

ChainLink (LINK)

Creating a secure link between real-world data and the blockchain ecosystem

Overview

ChainLink (aka Link Network) is a product by the team at SmartContract and has been in development since 2014.

The startup seeks to solve a significant problem in the world of blockchain innovation by deploying a solution to interact with external and centralized data-feeds.

In brief, the goals of the ChainLink technology are the following:

- 1) to provide a secure and decentralized middleware known as 'oracles' that can be used to communicate with centralized data feeds
- 2) to become a standard solution for such use cases as financial data, financial agreements, insurance, etc.
- 3) to combine and interact with other off-chain services such as payment gateways, execution of contracts and other actionable services on any API

Token Sale

Under the code LINK, ChainLink is issuing a total of 1 billion tokens. The hard cap associated with the sale is ~\$35m with a bonus stage of 20% applicable.

Only 35% of the tokens are being offered to the public, meaning a total market cap of +\$90m will apply if the upper limit is reached.

The remaining 65% of tokens will be split between an incentive ecosystem (35%) and development capability (30%).

There is a lack of specific detail regarding budget and operating expenses (OPEX) in the white paper as it is predominantly technology focused.



General

Country:	NA
Team:	Transparent
White Paper:	Available
Stage:	Concept > MVP
Sale Period:	Sep 19 - Oct 19
Website:	Click here

Sale Info

Pricing:	1ETH = 1750 LINK
Accepted:	ETH
Min Goal:	NA
Cap:	\$32,000,000
Escrow:	Smart Contract
Bonus:	View here

Bonus structure

Stage 1:	1ETH = 1750 LINK
Stage 2:	1ETH = 1650 LINK
Stage 3:	1ETH = 1550 LINK

Checklist

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

Tokens for Investors

The tokens received by investors after the fundraising period (LINK) are predominantly supposed to be used as currency on the ChainLink platform as transactional tokens between data providers, operators and payment providers. Essentially, the more users associated with the platform, the more traction the currency gets, therefore leading to a higher token value based on the growth of the ecosystem.

It is also anticipated that LINK will be available for trade on the exchange.

Commercial Strategy

The commercial strategy of the venture including a detailed roadmap was not communicated to any significant extent in the white paper.

The technical strategy is communicated thoroughly and highlights the roadmap of development as well as how the team plans to overcome any obstacles.

ChainLink will support Bitcoin and Ethereum amongst other cryptocurrencies. It is expected that the middleware will gain significant traction in providing such flexibility.

A number of targeted use cases are mentioned by the company which is where the greatest chance of market penetration will likely be.

Management

The team have an extensive track record in development and commercialization of new technology.



Sergey Nazarov - CEO

Previously involved in building P2P marketplaces. Joined the investment team at FirstMark Capital. Crypto since 2011.



Steve Ellis - CTO

Team lead at Pivotal Labs and a deep history in working with secure and encrypted data.

In addition to the management team, there are a further six advisors listed.

Strengths

- ChainLink is solving a significant problem in establishing a secure, and trustless link between blockchain and off-chain data feeds.
- The possibilities of commercial opportunity using ChainLink are endless. The likes of finance, legal, gambling, payments and anything else which is data driven can be disrupted and innovated on a new level by using this 'middleware.'
- ChainLink already has an established partnership with SWIFT, a banking and transaction company. SWIFT have already used and validated the concept of some of ChainLinks technology. This provides an easy entry point to cooperation with other financial institutions.
- Providing such services as 'middleware' means that there is generally little capital to be spent on such things as marketing and promotion. We see this as a large advantage.
- The team appears to have an impressive technical track record and are supported by a list of reputable advisors.
- The white paper, although explicitly technical, is very much a testament to the team's knowledge base and understanding of blockchain innovation.

Weaknesses

- There is no comprehensive information regarding the use of proceeds for the development and commercialization plan of the venture.
- It is unclear as for the specific token allocation and/or fees that are being paid to advisors, management and other personnel.
- Only ~33% of the tokens are being sold via crowd sale. This may very well be appropriate, however, it is difficult to come to this conclusion given the lack of information at hand.

Conclusion

ChainLink presents a **favorable buying opportunity** for investors seeking exposure in a short/long term technology that may be a significant driver of widespread blockchain adoption.

We are attracted to LINK for the following reasons:

- the technology solves a major problem in the marketplace
- the team have extensive experience in development
- ChainLink already has major partnerships in place (SWIFT)
- as a 'middleware' the company can avoid high operating and growth costs associated with marketing
- providing the token price is at a sustainable level, we anticipate that the incentive ecosystem will be a success

Overall, the risk/reward ratio for exposure in LINK is quite favorable. We believe that the existing finance related partnerships will help to catapult the commercial progression of the venture, providing development stays on track.

The only weaknesses we can find relate to some of the transparency of token allocation and use of proceeds. In saying this, the team have put in quite a reasonable maximum cap given the possibility of such a disruptive concept within the blockchain ecosystem.

In conclusion, we **recommend LINK as a 'buy'** for those seeking both long and short term exposure.

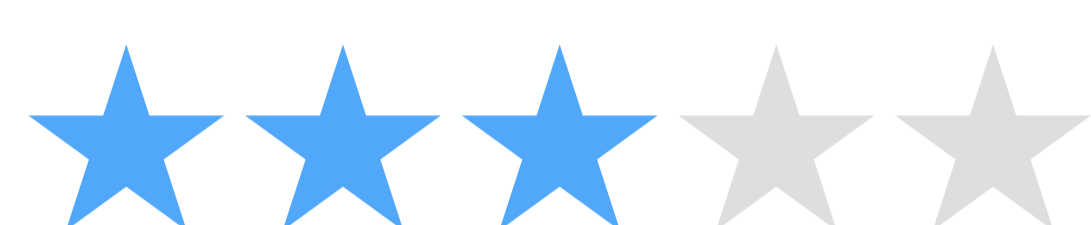
Ratings Overview



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



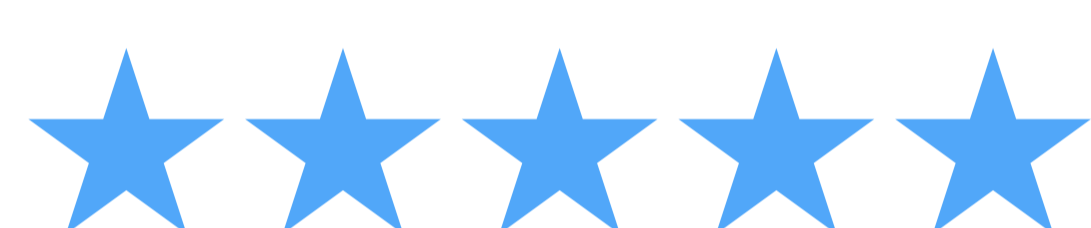
The company/tokens have merit, however there are questionable attributes and involves significant risk.



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.

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.

SPEC BUY

A speculative opportunity for investors with a higher risk tolerance.

BUY

A high conviction buying opportunity.

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