

Etherparty (FUEL)

Enabling a DIY approach to smart contract creation

Overview

Etherparty is a Canadian based firm which seeks to remove the complexities associated with the creation and execution of smart contracts.

It is the company's vision that anyone will be able to create a secure, flexible and legally binding smart contract using Etherparty alone.

Some of the highlights of the anticipated platform are as follows:

- 1) **Templates & Flexibility:** The platform will offer the ability to save, alter and deploy templates and contract drafts from anywhere
- 2) **Legally Binding:** Users can gain access to legally binding contracts and agreements
- 3) **Enterprise Compatibility:** The platform will allow large organizations to integrate, upload and convert documents into smart contracts with ease

Token Sale

Under the code FUEL, Etherparty is issuing a total of 1 billion tokens. As stipulated in the white paper, almost 80% of the tokens are being sold between the presale and the official crowd sale, while the remaining 20% is split between incentives, the team and direct sale on the platform.

There is no detailed Use of Proceeds outlined in the white paper regarding expenditure of the funds (\$35 - \$80M).

Furthermore, we query the company's choice to not burn any of the unsold tokens, instead of releasing them on the platform for sale of USD\$1 minimum.

Token allocation



General

Country:	Canada
Team:	Transparent
White Paper:	Available
Stage:	MVP
Sale Period:	Oct 1 - Oct 31
Website:	Click here

Sale Info

Pricing:	1 ETH = 3000 FUEL (pre)
Accepted:	ETH
Min Goal:	NA
Cap:	1 billion FUEL
Escrow:	Smart Contract
Bonus:	View here

Bonus structure

Presale:	3000 > 1 ETH
Week 2:	2250 > 1 ETH
Week 3:	1700 > 1 ETH
Week 4:	1275 > 1 ETH

Checklist

Management team:	✓
Product definition:	✓
Commercial viability:	✓
Volume/interest:	⚠
Fulfillment:	⚠

Tokens for Investors

Tokens issued by Etherparty (FUEL) will be used for the access, creation, and deployment of smart contracts. It is anticipated that the price for operations will be pegged to USD rates to avoid significant fluctuations in pricing. FUEL will then be used on a conversion formula (based on the exchange price) to fulfill the USD denominated contract price.

Commercial Strategy

Etherparty has been releasing information and development updates through [Github](#) since 2014.

The commercial roadmap communicated in the white paper is quite clear.

Q4 2017: Deployment of backend and front-end systems utilizing 2FA and integration with Skype, Slack, and BigPanda

Q2 2018: Deployment of mobile apps for iOS and Android, expansion of template library and the oracle system which will hold a marketplace of usable APIs

Q4 2018: Deployment of drag & drop capabilities, enterprise feature integration, team and user roles features

The development roadmap appears to be straightforward and encompasses a lot of the features that will likely be in demand from retail, business and enterprise users.

Management

The management and founders come from the Vanbex Group, a blockchain consultancy firm based in Vancouver, Canada. There is a diverse spread of commercial and technical experience.



Lisa Cheng - Founder & Head of R&D

Advisor to several emerging companies and startups. Previous Product and Biz Dev for enterprise and big data SaaS solutions.



Kevin Hobbs - CEO

Founder of the Genisys Project & CEO of Vanbex, a blockchain consultancy, communication and development firm.

Strengths

- Demand for DIY smart contracts has continued to see significant growth. As enterprise businesses (particularly legal) seek to enhance and innovate upon current processes, the merits of the Etherparty platform are becoming increasingly relevant.
- There is competition in the space, which can be viewed as a positive, including [Agrello](#) and [Blockcat](#) showing that the concept has proved demand exists in general market terms.
- We take comfort in the fact that development work and progress has been taking place since 2014 and is available for the public to view.
- The commercial roadmap outlines a simple technical journey and emulates the much-needed functionality that a successful SaaS company should have.
- The team behind the project, Vanbex, appear to be well qualified from a technical, development and commercialization point of view.
- The structure of the token sale provides deep discounts for those in presale.

Weaknesses

- Neither the website or the white paper detail exactly how funding will be used. It can be assumed that the vast majority will be used for ongoing development, however, there is no mention as to the (\$) value associated with this, payments to advisers, OPEX and marketing.
- Marketing of the end platform is likely to require a significant amount of funding for successful penetration. At this point in time, it is unclear as to what the marketing strategy will be, with exception to “Growth Hacking” their way to 200,000 active users as outlined in the [presentation deck](#).
- The deal structure of the token sale leaves us with several questions relating to tokens which are not sold during the presale and crowdsale. The white paper states that leftover tokens will not be burned, instead, held by the company for sale on the platform at a minimum of USD\$1. Depending on the success of the sale, this could dilute the value offering for participants involved.

Conclusion

Etherparty presents a speculative long-term opportunity for prospective investors seeking exposure to what could be a highly used SaaS offering for businesses and enterprise customers.

We are attracted to the simplicity of the offering, work to date, and the team involved who are leading the execution of the initiative.

In saying this, we draw some concern regarding the token sale and take a **neutral view** as a result of the following:

- Lack of transparency around Use of Proceeds (budget)
- Absence of a concise marketing and implementation plan
- The holding of unsold tokens in the market by the company

In general, it is preferred that when a company is raising + \$40m, a detailed budget and marketing plan is released. This is not to imply that they will be using the funding in a negative manner, however, the success of such a platform is highly dependent on their outreach initiatives, and as such, details of an appropriate allocation should be shown to satisfy investor concern of minimum capital required for commercialization.

The reason behind holding the unsold tokens instead of burning them is quite vague. Depending on the success of the sale, this could be a significant portion, resembling what is known as a 'tight register' and therefore resulting in lower trading liquidity.

We also acknowledge the presence of other DIY (non-developer) smart contracts such as Agrello and see this becoming an increasingly competitive market. On a comparison basis, Agrello is trading at a market cap of ~\$26m, however, this is predominantly via IOU trading platforms.

With the above in mind, we hold a **neutral view** regarding the deal structure and public offering of the ICO. In the long term, however, we maintain a positive view of the company and their ambitions.

Piccolo Research advises that **interested investors** should consider a long-term holding of Etherparty if a deep discount can be achieved within the bonus brackets of the offering.

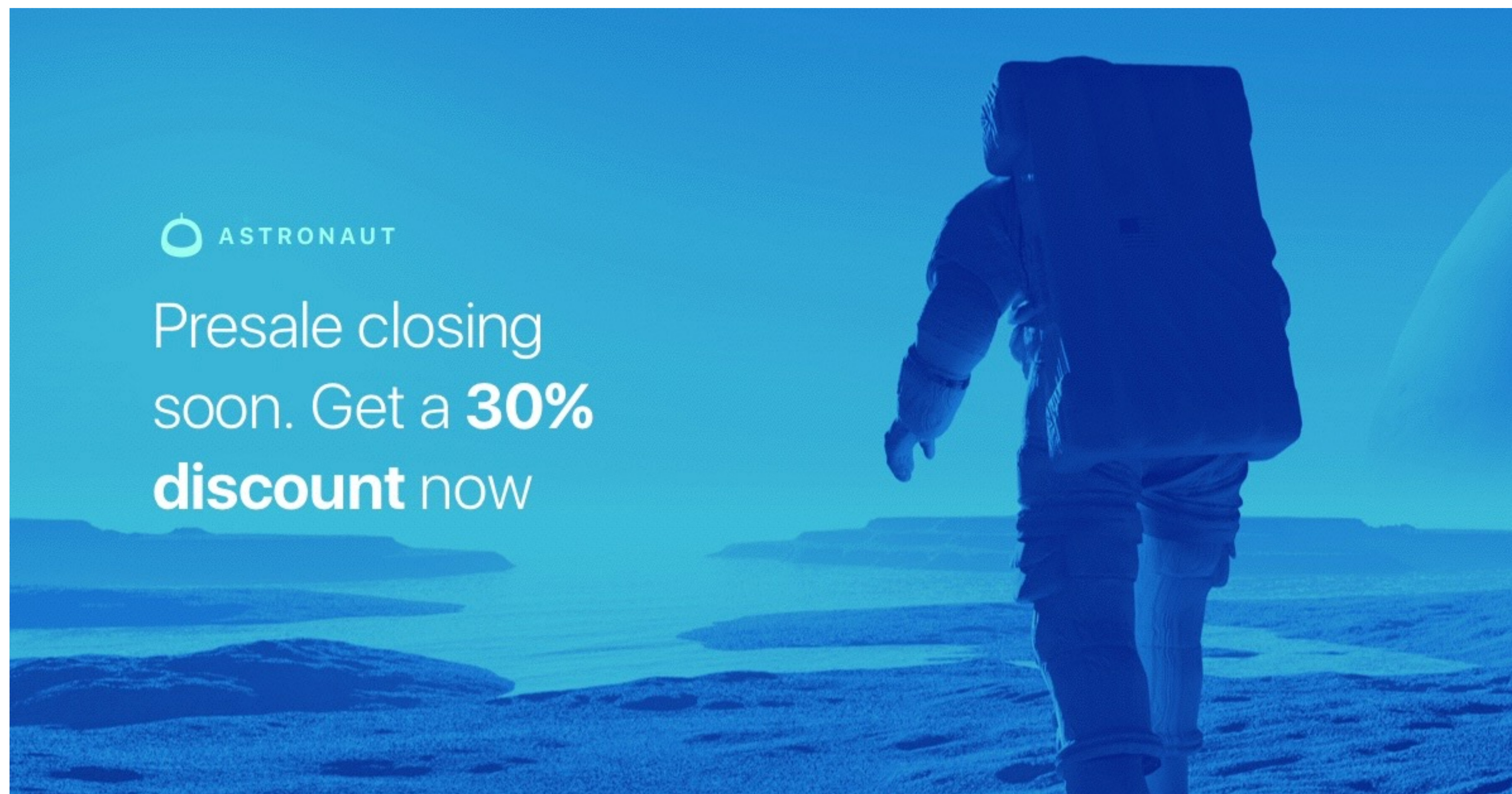
On a short-term basis, the chance of capital gain is highly dependent on the liquidity factor, which is influenced by the take-up throughout the crowd sale.

*See our rating card on the following pages for details regarding *Neutral.*

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Ratings Overview



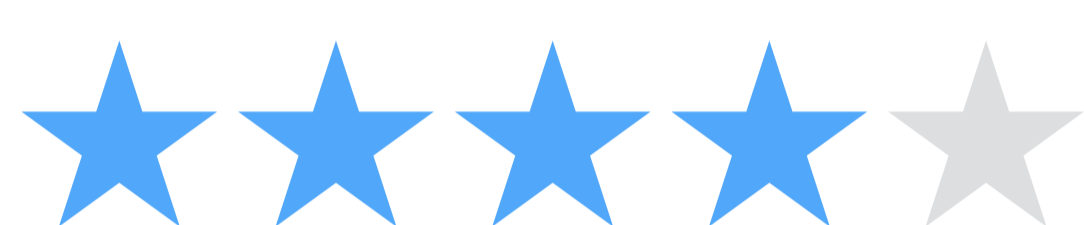
Either at concept stage, lack of commercialization/conviction or bordering a Scam.



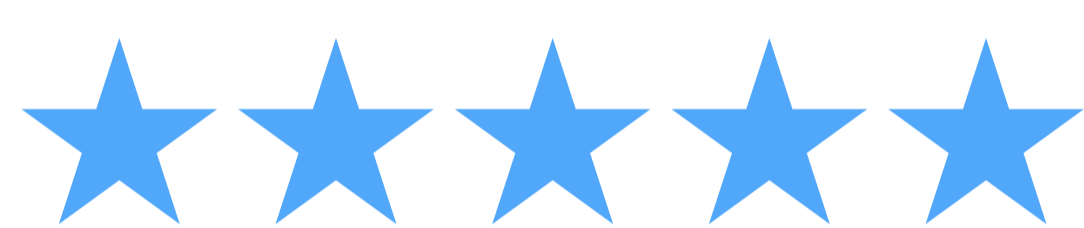
The company/tokens have merit, however there are questionable attributes and involves significant risk.



An investment opportunity that can be considered under certain circumstances.



A good opportunity with no significant weaknesses and a clear path of commercialization.



A high conviction opportunity of investment with no visible weaknesses.

SCAM

A fraudulent initiative to be avoided at all costs.

RISKY

Due to a variety of factors, investment is associated with high risk of losing capital.

HOLD

Usually occurring in an updated release of coverage to advise maintaining current levels of position sizing.

NEUTRAL

The opportunity has merits and room for growth, however, there are several negative aspects to take into consideration which may influence the length of investment.

SPEC BUY

A speculative opportunity for investors with a higher risk tolerance.

BUY

A high conviction buying opportunity.

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