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A decentralised and secure network for payment requests in any currency

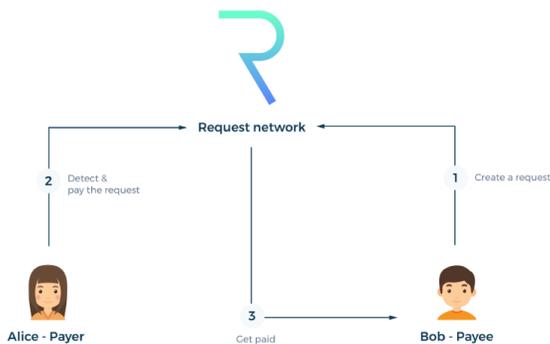
Online purchases and internet payments have come a long way since the early days of the internet. However, online payments today are controlled by large corporations, such as PayPal, requiring businesses and consumers to bear the cost of associated high fees and bureaucracy.

Request Network is an ambitious project that seeks to disrupt the internet payment universe and become 'the backbone of world trade' through the development of a decentralized and secure payment network that results in cheaper, easier, and more secure payments. The Request Network) intends to be a universal payment network, designed to support 100% of the world's currencies, regardless of language and legislation.

Commercial viability

The internet payment industry is a well established market, with billions of dollars of internet transactions annually. This market is currently occupied by a number of large players, with PayPal being the most prominent and well known.

The general purpose of Request Network, like a lot of disruptive technology, is to cut out the middle man, with the savings passed onto consumers and businesses. In this case, the middlemen are players such as PayPal, who 'clip the ticket' on millions of dollars of consumer transactions every day. In essence, these players are arbiters between buyers and sellers, and act as the ultimate authority for transaction disputes. Blockchain technology has the potential to remove the requirement for this middleman, through the use of an immutable ledger or blockchain.



Source: Request Network Whitepaper, obtained 16 December 2017

Request Network also seeks to go beyond what is currently available in the internet payment universe, by seeking to incorporate features such as automatic escrow. For example, a seller can insert an obligation into a payment request that requires money to be placed into escrow for a period of time based on the rules of the payment request (pending performance of the contract). Request Network seeks to do this automatically.

Request Network, if successful, will become a major disruptor of numerous industries throughout the business world. It is a fact of life for businesses of the world that they operate in highly regulated environment. Businesses are required to report transactions to auditors, to taxation authorities, and other various regulatory bodies. Request Network, as all transactions are proposed to be available on the universal ledger, allows these parties to access and have complete confidence in the accuracy of financial information on the blockchain.

Request Network also seeks to automate reporting processes, and to link business transactions with the various stakeholders that exist. For example, with the Request Network, accounting moves from double entry accounting (which has been in place since the Renaissance) to triple entry accounting, allowing auditors to immediately validate authenticity of accounts.

Request Network is proposed to be instantaneous, and when connected to business interfaces, allows payments and the associated accounting journal entries to be completed automatically. In addition, taxes can be included as a part of the payment request, and be automatically rerouted to the relevant government entities (for example, VAT or GST). Tax authorities, with access to the immutable ledger, will be able to verify these payments in real time. Businesses currently spend millions of dollars every year implementing and maintaining systems that have this functionality.



[VIEW WHITEPAPER](#)

Rating: ★★★★★

Price (as at 16 December 2017)

USD: \$0.260696
BTC: 0.0000134
ETH: 0.0003745

Market Cap (as at 16 December 2017):

USD: \$227,629,838
BTC: 8,376
ETH: 234,576

Market cap ranking: 80

Return since listing: ~454%

Average daily return since listing: ~3.5%

30 day average volume: 8,714,836

30 day price range: \$0.288 - \$0.046 (USD)

Circulating supply: 640,739,733 REQ

Total supply: 999,999,999 REQ

Circulating supply ratio: 64.1%

Hype statistics:

Twitter followers: 11.9k
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Request Network links:

- Website
- Twitter
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The importance of the Request Network being able to replace these functions cannot be underestimated. In every large multinational businesses, significant consideration is given to ensuring that legislative obligations are met. Entire divisions of companies purely exist to ensure that their business is in compliance with the law. Request Network, through the use of the immutable and open ledger, allows this to be automated, allowing the potential for businesses to unlock significant savings through efficiencies enabled by Request Network.

Our view is that Request Network has **strong** commercial viability.

Token value proposition

The Request Network token (REQ) is a ERC-20 Ethereum token, with the Request Network ecosystem comprising a "Request Core" layer and a "Extensions" layer.

REQ tokens will be required to be held by those that wish to participate in the Request Network. When using the network, participants will need to pay a network fee in REQ, which will then be burnt (i.e. destroyed). By burning these tokens, total supply of tokens decreases in the market, potentially increasing the value of the token over time.

The value of this network fee is expected to be between 0.5% and 0.05% of the transaction cost. This fee will then be adjusted by the Request Network operators depending on the supply of the REQ token and the exchange rate of the different currencies used by the network. The purpose of this decrease is to ensure that REQ is competitive relative to other payment network providers and to avoid the incentivisation of other competitors to enter the market.

Given that the global market for payments is approximately \$5,000 billion dollars a day, even having fees at the lower of the range provided appears to indicate significant potential for the long term value of REQ.

Assuming the lower network fee (0.05%), \$5,000b of global transactions each day, and the total network fee in REQ is burnt each day, if Request Network were to capture 1% of total global transactions, this would mean ~\$125m (USD) of REQ would be burnt daily. Indicative calculations are set out in the table below.

Indicative REQ burn value analysis	0.1% market share	1% market share	10% market share
Estimated value of global daily transactions (USD)	\$5,000 bn	\$5,000 bn	\$5,000 bn
Assumed REQ market share	0.1%	1%	10%
Transactions on Request Network (USD)	\$5 bn	\$50 bn	\$500 bn
Assumed REQ transaction fee	0.05%	0.05%	0.05%
Daily value REQ coin burnt (USD)	\$2.5 m	\$25 m	\$250 m
Annual value of REQ coins burnt (USD)	\$912 m	\$9.1 bn	\$91.3 bn

The above analysis indicates that, should the total REQ network fees be burnt each day, that the burn rates will be significant in value. If 1% of market share was obtained, this would mean \$9.1 billion USD worth of REQ would be burnt in a year, which is significantly more than the value of REQ's market capitalization as at the date of this report (\$212.0m USD). In fact, it suggests that the network fee of 0.05% proposed in the whitepaper could even be lower, allowing REQ space to lower network fees in the event of competition with other tokens.

Our view is that the REQ token has a **very strong** value proposition.

Success factors

We consider the following to be strengths of Request Network.

- ▶ **Established market that is ripe for disruption:** The online payment market is highly concentrated, with various large multinationals facilitating most transactions. Consumer trust in these organisations is low, indicating significant potential for disruption.
- ▶ **Strong business case:** If Request Network is successful, significant cost savings may be able to be realised by large businesses around the world. Automation of accounting processes will be of high value to businesses that operate in cross border and complicated legislative environments.
- ▶ **Excellent user interface:** The development team have taken care in developing the Request Network interface to be user friendly, which is important for wide range adoption.
- ▶ **Independent across currencies:** Request Network is able to operate across any currency, including fiat and cryptocurrencies, opening up REQ to the global market.

Barriers to success

We consider the following to be barriers to success.

- ▶ **Implementation of tax and regulatory tools:** Request Network currency seeks to incorporate automated tax remittals, and to set up payments in a way that adheres to global trade and tax laws and legislation. We foresee this as being Request Network's largest barrier to success. Trade and tax laws are incredibly complex and continuously changing. Large multinational firms (such as PwC and EY) employ hundreds of thousands of employees that address these issues on behalf of their clients. We find it hard to imagine Request Network effectively distilling these complex laws and regulations and implementing them into the network with ease, and in any short period of time. High levels of costs will need to be incurred to ensure that laws and regulations are interpreted appropriately, and then implemented correctly in the network. We suggest that Request Network will need to take a 'low hanging fruit' approach with worldwide adoption, and incorporate features in the network that are non-complex and uncontroversial first, before pursuing worldwide adoption.
- ▶ **Competition:** Businesses currently in the online payment space are large, and possess the funds to implement their own similar system. However, given the large gap between fees charged by these business and the proposed Request Network fees, we suggest that such adoption would not be financially viable for these businesses given their current structures.

16 December 2017

Request Network REQ Post ICO Report



[VIEW WHITEPAPER](#)

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Barriers to success (continued)

- ▶ **Slow take up and switching costs:** Businesses will be hesitant to move to a new payment system, when important systems and processes have been well entrenched within businesses for extended periods of time. Switching to Request Network would be incredibly disruptive for a large business, and would require significant changes and costs. This would reduce the attractiveness of moving to the Request Network, especially for early adopters.
- ▶ **Scaling:** As REQ is an ERC-20 coin, it is subject to the same scaling limitations as other Ethereum tokens. Given Request network seeks to address the global transaction market, appropriate scaling technology will need to be developed prior to world wide adoption being possible.

Conclusion

We believe the Request Network represents a very strong commercial concept that has the potential to disrupt a large range of industries, including the online payment market, as well as internal accounting and audit processes for businesses, and the auditing industry in general.

Request Network seeks to address what we see to be a potential gap in the market arising due to established players charging fees well in excess of what is possible using block chain technology.

We see significant potential in the value of the REQ token, should the Request Network be successful in its efforts to capture global transaction market share.

We note that the REQ token is currently trading approximately 5.5x its price when it first began trading on 16 November 2017. Given the significant recent appreciation in price, this suggests there may be value in waiting for a correction before entry.

Rating Matrix		Token value proposition				
		Very strong	Strong	Neutral	Weak	Very weak
Commercial viability	Very strong	★★★★★	★★★★★	★★★★☆	★★★☆☆	★★☆☆☆
	Strong	★★★★★	★★★★☆	★★★★☆	★★★☆☆	★★☆☆☆
	Neutral	★★★★☆	★★★★☆	★★★★☆	★★★☆☆	★★☆☆☆
	Weak	★★★☆☆	★★★☆☆	★★★☆☆	★★★☆☆	★★☆☆☆
	Very weak	★★☆☆☆	★★☆☆☆	★★☆☆☆	★★☆☆☆	★★☆☆☆

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Ledger Research is an independent research house for digital asset investments, providing ongoing and independent research and analysis of both upcoming initial coin offerings (ICOs) and existing digital assets available on the market. Our analysis has a highly commercial focus, and focuses on assessing the commercial viability of the cryptocurrency concept and the value proposition of the underlying token itself.

We pride ourselves on being an independent research house. We provide our reports as a means to improve confidence in the cryptocurrency sector, and do not receive remuneration in return for covering ICOs or generating positive reports in respect to ICOs.

If this report has been useful to you, we would greatly appreciate any donations. Like any good supporter of crypto, we take donations in cryptocurrency (Ethereum or ERC-20 tokens).

ETH address: 0x5bedd240FD0AC1BA1701cC83e61217702167C55



Assessment methodology

At Ledger Research, we believe the future of blockchain technology lies in digital assets. In fact, we believe it is the most important invention since the internet. Blockchain technology has the potential to disrupt countless industries and to transform the world as we know it. Therefore, all our research focuses on digital assets only. We do not review cryptocurrencies.

Our view is that there are two primary characteristics that drive the value of a digital asset; i) the commercial viability of the concept, and ii) the value proposition of the token itself. Our research focuses on these two characteristics. After assessing these two characteristics, we then use a rating matrix to determine an overall rating for that digital asset.

Commercial viability		Token value proposition	
Very strong	Project has identified and is addressing a clear, known and proven gap in the market, with a high level of commercial potential. Concept has been well investigated and thought through, with issues identified in advance and addressed in the whitepaper.	Very strong	Token has a clear purpose and value proposition, and strong relationship with the commercial viability, success and adoption of the concept. Developers have demonstrated an appreciation of the importance of token value. Clear and logical reason why tokens would be expected to appreciate over time.
Strong	Project has identified a known and proven gap in the market, however there are a number of risks, issues or hurdles associated with achieving a commercial outcome. Good level of investigation and analysis has been conducted by developers to prove commerciality.	Strong	Token has a purpose and value proposition, and is linked with the commercial viability and success and adoption of the concept. Although there is a clear reason why tokens would appreciate over time, there may also be factors that introduce downward pressure on the price.
Neutral	Project has identified a gap in the market, however significant hurdles exist for which limited strategies have been formulated by developers. Limited investigation and analysis has been conducted by developers to prove commerciality.	Neutral	Token may have a purpose, however has a limited relationship with the commercial viability, success and adoption of the concept. Limited evidence of why it has value or why value would appreciate over time. Existence of factors that introduce downward pressure on the price.
Weak	Project has identified a possible gap in the market, however significant and possibly insurmountable hurdles exist for which no or limited strategies have been disclosed by developers. Limited investigation and analysis has been conducted by developers to prove commerciality.	Weak	Token value has a limited relationship with the commercial viability, success and adoption of the concept. Significant doubts as to whether there is any reason why the coin should exist, or would appreciate over time. Significant downward forces on price and value may exist.
Very weak	Project has either not identified a gap in the market, does not have a clear commercial purpose, or addresses a gap for which there are already superior blockchain-related or non-blockchain related solutions, or has significant and insurmountable hurdles to success. Little to no analysis has been conducted by developers to prove commerciality.	Very weak	Token value has no relationship or is completely disconnected with the commercial viability and success of the concept. The token has no or little reason to exist, has no or little reason to be of value, and is not expected to appreciate over time.

Once we have assessed the commercial viability of the concept and token value proposition, we apply our rating matrix to determine the overall rating, which is expressed in stars. All ratings should be considered relative to other opportunities. All digital assets are highly speculative in nature, with a high risk of significant or total capital loss. Refer to the previous page for the rating matrix for this digital asset.

- ★★★★★ **Strong Buy.** Represents a strong investment opportunity with significant potential.
- ★★★★☆ **Buy.** Represents an investment opportunity with a good amount of potential. Opportunity may have some downsides that result in additional risk, relative to other opportunities.
- ★★★☆☆ **High risk buy.** Represents a investment opportunity with some potential, but also significant factors that make this higher risk relative to other opportunities.
- ★★☆☆☆ **Neutral.** Represent a speculative opportunity with some potential, provided issues identified are addressed or overcome in time. Opportunity has significant downsides that result in higher risk. There are likely to be better opportunities in the market.
- ★☆☆☆☆ **Avoid.** Represents an investment with limited or no potential. Loss of investment likely. May be a scam.

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