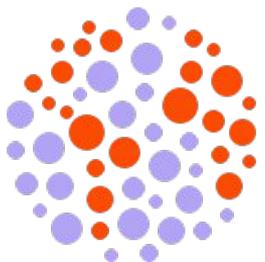


## INVESTMENT EVALUATION OF ICO PROJECT



INS

[ins.world](https://ins.world)

ICO 04.12.2017



AVERAGE SCORE

5,0 / 7,0

Medium  
Quality Rate

# DIGRATE

digital rating agency

Digital Rating Agency

[digrate.com](https://digrate.com)

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The evaluation is relevant to the date of assignment.

The DigRate team expresses its respect to all enthusiasts of the cryptocurrency world.

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INS Ecosystem is creating a new form of interaction between manufacturers and customers, bypassing the existing paradigm and eliminating intermediaries such as retailers.

The INS Ecosystem team plans for the project to become the first global decentralized platform where customers can buy goods directly from manufacturers at low and transparent prices. The INS token is to incorporate a customer loyalty program as a means of encouraging users to buy and hold the token. The INS Ecosystem marketplace directly connects manufacturers to customers of foodstuffs, and aims to implement various smart contracts to facilitate trade operations.

The project is supported by major partners and has a strong advisory board. The company has signed memorandums of cooperation with major FMCG manufacturers. Nevertheless, there is no description of technical and legal issues, or a detailed financial plan. The team consists of retail trade professionals, with extensive experience, but there is a lack of blockchain technology experts.

**Considerable risk exposure, high sensitivity to market conditions**

- The founders of INS Ecosystem have experience in the field of product delivery. The project participants are active on various thematic forums, which has made the project known in professional circles.
- INS Ecosystem has signed cooperation memorandums with major manufacturers
- The team has not identified a real-life asset base that would protect investors from token devaluation.
- The legal side of the company had limited transparency at the time of the drafting of this report.
- A specific timeframe for the stages of project development is not present in the roadmap.
- The team shared some additional information in the course of our communications, although we believe the information should be available to all project participants.

## How do we evaluate the Quality Rate?

### Advantages:

- The founders of the project have experience creating successful businesses in the field of the project's activities.
- The project has enlisted the support of major well-known partners.
- The project team has an advisory board consisting of professionals in various fields.
- Potential investors have shown interest in the platform.
- Escrow services are provided by NSP funds (<http://www.nsplaw.com/en/>). All funds are stored in ETH and USD.

### Disadvantages:

- A detailed financial plan for the project is not publicly available.
- The legal structure is not sufficiently transparent.
- There is no product prototype .
- There is no information on the construction of logistical infrastructure.
- There is no certainty on which blockchain platform is to be used

Medium  
Quality Rate

### **What can be improved?**

1. Specify a financial plan for the project.
2. Indicate the specific timeframe for the roadmap.
3. Create a prototype.
4. Increase transparency of the legal side of the project.
5. Finalize the blockchain platform.
6. Elaborate a strategy and mechanism for maintaining the INS token exchange rate.
7. Describe in which countries and how the company plans to start activities, with whom and what exact contracts are to be sign for legal transparency of the process.

Criteria	Score
Does the problem the project plans to solve really exist?	6
Is the company's product unique?	5
Does the team understand its competition?	5
Is blockchain technology a solution to the market problem?	6
Has the project laid out its operating business model?	4
Is there already a working product that can be sold to customers?	4
Is there a clear roadmap and financial plan?	4
Is the issuance of tokens limited?	7
Is there an asset base that would protect current holders from token devaluation?	1
Do the project participants have a clear motivation for owning the tokens?	3
Is the company's legal structure transparent?	3
Has the company taken preventive measures to avoid problems with ICO market regulators?	6
Is the project popular on social networks and in thematic communities?	7
Is the project widely discussed in blockchain news resources?	7
Does the project team have extensive experience and a strong track record?	7
Does the project have a strong advisory board?	7
Are the project's partners large and well-known?	6
Is the project attracting large VC investors?	3

AVERAGE SCORE

**5,0**

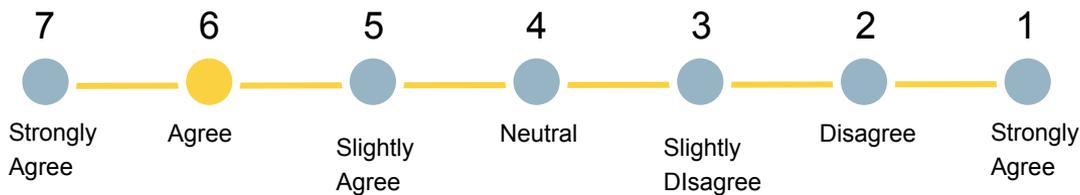
**B1**

# Project Concept



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## Does the problem the project plans to solve really exist?



The authors of the project believe that retailers do not have a positive influence on manufacturers and significantly increase the cost of goods for buyers. In the food market, the "manufacturer-retailer-customer" marketing model is currently well-established and generally accepted. Retailers occupy a position as middlemen: connecting manufacturers and customers, they provide a stable sales volume and uninterrupted supply of goods to end-users. Occupying a stable position in this model, retailers provide the bulk of sales. According to the project founders, under these conditions, retailers' position becomes a sort of "monopoly". Retailers can significantly affect production volumes and the cost of goods. Also, retailer marketing campaigns have a low efficiency factor due to their wide coverage and impersonal approach.

Eliminating retailers from this segment is not an easy task, as they are an integral part of a well-established and continuously operating mechanism.

The modern FMCG market is of colossal dimensions. Actively developing, by the end of the 20th century, it created a well-established model for three participants: manufacturers, retailers and customers. Manufacturers and customers are the extreme points of the interaction. Retailers in the current market model have the task of bringing the product from the manufacturer to the customer. Located in the middle of this chain of interaction, retailers not only service the manufacturer and the customer, but also dominate the market due to their monopoly position, dictating what gets produced and at what price they will buy the goods for further sale based on their own vision of the benefits, as well as the goods and prices offered to end-users.

Retailers dominate the FMCG market. Retail chains take a high share of revenues and have a huge impact on manufacturers and on consumers. Retailers often dictate what products will be produced, and how they will be processed, packaged and evaluated. For example, in the UK, only four large retailers affect 7,000 manufacturers and sell products to 25 million households. This example demonstrates the strong market dependence on retailers.

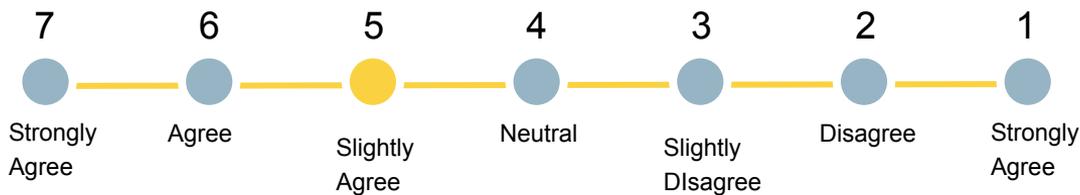
INS Ecosystem is introducing a decentralized ecosystem that aims to allow customers to decrease costs by 30% of foodstuffs, allowing them to buy directly from manufacturers. Direct interaction between customers and manufacturers should lead to a personalized and transparent approach to the acquisition of goods at lower prices. Consumers are to be able to decide which products they need themselves.

INS Ecosystem is also to give consumers unhindered access to products from local manufacturers, including farmers whose products are not represented in large retail chains, thus, allowing manufacturers to sell their products directly to customers.

Inefficient marketing campaigns are also a big and costly problem. Manufacturers of groceries spend up to 17% of their revenues on marketing. Promotions are a growing category of costs aimed at wholesale and retail distribution, rather than consumers. Manufacturers spend over \$500 billion on trade marketing annually, and, according to some reports, 66% of these costs do not generate profits and lead to higher prices for the final consumer.

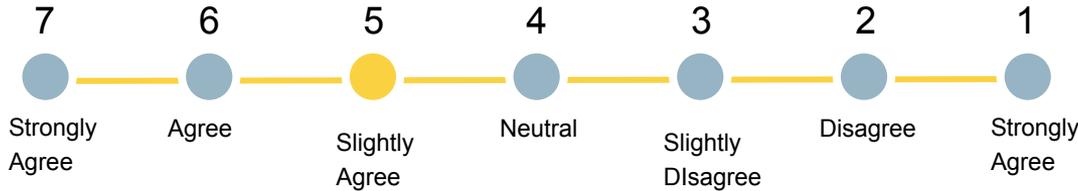
INS aims to change advertising campaigns to a more personalized, direct marketing approach (programs will work on smart contracts) that it believes will lead to lower prices for goods and effective direct interaction between manufacturers and customers. Theoretically, the removal of retailers from the system while maintaining or even increasing the effectiveness of their functions should lead to benefits for manufacturers and buyers. INS Ecosystem is planning to implement this type of alternative system, and to show its potential and viability. With successful results, the system should prove quite promising.

## Is the company's product unique?



Decentralization, and, with it, a direct working channel between manufacturers and customers, appears significant. Manufacturers get increased control over the prices of products; marketing directly aimed at customers; quick and direct feedback from customers; and higher prices for their products. At the same time, manufacturers may risk retailers traditional tasks not being performed properly. Buyers benefit from getting lower total costs for products and an expanded choice of products.

## Does the company understand its competition?



	INS Ecosystem	Offline Retail Stores	Amazon Fresh	Instacart	Other Online Grocery Delivery
Price	✓✓✓	✓✓	✓✓	✓	✓
Quality	✓✓✓	✓✓	✓✓✓	✓✓	✓
Convenience	✓✓✓	✓✓	✓✓✓	✓✓✓	✓✓
Promotions from manufacturers	✓✓✓	✓	✓	✓	✓
Assortment	✓✓✓	✓	✓✓	✓✓	✓

In the whitepaper the team provided a comparison of INS Ecosystem in the US with retail stores, online food retailers and the Amazon Fresh and Instacart projects.

As the company plans to directly connect buyers with manufacturers, INS can provide minimum and maximum prices, and relevant promotions.

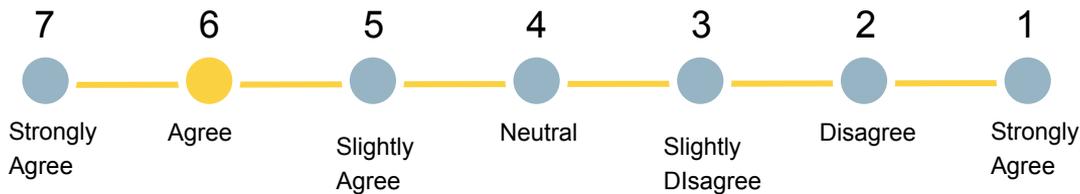
It is worth noting that the online food market is already occupied by major players such as Amazon Fresh, PeaPod, and FreshDirect, which are actively developing and increasing their competitive advantages, exploring and developing new opportunities in logistics and distribution, applying and continuing to introduce new algorithms for analyzing the collection and processing of big data, introducing new ways of conducting marketing campaigns, and increasing focus on customer feedback.

# Business Model



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## Is blockchain technology a solution to the market problem?



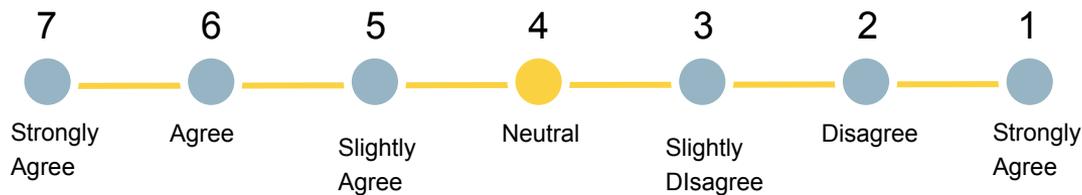
INS Ecosystem sets itself the task of decentralizing the foodstuffs market, whereby key participants (manufacturers and end-users) interact directly. Nevertheless, tasks previously performed by retailers (the continuous purchase and distribution of goods) must be accomplished somehow.

The blockchain is able to continuously work with a large database of information on all aspects of interaction: production, logistics, supply, marketing, transactions, processing, and managing the process.

Smart contracts are designed to facilitate transaction support by creating direct interaction between entities and providing detailed support for transactions. Smart contracts are to provide trust between manufacturers and customers, as they are to contain the agreed terms ahead of the transactions. There is to be no need for controlling agencies to accompany transactions. Transactions are to be traceable, transparent and irreversible.

Is it possible to achieve such goals without using blockchain? Definitely, but this would require significant additional resources.

## Has the project laid out its operating business model?



The procedure for interaction between the participants of the platform is described as follows:

Manufacturers (cooperation memorandums have been signed with Unilever, Mars, Valio, and Reckitt Benckiser) place common offers on a large database using a decentralized network. Additionally, manufacturers can distribute their own proposals more purposefully using a personalized approach, such as weekly / daily offers and proposals based on statistics.

In the INS ecosystem, manufacturers are to be able to apply any logic in a smart contract to create individual rewards programs according to customer needs, varying parameters such as the type of reward, validity periods, lists of products on which the reward can be spent, the amount, etc. Rewards are to be coded in smart contracts that accept them from manufacturers and distribute them to buyers, if they provide proof of the right to receive concrete rewards.

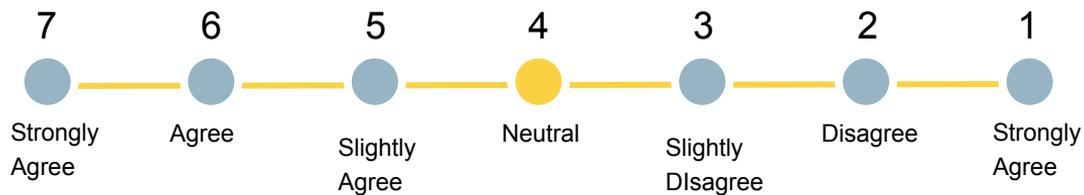
Customers purchase products by specifying acquisition parameters using various filters.

Payments are in:

- USD (above \$10,000, a 3% commission is taken for all fiat transfers);
- BTC, ETH, LTC, DASH, ETC (a cryptocurrency commission such as Ethereum gas is added, which is substantially lower than the fiat commission);
- INS tokens (commission free). Depending on the method of payment, consumers are to be eligible for various additional incentives.

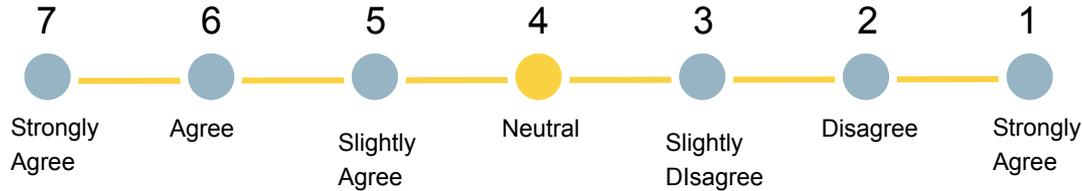
Delivery of purchased products is carried out by various logistics tools, using large courier companies or independent couriers through various applications. It is also worth noting that the team has not indicated the cost of building the material and technical infrastructure, such as warehouses, logistics, distribution centers, and vehicles.

## Is there already a working product that can be sold to customers?



On November 19, 2017, INS Ecosystem announced the release of a working prototype platform for early December 2017, before the ICO.

## Is there a clear roadmap and financial plan?



The authors of the project identified preliminary terms and stages of development, but the whitepaper indicates that the timing may change.

The whitepaper describes the stages of platform implementation (issuance of tokens, and publication of smart contracts), release of the user interface, geographical expansion and INS Ecosystem development.

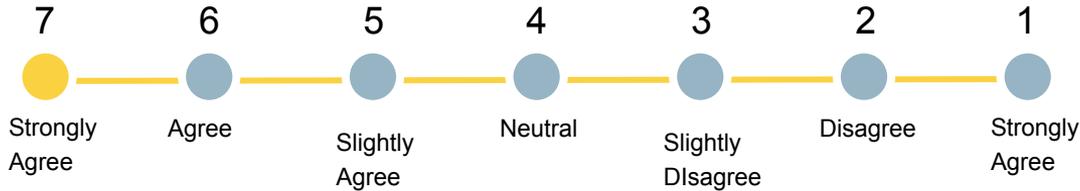
Additionally, the INS team provided information on three scenarios for the development of the INS Ecosystem platform through 2021, with indicative income dynamics (in absolute and relative terms), forecasts for growth of the token price, a description of the competitive position of INS on the US market, and a token payment schedule.

# Tokens



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## Is the issuance of tokens limited?



INS tokens are to be issued for the INS Ecosystem platform. The maximum limit of tokens is 50 million, while the exact number depends on the amount of funds deposited. Following the ICO period, no more tokens are to be issued.

Following the ICO, each participant is to receive tokens in the ERC20 standard, which are compatible with the INS platform and created on the Ethereum blockchain system. According to the roadmap, funds raised during the ICO are to be used to develop and implement the decentralized INS Ecosystem platform. The launch of the platform is planned for the first quarter of 2018. When the INS team introduces its own blockchain or chooses the final blockchain from the appropriate alternatives, a new INS token is to be issued, to which the released tokens can be exchanged at a rate of 1 to 1.

The total number of tokens released is to depend on the number of tokens purchased during the ICO.

**Soft Cap - 20,000 ETH.** The whitepaper states that funds allocated for the purchase of tokens will be returned, if the minimum goal is not met.

**Target Hard Cap - 60,000 ETH.** Upon reaching the hard cap, the ICO is to be immediately halted.

After a more detailed calculation, based on consultations with manufacturers, delivery operators and FMCG experts, the team adjusted target and soft and hard caps, significantly lowering them.

The team is to retain 15% of all issued tokens, with 60% going to investors, and 5% allocated for advisers. Of the total issuance 20% is to be held in a reserve fund that is to be used to encourage new customers to join the ecosystem. In the Telegram channel for the project, the team stated that they are in negotiations with several exchanges, and tokens are planned to be immediately transferred to buyers after the successful ICO. Additionally, INS tokens can be freely exchanged and withdrawn from accounts.

The launch is scheduled for the fourth quarter of 2018. Then tokens are to be used as payment within the system.

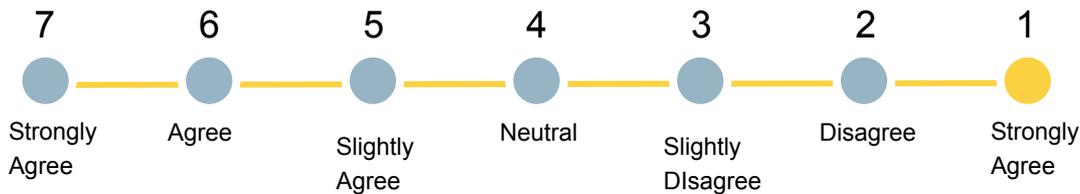
The project website and whitepaper say that the token is to be used as a means of payment within the platform, as well as carry a promotional function. The whitepaper also discusses the benefits of using the token inside the platform. According to the terms, the token is not positioned as a security.

Terms for the sale of tokens, with various incentives, are elaborated in the whitepaper. The biggest discount is given when buying on the first day for a sum of up to 100 ETH, while after the third week of the ICO no more discounts are provided.

**Bonuses:**

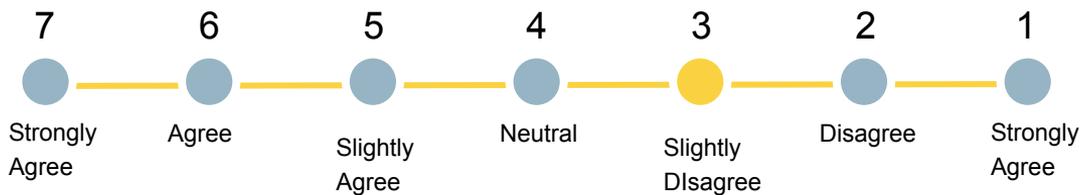
	Contribution amount		
	above 100 ETH	10 - 100 ETH	below 10 ETH
<b>Day 1</b>	25%	22.5%	20%
<b>Days 2-7</b>	20%	17.5%	15%
<b>Week 2</b>	10%	7.5%	5%
<b>Weeks 3-4</b>	0%	0%	0%

**Is there an asset base that would protect current holders from token devaluation?**



There is no mention of a real asset base that would serve as a "safety cushion" for investors. The whitepaper states "The INS tokens may have no value and there is no guarantee or representation of liquidity for the INS tokens. Company Parties are not and shall not be responsible for or liable for the market value of the INS tokens, the transferability and/or liquidity of the INS tokens and/or the availability of any market for the INS tokens through third parties or otherwise."

## Do the project participants have clear motivation for owning the tokens?



According to the whitepaper, the INS token is to be the only means of settlement for the processing of all types of rewards and one means of payment in the INS ecosystem.

The authors of the project envisage referral programs, no commissions when using INS tokens system, and other rewards for users of the platform, in addition to reducing the cost of goods for customers.

Half of the planned funds to be raised are to go to further development and study of the ecosystem, which is positive for the long-term prospects of the company. The maximum discount for the first buyers of tokens is small at 25%, which means speculative activity is unlikely to be widespread at the beginning of the project, which could possibly lead to a sharp devaluation of the token.

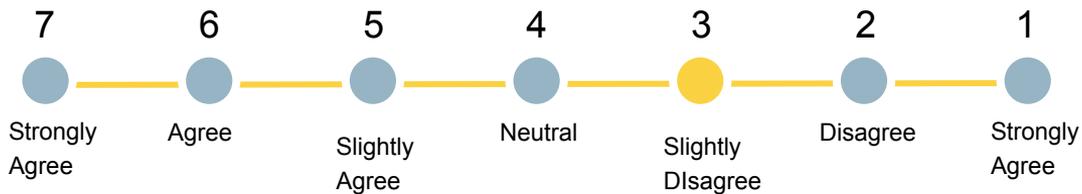
INS also plans to organize the use of INS tokens as a means of payment for partner services, but at the moment there is no detailed public plan.

# Legal Documentation



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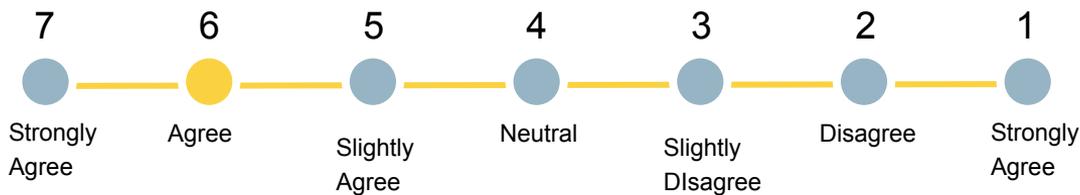
## Is the company's legal structure transparent?



The company is registered in the British Virgin Islands under the number 1955751, at Trinity Chambers, PO Box 4301, Road Town, Tortola, British Virgin Islands, with its headquarters in Moscow.

The INS Ecosystem team did not provide the company's title documents for review, but claims the founders, Petr Fedchenkov and Dmitry Zhulin are the beneficiaries.

## Has the company taken preventive measures to avoid problems with ICO market regulators?



The team is working with two law firms: in Russia - Nektorov, Saveliev & Partners (a company partner and legal advisor), and in the US - Blockchain Law Group.

The KYC procedures are provided to show the ability to purchase tokens and participate in the ICO.

The team guarantees safe processing and storage of project participants' personal data, taking into account the public nature of blockchain network data.

One of Nektorov, Saveliev & Partners' legal partners is the project's escrow agent.

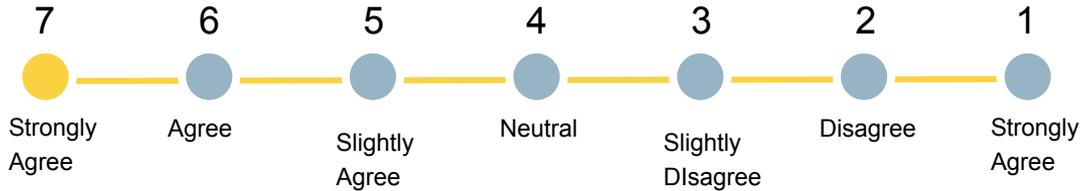
A significant portion of the project whitepaper is occupied by the section "Risk Factors", which details possible threats, both legal and political.

# Media Environment



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## Is the project popular on social networks and in thematic communities?



The number of people interested in the project on social networks and in thematic communities is constantly growing, with of stable growth dynamics of participants, subscribers, and views of articles at about 12% per week.

## Project subscribers on popular social networks (28.11.2017):



7,100 Subscribers



23,000 views, over 100 pages of discussions



90 Readers

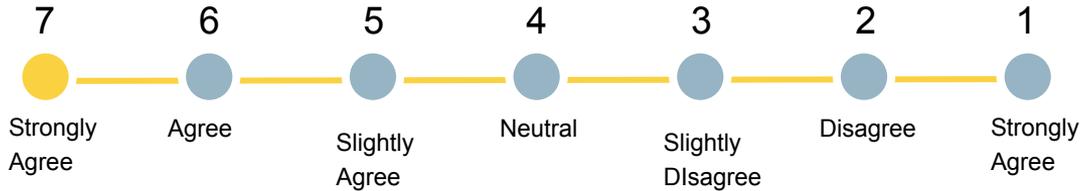


4,900 Subscribers



7,300 Members

Is the project widely discussed in blockchain news resources?



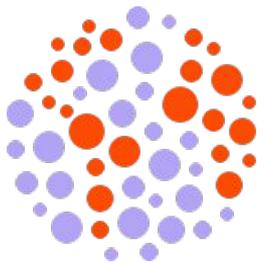
Product information is actively published in various media such as Coin News, CoinIdol, HuffPost, Coinspeaker, NewsBTC, The Merkle, The Sun, and The Telegraph.

The project is also being promoted at various conferences in Moscow, London, Los Angeles, Riga and other cities.

News resources that have published articles about the project:



# Team

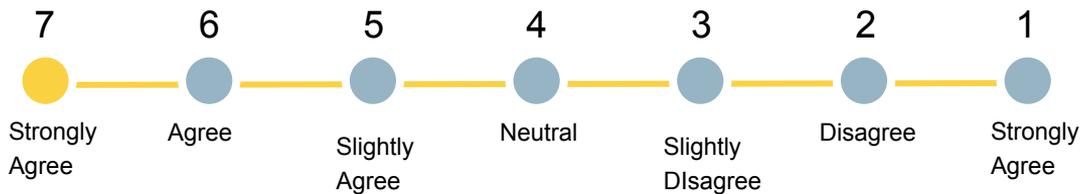


INS

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Does the project team have extensive experience and a strong track record?



The team consists of recognized professionals in their fields. The founders of the project are the creators of Instamart, a successful one-day product delivery service in Russia. Instamart was established in 2013. In 2015, the company's revenue reached 24.3 million rubles, with a net profit of 1.8 million rubles. The amount of investment attracted to Instamart is over 100 million rubles.

Due to the shortage of qualified personnel in the labor market, competition for skilled professionals is high, which has a significant impact on the ability to retain a top management team and attract additional qualified management personnel, which could have a negative effect on the INS platform.



**in** **Peter Fedchenkov**

*Founder*

Brings a wealth of retail and tech experience. Previously with Goldman Sachs and IBM. Teaches a class on retail at the Stockholm School of Economics in Riga. Harvard Business School MBA.



**in** **Dmitry Zhulin**

*Founder*

Experienced venture capital and private equity professional with a focus on retail and e-commerce, with 5 years of investing experience in Bitcoin and crypto-assets. Previously with VTB Capital Private Equity, Rothschild and PwC. University of London, post-grad in Finance.



**in** **Dmitry Khovratovich**

*Blockchain & Smart Contracts*

4 years experience in blockchain and smart contracts. Recognized expert in cryptography and security (12 years, 2,000+ citations). Designer of Argon2 (winner of the Password Hashing Competition) and Equihash.



**in** **Michael Schmidt**

*US Expansion*

Entrepreneur and engineer with a wealth of experience launching new technology products. Georgia Institute of Technology MS and Harvard Business School MBA.



**in** **Paul Yakshankin**

*Technology*

5+ years experience leading development teams. Previously with Undev, FunBox and Voltmobi. RailsClub 2016 conference speaker. Experienced in Ruby, Javascript, and Erlang.



**in** **Fedor Lisitsyn**

*Manufacturer Relationships*

Experienced strategy professional, with significant experience in FMCG sector. Previously with McKinsey & Company, with focus on operational projects. MBA candidate at Harvard Business School



**Maria Lapuk**

*PR*

Over 10 years of experience in digital PR. One of the most recognized PR leaders in the region. Maria's awards include "PR Profile of the Year 2015", "Most Influential Networker 2013", and "PR Professional of the Year 2012".



**Frank Van Der Tol**

*Europe Expansion*

Experienced FMCG & Retail professional (food and non-food). Over 15 years experience in FMCG/Retail, e-commerce and online market places. Previously with Accenture. Erasmus University Rotterdam Economics MSc, TIAS School for Business & Society MBA.



**Dmitry Gladkov**

*Legal*

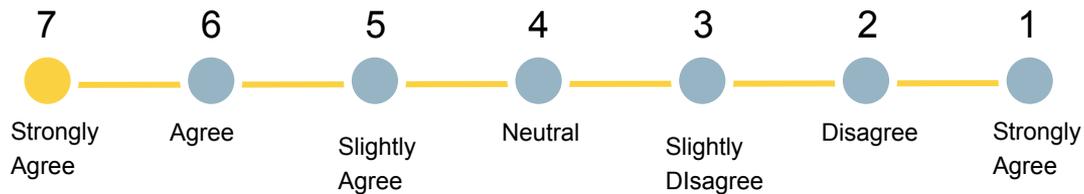
Partner at Nektorov, Saveliev & Partners (#1 VC law firm award 2015). 20+ years of experience in corporate law and financing advisory. Ex-General Counsel at UBS (Moscow). LLM from University of Georgia School of Law

# Project Support



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Does the project have a strong advisory board?



The advisory board consists of experienced entrepreneurs, and creators of successful companies in various fields associated with blockchain and crypto assets.



### **Eyal Hertzog**

*Product advisor*

Bancor co-founder, Chief Architect and Head of Product Development. Eyal is a serial entrepreneur, founder of MetaCafe and Contact Networks, outspoken thought leader on blockchain.



### **Michael Terpin**

*Community advisor*

Founder and CEO of Transform Group, a PR firm with over 40 successful ICOs. Co-Founder and Chairman of BitAngels, a digital currency investor group. Founder and Conference Director at CoinAgenda. Special advisor to the Alphabet Fund.



### **Moe Levin**

*Community advisor*

CEO of Keynote, Executive Committee Member at the Global Blockchain Council, founder at the North American Bitcoin Conference. Moe is a visionary entrepreneur and a recognized leader in the crypto space.



### **David Wachsman**

*PR advisor*

David is a founder of Wachsman PR, the world's largest blockchain-focused PR agency, leading communications for projects such as Dash, Ionomi, Aragon, Kraken, Lisk, and Kik, amongst many others.



**in** **Dr. Rawi Abdelal**  
*Academic advisor*

Rawi Abdelal is the Herbert F. Johnson Professor of International Management at Harvard Business School and the Director of Harvard's Davis Center for Russian and Eurasian Studies



**in** **Dmitry Filatov**  
*Advisor*

Founder of ICORating, Partner at ICOShark crypto investment fund, founder of Topface.



**in** **Carl Whitley**  
*Legal Advisor*

15 years of legal experience. Worked as a commercial attorney for General Mills and as a technology and intellectual property lawyer for both IBM and JPMorgan Chase Bank.



**in** **Ilya Perekopsky**  
*ICO advisor*

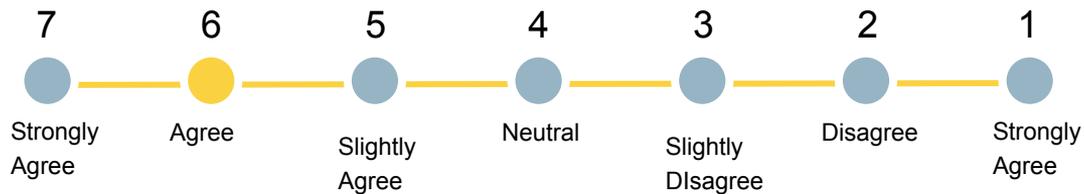
Co-Founder of Blackmoon Financial Group (\$30m ICO in Sep-2017). One of the early employees and recently a Vice-President of VK.



**in** **Stephan Stupurac**  
*Strategy advisor*

Co-Founder of Wings. Vast experience in decentralized solutions and blockchain technology since 2013.

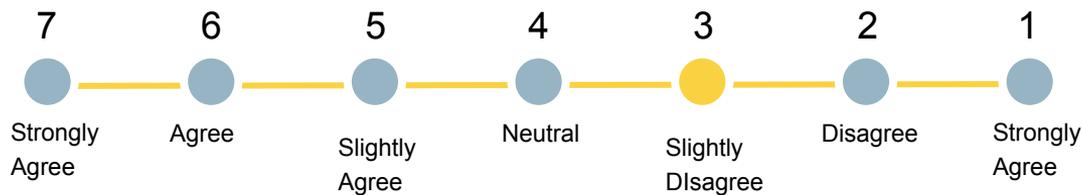
## Are the project's partners large and well-known?



Official partners of INS Ecosystem are various evaluation platforms, ICO firms, investment agencies, conference venues, providers, PR agencies, and fundraising platforms: Vinci, NSP, ABDK, Cryptonomos, ICObox, KickiCO, Keynote, Wings Foundation, Transform Group, Wachsmann PR, and Bancor.

The team plans to collaborate with Ambrosus, Civic, and Bitfury in the near future.

## Is the project attracting large VC investors?



On November 21, 2017, the INS Ecosystem team said it is in the process of attracting large funds and that partnerships will be announced before the ICO start (Blockchain Ventures is among the funds the company is negotiating with).

**A1**

**High**

High probability of investment return,  
low sensitivity to market conditions.  
Score: 6.1-7

**A2**

**Satisfactory**

Medium-to-high probability of investment  
return, considerable sensitivity to market  
environment.  
Score: 5.1-6

**B1**

**Satisfactory**

Considerable risk exposure, high sensitivity  
to market conditions.  
Score: 4.1-5

**B2**

**Low**

Low development potential, highly  
speculative investment.  
Score: 2.1-4

**C**

**Low**

High default risk in the short term.  
Score: 0-2

**D**

**Low**

In default, with little-to-no prospect for  
recovery

+7 (495) 175-1024 (Russia)

+41 21 588 02 23 (Switzerland)

info@digrate.com

[digrate.com](https://digrate.com)