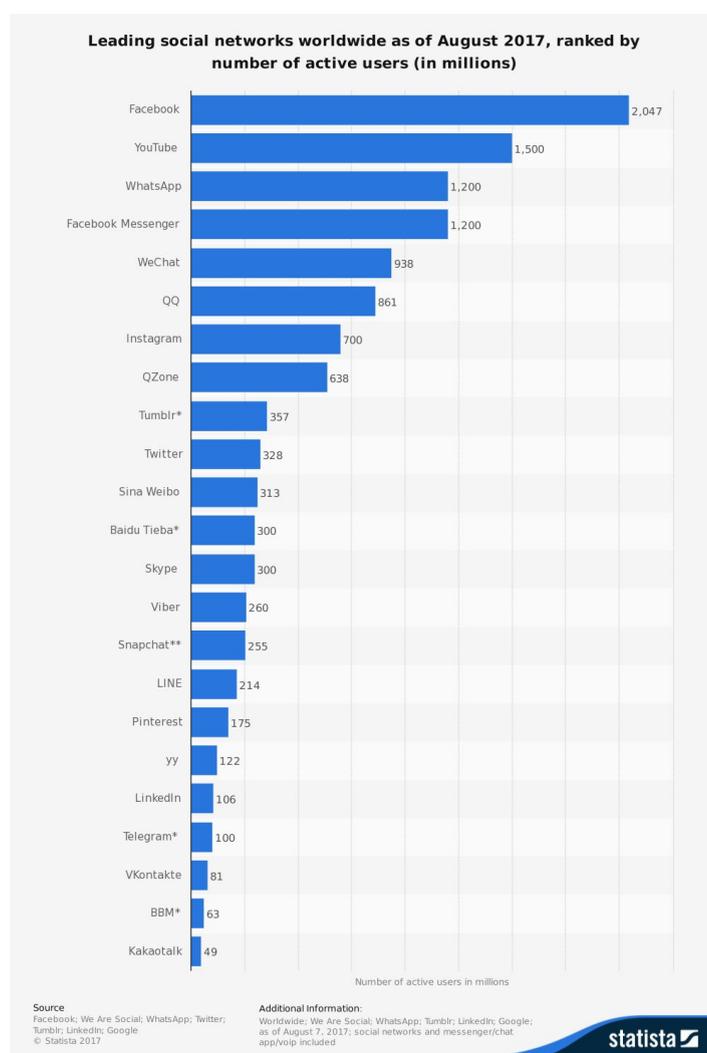Distribution of Nexus debit card.

- TOR API and internal VPN integration
- Trading system
- Multilingual support
- Token   sending via instant messaging
- SCL remuneration for moderation

Via various media channels, the founders have assured their investors that if they are able to increase the number of developers involved, they will be able to implement their planned roadmap within 12-16 months rather than 18 months.

6. Market Review

Nowadays it is difficult to imagine our life without social media. There are many popular companies and platforms in this market.

The statistics below, from Statista, provide information on the most popular networks worldwide as of August 2017, ranked by number of active accounts. Market leader Facebook was the first social network to surpass 1 billion registered accounts and currently sits at 2.05 billion monthly active users. Seventh-ranked photo-sharing app Instagram had over 700 million monthly active accounts. Meanwhile, blogging service Tumblr had more than 357 million active blog users on their site. Three of the five top companies are connected with Facebook. They are Facebook, WhatsApp, and Facebook Messenger.

Leading social networks worldwide as of August 2017, ranked by number of active users (in millions)

Network	Active users (millions)
Facebook	2,047
YouTube	1,500
WhatsApp	1,200
Facebook Messenger	1,200
WeChat	938
QQ	861
Instagram	700
QZone	638
Tumblr*	357
Twitter	328
Sina Weibo	313
Baidu Tieba*	300
Skype	300
Viber	260
Snapchat**	255
LINE	214
Pinterest	175
yy	122
LinkedIn	106
Telegram*	100
VKontakte	81
BBM*	63
Kakaotalk	49

Number of active users in millions

We see in the list above that there are no decentralized social networks in the market. In 2015 the community actively discussed social networks; they considered them very important for the field of blockchain technological solutions. Of course, network decentralization is considered to be the most important advantage. It could help networks, including Facebook, to protect personal data and prevent censorship.

In 2016 several companies announced their decentralization. The most attractive among them are Steemit, Akasha, and Synereo.

Steemit is the most successful of these. It is a reputation-based social medium, where the public earns money for their submitted content. Currently, it is the only blockchain-based social network. General concept is similar to other blogging websites, or social news websites like Reddit, but the text content is saved in a blockchain.

Steemit continues to develop a network applications ecosystem which includes blog browsers (websites looking through content), a trading platform, statistical devices, chat, and other applications. Their interface is typical of those of popular social networks. The network developers respond promptly to user requests.

Within a certain period, STEEM cryptocurrency occupied leading positions on Coinmarketcap.com. Its capitalization was $392 million. After adjustment, the price stabilized. It is now at $281 million. The current chart for STEEM:

Source: Coinmarketcap.com

The downside of Steemit is their method of voting; holders of large amounts can influence the fate of authors.

Akasha is a similar project. Their main objective is to increase data life on the internet. Any online documents, archives of e-mails, video materials, and websites can be deleted by regulating authorities or centralized servers.
After extensive research, Akasha developed its own decentralized distributed Internet stack. It is an Ethereum based *InterPlanetary File System Protocol* – a p2p hypermedia protocol augmenting, and in future replacing, HTTP. IPFS is applicable universally. This is not the case with Steemit, where third-party services are used to store data. Akasha is only running an alpha-version at the moment; 0.5.2 version; its ICO has not yet been announced.

Synereo is not as successful as these other two. The concept of the project is that users increase visibility of their posts using AMP. Users ask other users to browse their posts in exchange for AMP; If you post paid messages, you get remuneration in AMP. Firstly the company did not receive their target amount of funds; they received $45,000, only 4% of the target. Synereo carried out a second stage sale after an extensive marketing campaign. The result was better and they raised $4,7 million. The founders subsequently had a dispute however, and the project nearly halted. Token holders met losses because of the coin's low marketability. It is difficult to sell these tokens.

Source: Coinmarketcap.com

As shown above, blockchain technologies can be used for different purposes within social networks, including those of Nexus.

7. Team

The staff consists of 7 members including 2 advisors.

Jade Mulholland. Founder & Lead Developer. (LINKEDIN), (STACKOVERFLOW).
Jade is a JavaScript developer. He has 5 years' experience. Since 2014 he has been founder and Developer with the FatCat Group Pty Ltd. This company is running two projects at the moment: Nexus Social Network and SayGoodbuy. The SayGoodbuy Project was launched in May 2017. Jade is also working for Share Prices Pty Ltd, dealing with Angular, TypeScript, Webpack, and NodeJS technologies. Before this, he worked in the same company as Lead Web UI/UX Designer. He graduated from Bond University in 2014 having studied Multimedia Design, Information Technology and Advertising.

Mo Abbas. Backend & Solidity Developer. (LINKEDIN), (STACKOVERFLOW)
Mo has been working for the Tradeulator company as a Chief Technology Officer since 2009. The company deals with researches, analytical examinations, and trading in the financial market all over the world. He has been working in the field of online market platforms and CRM systems developments.

Selena Bunting. Public Relations & Communications.
Selena is an expert in the field of public relations and business communications. She arranges international campaigns including those in Chinese language.

Sara Fitzwilliam. Nexus Support.
Sara is responsible for communications with customers on clients' service support matters.

Kelly Gooch. Social Media.
Kelly communicates with clients and is responsible for product promotion. She is responsible for social networks and marketing.

Advisors:

Frank Bonnet. (LINKEDIN)
Frank is the founder and leading developer of the DCORP Project. During its ICO, the project raised almost 17000 ETH, more than $5 mln. He is an engineer of 10 years' experience and has worked in the field of blockchain technology development. He has participated in such projects as DS Verzekeringen and Centraal Beheer Achmea Dealer services. These projects provide transport and transport insurance companies with IT.

Hansco Leek (LINKEDIN)
Hansco is a founder of the Autodealers.nl BV since 2004, dealing with IT for transport companies. He is a service manager for the DCORP Project.
There is little information concerning the staff on the website. Of course, the aforementioned two members of staff are not able to implement the intended ideas alone. We discussed this problem with founder Jade Mulholland. He plans to increase staff to 4-6 people after the ICO. In addition he intends to participate in the project development process himself.

8. Marketing strategy

All raised funds during the pre-ICO are spent on the main ICO marketing budget. An additional 2,500,000 SCL are assigned for product promotion. Digital marketing includes: press releases, banners, social networks and advertisement campaigns. The advertising budget is 10% of the total raised amount after ICO. If all tokens are sold during the main ICO, the total marketing budget is (including raised funds while pre-ICO, where 1 ETH=650 SCL, and taking into account the bonus program):

- Funds raised while pre-ICO – 3519 ETH;
- For marketing - 5 000 ETH (1ETH = 500 SCL);
- 10% from the main ICO - 6800 ETH (1ETH = 650 SCL).

So, in the case of successful placement and all tokens sold, the potential advertisement budget is more than 15 300 ETH, about $4.5 mln.

Currently, the product is promoted on the following social networks: Facebook (1890 followers), TWITTER (266 readers). There is advertising on Youtube. There are 3 videos of 1,5 minutes length there. There are discussion threads on Reddit and Bitcointalk. If you need a prompt answer you can contact the staff on Telegram (83 members) and Slack (122 members). It is not a large subscriber base. The founders explain that activity is low because these communication channels are not popular among the potential investors; they receive hundreds of letters via e-mail every day. They use a bounty campaign as well. It should be noted that members take remuneration in BTC, but not in SCL tokens. The founders want to allot as many coins in the ICO as it is possible, for real money. So they eliminate the potential overhang in the market which is possible within the first period after token circulation on the trading platform when the sales are mostly carried out by bounty hunters. This is a positive point; the founders behave ethically with respect to their investors.

The project and ICO have already been announced in media channels like: Forbes, The Next Web, CoinTelegraph, The Merkle, News BTC, and Live Bitcoin News. The marketing strategy of the project is clear, but low activity on social networks and Telegram is a negative point for HYIP investors.

9. Competitive Advantages of the Project

The most important advantage of the Nexus project is their closed trading platform within the social network. The founders do their best to make e-commerce service more comfortable with the help of a multi-wallet. Nexus account wallets will be able to hold and store any Ethereum ERC20 standard token; this is a good selling point.

It is very easy to exchange tokens through a Nexus account with the help of integration with ShapeShift.io. Functionality will include converting Socials between ShapeShift supported ERC20 standard tokens or buying Socials directly with other ERC20 tokens.

To expand Social tokens useability, the founders intend to create a debit card to be connected with the Nexus account. The whitepaper describes this service as follows: «The debit card will allow users to spend their Social coins as fiat currency anywhere in the world. Fees will be minimal, and as the card uses Visa infrastructure you can use it almost anywhere in the world. Seamless Apple Pay and Android pay integrations will follow shortly after.»

It should be noted there are many similar projects intending to offer closed trading platform and cross-platforms debit cards are planned to be launched or have already been launched. For example, the KiK Canadian messenger is currently implementing decentralization. Their KiN token is used within the messenger for payment for services and goods, but it is not intended to be circulated outside the platform. Related projects include Exscudo, COSS, and Izibits. No-one has yet implemented a cryptocurrency debit card, so the community is sceptical. Before purchasing SOCIAL tokens, you should take into account this risk.

If the intended idea is successful however, the SOCIAL token will be a very convenient service to settle payments inside and out of The Nexus platform.

10. Risks of the Project

The risks are as follows:

The project's success depends on implementing all the Roadmap provisions successfully, and on current legislation. For this purpose the staff should recruit more specialists.

At the time of writing, the staff is too small implement all intended plans. Numbers will be increased after the ICO of course, but we do not currently know the qualifications of future team members.

We cannot analyze the technological aspect, because the relevant documentation is not available. Innovative ideas could become an advantage, but there are no innovative ideas right now.

Failure of similar projects could cause a bad reputation. No company at ICO stage has implemented the debit card idea so far, so the community does not respect similar projects promising debit cards issue in advance.

11. Economy of the Project

There is little information about the project's economics in the documentation. Users will pay for advertisements and e-commerce; settlements are carried out with SCL tokens. These are exchanged for BTC, ETH and even FIAT money via the Nexus website.

The founders will keep the received BTC and ETH until additional funding is required; in other words they will keep them in case the ICO does not raise the full requirement.

Therefore service popularity depends on service quality, and the value of charges fixed by the founders depends on service popularity as well. Of course the raised funds during ICO are not infinite, so the life of the project depends on received charges and fees.

12. Investment highlights of the token

The Nexus managers assure us that they have already prepared all necessary documents for listing on the stock exchange. They are negotiating with several stock exchanges at the moment. So, after the ICO the tokens are planned to be listed on at least one trading platform.

It will be possible to sell the tokens after ICO; SCL is an infrastructural token so there will not be problems listing it on exchanges. There is only one question; if it is profitable to buy tokens during the ICO.

The founders assure that the tokens will be in demand within the platform. So with service popularity increase, demand for tokens will increase. SCL tokens will be sold on the Nexus website. The price is calculated according to the formula: The price will be the last seven days' high, +2%. The founders believe this will ensure a constant price rise. We question their hypothesis.

Of course, it is possible to sell tokens with 2%-performance to stock exchange rate, but we believe nobody will buy them at this price. So the price will be estimated in accordance with the demand and supply ratio on the cryptocurrency stock exchange where the token will be listed.

In addition, demand is going to be stable without immediate increase, because received tokens for service payment will be returned back to the market. So the exchange demand and offer ratio will be almost constant.

The marketing budget is reasonably large; the Pre-ICO was successful. But we do not see HYIP. By the way, the project is not to be confused with other projects with similar names: https://bitcointalk.org/index.php?topic=657601.0, and https://bitcointalk.org/index.php?topic=832714.0. On the positive side, bounty hunters will not sell the tokens because income is nominated in BTC.

We like the ethics of the team members. They are thinking about token holders' interests. They are trying to prevent offer increase over demand post-ICO. Moreover, in the first days after the ICO the quotations will be supported by the buyback program.
The project tokens have a speculative value growth potential. Besides, the token price could increase in the long run, if the Nexus social networks become popular.

Do not forget about the risks in buying the SCL tokens; we believe token diversification is essential.