

# ICO Review: Effect (EFX)

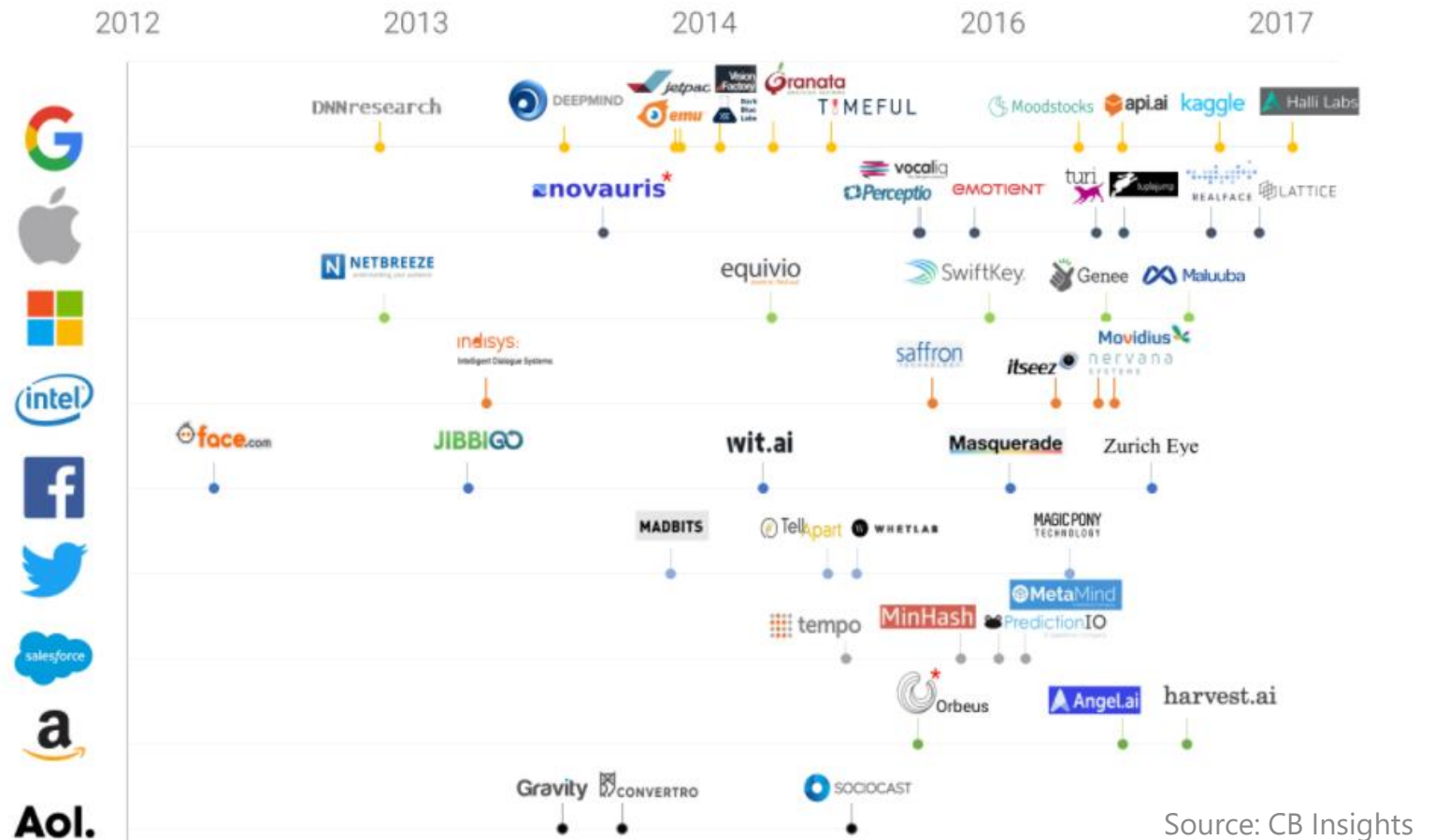
Decentralized Network for Artificial Intelligence

February 8, 2018



# The artificial intelligence market

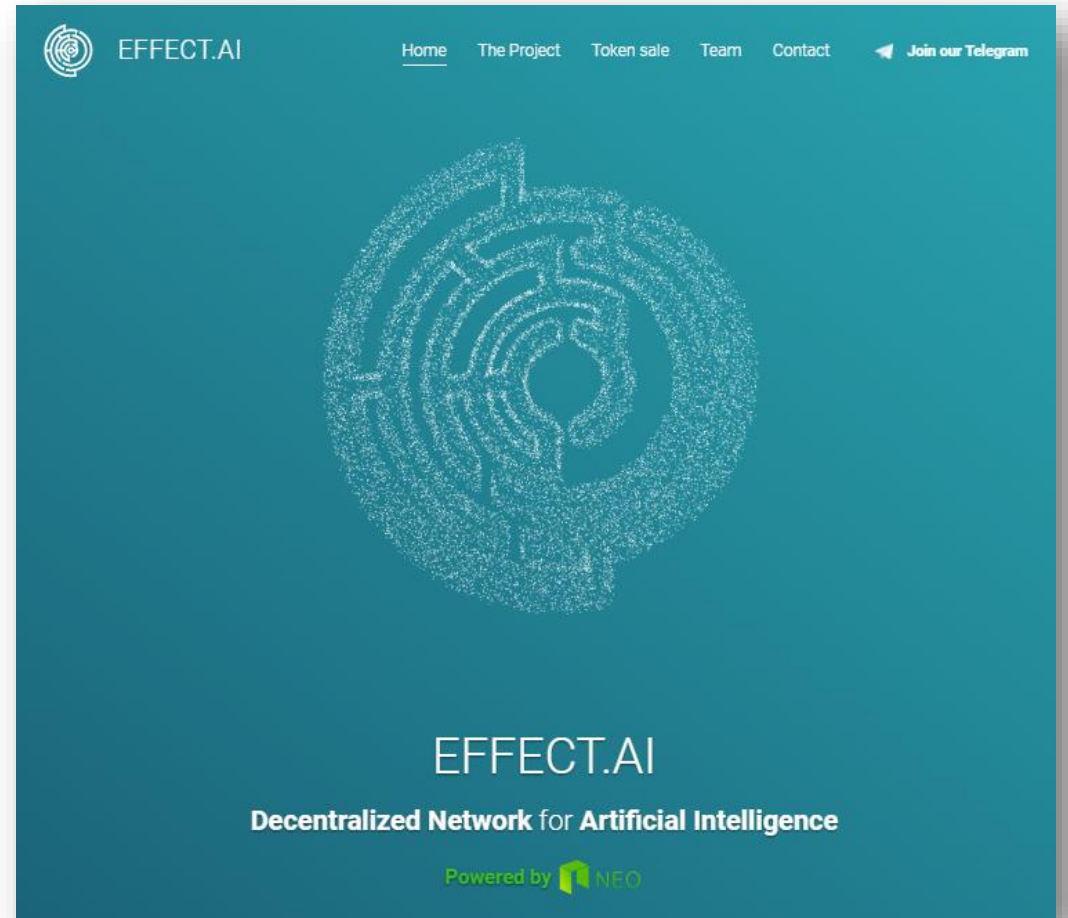
- The artificial intelligence market is growing at an increasing rate, with a projected size of \$15.7 trillion as early as 2030.
- Only a few companies such as Google, Facebook, and Amazon are positioned to develop these algorithms right now.



Source: CB Insights

# What is Effect.AI?

- It is difficult to get into the artificial intelligence market because the entry barrier is currently very high due to data processing, diverging tasks, and computational costs.
- Effect.AI seeks to create a private, decentralized ecosystem for AI development and AI related services called The Effect Network.
- The Effect Network will operate fully on smart contracts deployed on the NEO blockchain.



# The Effect Network



**Phase 1: Mechanical Turk** – A private, decentralized marketplace for work that requires human intelligence. It is based on centralized business models such as Amazon Mechanical Turk, Fiverr, OneSpace, and Guru.com.



**Phase 2: Smart Market** – A decentralized marketplace where algorithms can exchange their services with users and each other. Application owners can register their AI product and specify the price or usage fee.



**Phase 3: Effect Network** – The final 'Network' phase of The Effect Network will put these algorithms on the blockchain, so they are running on a global scale via the NEO blockchain.

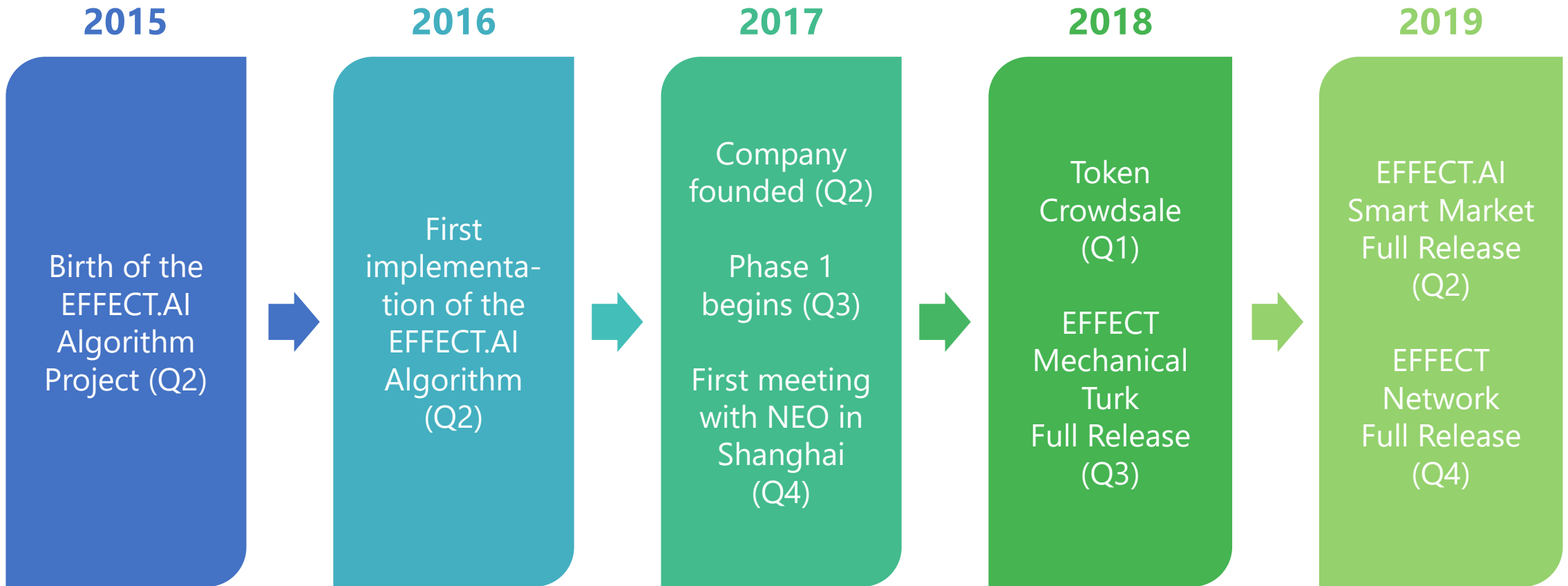
# Effect M-Turk vs. Amazon M-Turk

	<b>EFFECT M-Turk</b>	<b>Amazon Centralized M-Turk</b>
Description	Decentralized, private, secure, fully global, very low cost, a potential for millions of on-demand workers	Centralized, high cost, thousands of on-demand workers
Percentage taken from Requesters	Free	20 - 40%
Restricted countries	195 of 195 are included	Only 43 of 195 have access to the platform
Withdrawal of funds	Instantly	4 - 21 days
Average hourly rate	\$9.40	\$2.13
Secure & private	Yes	No

Source: Effect.AI Lightpaper



# Development roadmap

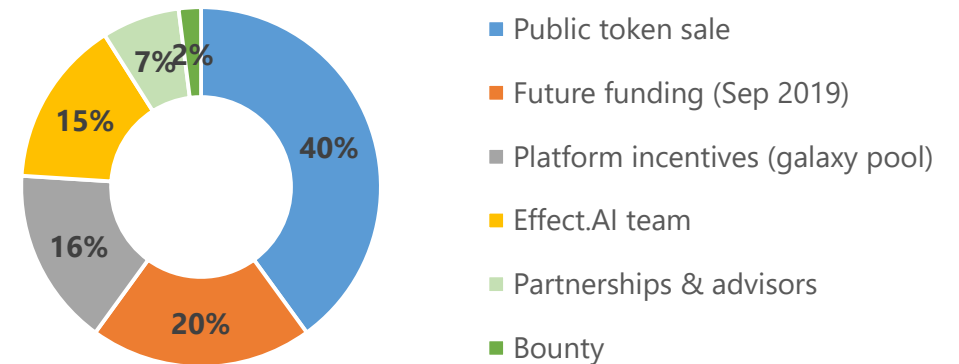


# EFX token sale summary

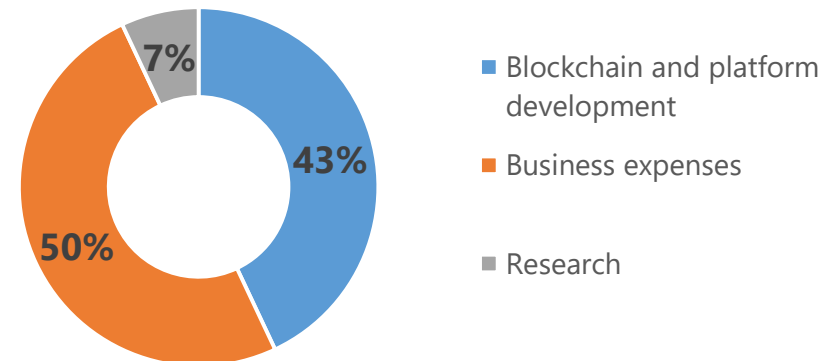
## ICO SUMMARY

- **Project name:** Effect.AI
- **Token symbol:** EFX
- **Website:** <https://effect.ai/>
- **Hard cap:** EUR 14.82 million for 40% of total tokens
- **Conversion rate:** 1 EFX = EUR 0.057
- **Max market cap at ICO (fully diluted basis):** EUR 37M
- **Bonus structure:** 10% for first 5,200,000 tokens
- **Presale or white list:** No presale, whitelist TBA
- **Blockchain platform:** NEP-5 token on NEO
- **Countries excluded:** USA, China, South Korea, Singapore
- **Timeline:** ICO starting in March (day TBD), token sale ends 18 days after start date
- **Token distribution date:** Upon token sale conclusion

## TOKEN DISTRIBUTION



## USE OF PROCEEDS



# Use of EFX tokens

- Effect.AI's first goal is to maintain liquidity for EFX tokens:
  - Workers are able to sell their EFX rewards for native tokens
  - Requesters and network users are able to buy EFX
- The Effect Network will maintain a central pool of tokens to provide liquidity, encourage adoption, and stabilize network fees. This pool is called the **Galaxy Pool** and consists of a mix of EFX and native tokens.
- As EFX tokens are used as a currency on the Effect Network, the more activity the network has, the more valuable EFX tokens should be.



## THE TEAM

# Who are the people behind Effect.AI?



**Chris Dawe**  
CEO

Chris graduated from the University of Toronto in 2006 with a degree in Business Management/Marketing. Before founding Effect.AI, he was a project manager for Itsavirus, based out of the Amsterdam Area.



**Jesse Eisses**  
Blockchain Lead

Jesse has previous work experience as a developer for Itsavirus and MyAdbooker, and doing research for 3DUniversum. He graduated from the University of Amsterdam with bachelor's and master's degree in artificial intelligence. Jesse is one of the lead developers for Effect.AI, focusing on the blockchain side.



**Laurens Verspeek**  
Development Lead

Laurens previously worked as a web developer for Itsavirus, where he eventually became a lead developer. He has a bachelor's degree in computer science from the University of Amsterdam, and a master's in computer science from VU Amsterdam.



**Nick Vogel**  
Design & Interaction Lead

Nick started his career as a media designer, working for Otwee B.V., MTV Networks, and others. He co-founded a custom jewelry store called Cococci in 2013, then worked as a media designer and lead designer for Itsavirus before becoming the design and interaction lead for Effect.AI.













# The opportunities

- A lot of Human Intelligence Tasks can be performed by people without specialized skills. Therefore, even the unbanked can work on The Effect Network whereas they cannot become a worker on other centralized platforms because they don't have a way to receive compensation.
- The project is ambitious but is a logical progress. The transition from phase 1 to 3 makes sense and each phase builds on top of the previous one. EFX tokens should have plenty of usage even when only phase 1 is launched.
- 20% of total token supply is locked up for 18 months for the purpose of a future token sale. This is a positive sign as it shows that the team (1) has incentive to make progress and keep token price high, (2) has a long-term commitment to the project.

# Our concerns

- The team is on the younger side and most members have relatively little working experience. It is unclear whether they can handle the development intensive project.
- The team has not disclosed any advisor which is very uncommon.
- The project has not released an Alpha/MVP yet, which makes it a white paper project.
- Competition from new and existing players.

**Comparison of** Effect.AI, Gems, SingularityNET & DeepBrain Chain

	Effect.AI	Gems	SingularityNET	DBC
M-Turk				
AI Market Place				
Distributed AI				

# What do we recommend?

## For flipping: **Neutral.**

- The idea is great and the hard cap is low. However, the team will not actively reach out to exchange for the listing of EFX tokens. Considering that EFX is a NEP-5 token, it might have a hard time generating liquidity initially.

## For long-term holding: **Positive.**

- The project has a lot of potential even with just the first phase completed. If successful, this project can provide lots of real-world benefits which we very much support.

***CrushCrypto***