

# Kik (KIN)

## A 'currency' for the established social network platform - Kik

### Overview

KIN is a social network currency (short for kinship) which is anticipated to launch on the social media platform Kik.

Kik has over 15 million monthly users and has raised previous rounds of finance (\$110m) as an established company.

The purpose of KIN tokens can be summarised as the following:

- 1) a network currency that is utilized by members of the platform to buy in-app upgrades and features (such as emojis, gifts, etc ..)
- 2) a marketplace for people to buy and sell goods as well as P2P payments of Kin between users
- 3) a reward token for developers to continue building out and improving the Kik eco-system as well as a currency utilized for marketing and advertising

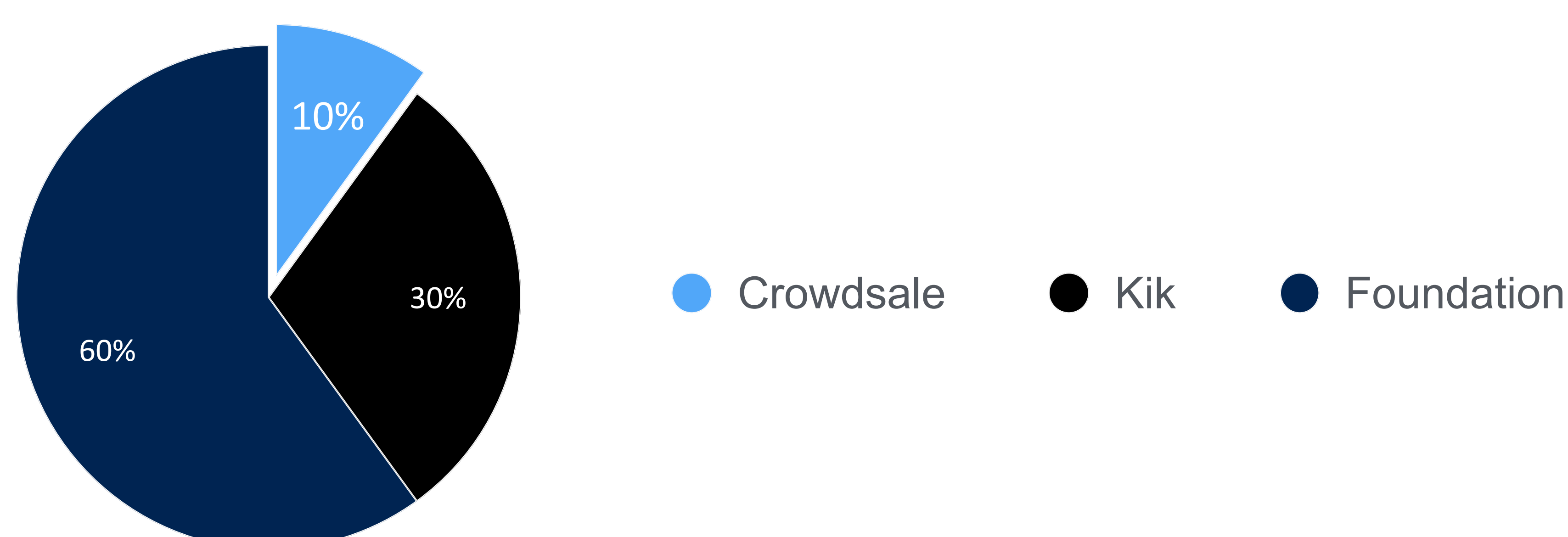
While Kik is an established platform with an increasing user base, its upcoming token (KIN) likely won't be released on the platform until 'this coming summer.'

### Token Sale

Under the token KIN, Kik will issue exactly 1 trillion tokens for sale out of a 10 trillion total of KIN in circulation (10%).

Approximately 30% of the tokens on issue will be held by management at Kik. These tokens will be subject to a long term vesting schedule of 10% every quarter.

The remaining 60% will be used for distribution of rewards over the next three years. The white paper further details the likely distribution of these tokens in detail.



## SPEC BUY



### General

Incorporation:	USA
Team:	Transparent
White Paper:	<a href="#">Available</a>
Stage:	Launched platform
Sale Period:	Starts 10 September
Website:	<a href="#">Click here</a>

### Sale Info

Pricing:	Unknown at pre-sale
Accepted:	ETH
Min Goal:	NA
Cap:	1 trillion tokens
Escrow:	Smart Contract
Bonus:	<a href="#">View here</a>

### Checklist

Management team:	✓
Product definition:	✓
Commercial viability:	✓
Volume/interest:	✓
Fulfilment:	✓



## Tokens for Investors

The tokens received by investors can either a) be used on the platform (if you are an active user of Kik) or b) traded on the exchange once listed.

Kik notes in their white paper that token distribution will commence once the upgrade and integration have completed. Judging from the correspondence they have released, this could be early 2018.

(note, we are unsure at this point what the intention/timeframe is for any exchange listing of KIN)

## Commercial Strategy

The establishment of KIN within the Kik ecosystem has been detailed in several use-cases, all detailed in the white paper.

Interestingly, Kik implemented an experiment between the years 2014 and 2016 to measure the demand and usage of a points based system (Kik Points).

The company considers the experiment a success with Kik users completing 253 million offers and over 74 million purchases.

This experiment provides some validity to the commercial roadmap ahead.

## Management

Management has an extensive track record of innovation, capital raising and commercialization.



Ted Livingston - CEO

Founder since 2009 and successfully raised ~\$120m from investors including Tencent and Union Square.



Peter Heinke - CFO & COO

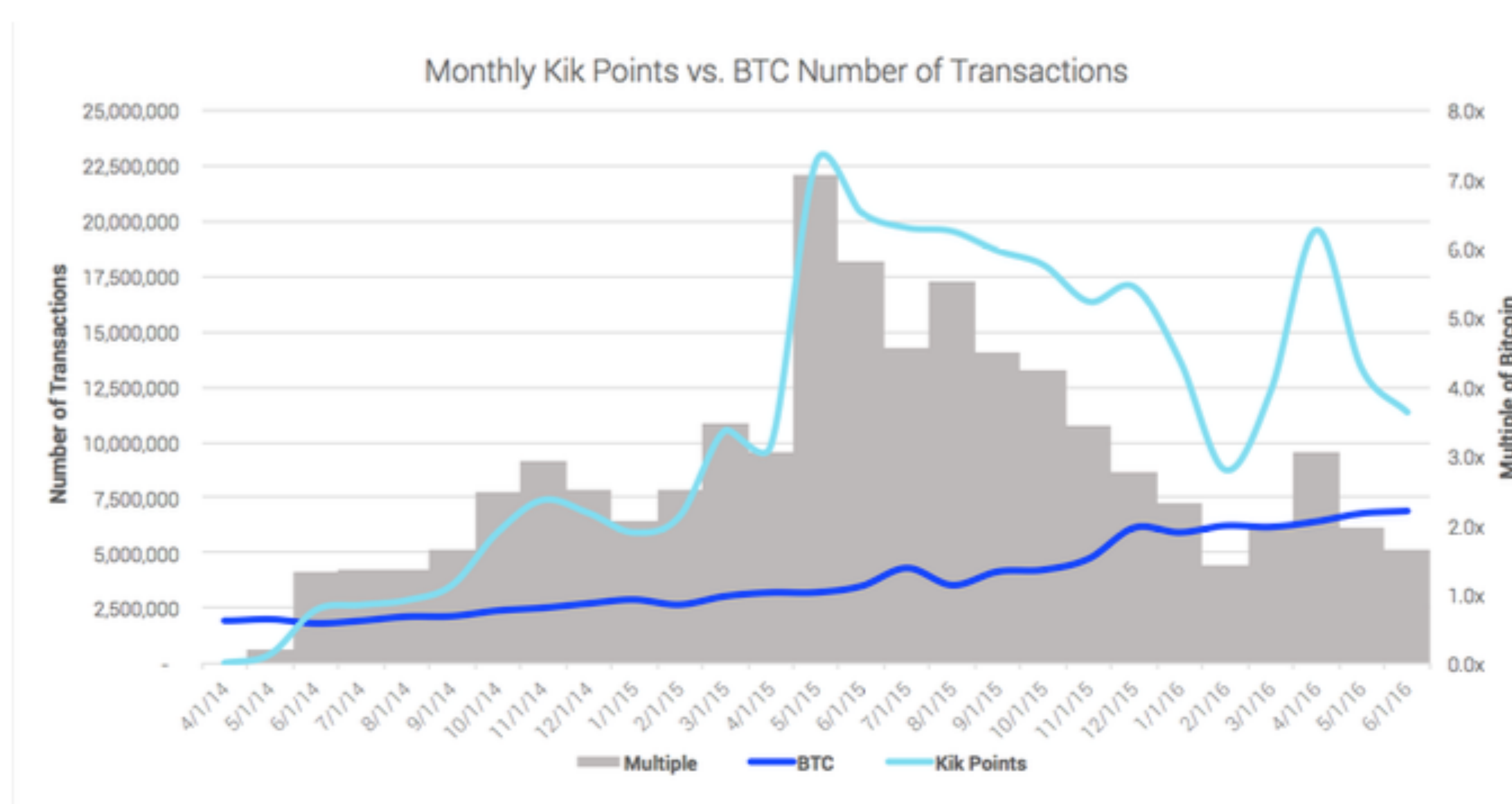
20 years leading finance and operations for startup and media companies.

In addition to the above, there are a further five staff listed in senior management positions.



## Strengths

- Kik is an established business with +15million monthly active users
- The management team have an extensive track record of commercialization
- The platform has been running since 2009 and is backed by some of the largest companies in the world such as Tencent
- The experiment conducted by Kik for 'Kik Points' between 2014 and 2016 provides some validation of the concept of a tokenized rewards and currency ecosystem
- To date, the token marketing and lead up to pre-sale has been done quite strategically and professionally



## Weaknesses

- Only 10% of the total token allocation is being offered to the public. This is substantially lower than the average ICO
- Kik is retaining approximately 30% of the tokens to be vested over ten quarters. On a comparison basis, this is a significant amount to be held by the company
- The white paper lacks specific detail regarding timelines, implementation period and commercial milestones that investors would find relevant
- It is unclear when the token distribution will occur
- We believe there to be fundamental differences between the experiment that was 'Kik Points' and the proposed KIN tokens. These differences including pricing, issuance and complexity of use may result in substantially different results



## Conclusion

KIN tokens present a speculative opportunity for investors who are seeking long term exposure to an established ecosystem.

We conclude that there is a distinct balance of risks vs rewards with regards to the token sale by Kik and forecast that despite any negatives associated, the token offering will likely hit its maximum cap.

We are attracted to the fact that Kik is an established business with a high user base, significant private funding and has invested the time to experiment with similar concepts.

Conversely, we do see some red flags, predominantly that are associated with the capital allocation and structure of the token.

- 1) Only 10% of the tokens are available as crowd sale, while 30% are going to be held by the company
- 2) Exactly 60% of tokens are forecast to be used by the foundation

While there is a long term vesting schedule over a period of 10 quarters, we feel that this is an attempt to place a value on a high demand crypto currency to satisfy the need and wants of Kik's current investors without suffering any dilution.

Had the capital structure and allocation of tokens varied more, we would be more comfortable with the viability of KIN and the rationale behind the offer.

Outside of the preceding points which we believe may inhibit the growth of KIN, we believe that there is a high likelihood that the crowd sale will be filled quickly. We are unsure, however, as to when a liquidity event such as exchange listing (or even token distribution) will occur.

In light of the above, we still forecast long-term capital gain from KIN and would consider this a **long-term speculative buying** opportunity for investors who have the risk appetite and are not looking for immediate liquidity.

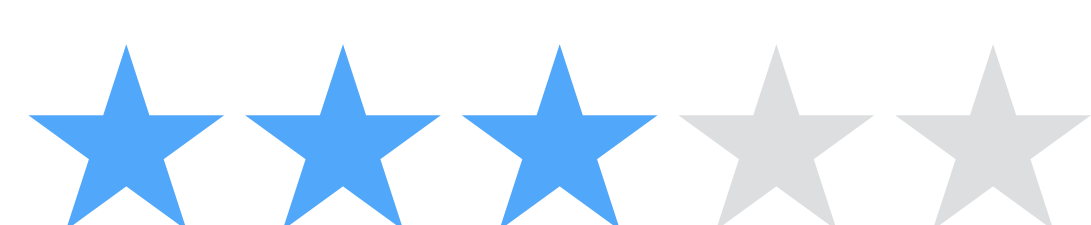
## Ratings Overview



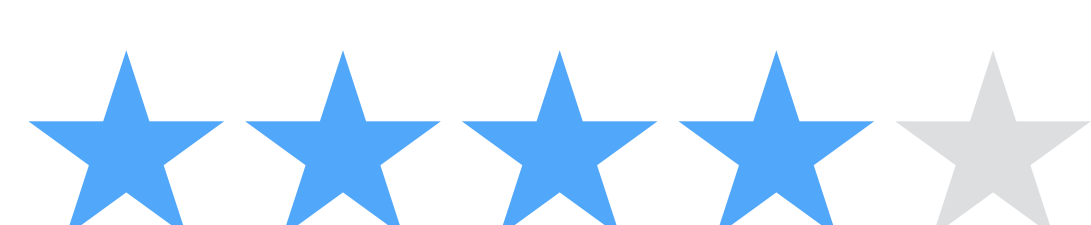
Either at concept stage, lack of commercialization/conviction or bordering a Scam.



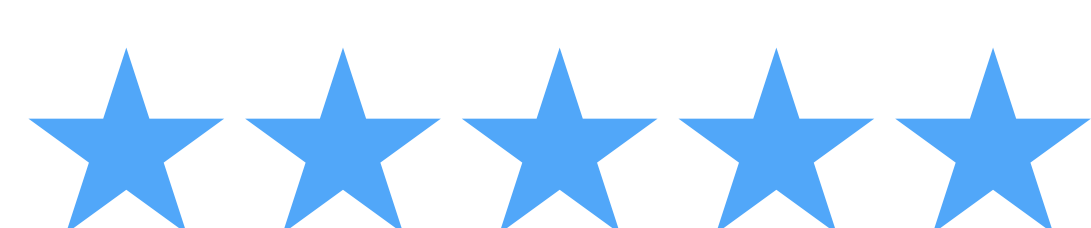
The company/tokens have merit, however there are questionable attributes and involves significant risk.



An investment worthy opportunity that should be considered and a healthy balance of risk vs return.



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



A high conviction opportunity of investment with no visible weaknesses.

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### **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.

### **SPECULATIVE**

Investors require a very high tolerance to risk.

### **SPEC BUY**

A speculative buying opportunity for investors with a higher risk tolerance.

### **BUY**

A high conviction buying opportunity.



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## Contact us

w: <http://www.picoloresearch.com>

e: [admin@picoloresearch.com](mailto:admin@picoloresearch.com)

a: #08-03 Claymore Hill, Singapore