

# White paper

**SKINCOIN (SKIN)** - Universal Cryptocurrency based on Ethereum for instant trading CS:GO, Dota 2 skins, and taking bets on e-sports events.

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Version 1.0 (final)

[SKINCOIN.org](http://SKINCOIN.org)

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# 1. Introduction

In the last few years eSports have become extremely popular with the media. The number of players and fans, prize funds and budgets of competitions have demonstrated a significant growth. We invite you to take part in this growth with us.

The story begins in 2011, when Valve introduced an opportunity to exchange and trade in-game items (skins) from the popular CS:GO, Dota 2, and other video games based on the official Steam trading platform. Very soon skins were not just in-game items, but in fact became an actual currency: a lot of online services started to accept them as a payment method, exchange them for real money and other skins, or use them as bets on betting platforms. Thus, the skins market emerged, and has grown up to more than \$7 billion in a few years.

Our main product under this ICO is creating an exchange service with a convenient API for connecting to the third party websites, so that they can accept payments in SKINCOIN without having to open and maintain their own stores.

We are creating a platform for immediate exchange of skins for the cryptocurrency, which is a liquid asset that can be used for further skins speculative trading, replace the turnover of skins on video game websites and can be used for conversion of the income after trading skins into fiat money. For that, we need a working capital that will be used to execute the obligations between a seller and a buyer of the skin, and also a marketing budget to scale the project.

We are an experienced team working in the skins market for many years, and has created and maintained such projects as Streamtrade.net, Skinwin.com and Case.club. Our advantage is that right after the ICO, SKINCOIN (SKIN) will be integrated into our and our partners' game projects that include skin trading.

SKINCOIN (SKIN) – tokens are to be released based on the Ethereum blockchain platform.

All proceeds from the release of tokens for ICO shall be used to finance further development, support, marketing of new gaming projects: trading platforms and gaming services associated with the game items CS:GO, Dota 2, Team Fortress 2.

## 1.1 What are the skins?

Skins are virtual items that can be used in games like Counter-Strike: Global Offensive (CS:GO), Dota 2, Team Fortress 2. The term "skin" is derived from the typical function of these virtual items: changing the appearance of a player's in-game avatar, weapons, or equipment.

For example: below is an image of the "stock" gun used as a weapon in CS:GO. Players can opt to replace that stock gun with unique skins of the gun that change the appearance of the gun, as shown in the images.



CS:GO - Gun without skin and with skin

Note that the skins do not improve the functionality or power of the gun. The skin only changes the appearance of the gun. Skins play a purely cosmetic role.

As the CS:GO market is the primary one and holds 80% of the industry, we will further focus on this game.

## 1.2 How the skins market emerged

The skins market began to grow and develop rapidly after Valve introduced an opportunity to exchange and sell skins to other players. A player could use the skin in the game itself, by installing it for his character; sell it on a trading platform or pass on to another player as a means of exchange or as a gift via Steam's API. A great number of players wanted to profit from the skins' liquidity by selling or exchanging the items as if it was the stock market. Rare and unique skins acquired a status of collectors' skins and now their price may exceed the amount of \$10,000.

Today there are several ways of getting a skin in CS:GO:

- Receiving them during gameplay;
- Receiving them as a promotional giveaway (often around major CS:GO events);
- Trading with other players;
- Purchasing skins on a variety of marketplaces.

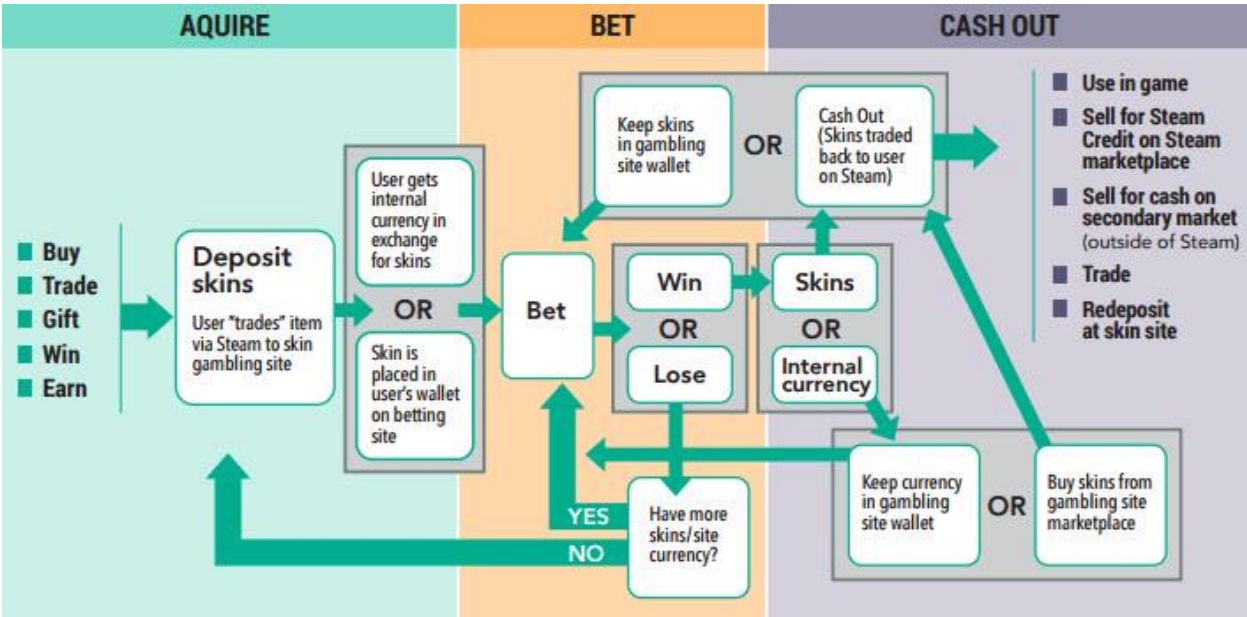
Not only the opportunity to show off a unique skin in the game made the skins popular, but also the possibility of using them as a payment method on plenty of video game websites.

Originally, it was only allowed to sell the skins on the official Steam trading platform, however the problem was that it was impossible to withdraw money from the platform. The money received from selling the skins on Steam could only be used to buy other skins or other games on the same platform. The problem was solved by many emerging services which offered more convenient and attractive options of using the skins, thus forming a new market outside Steam.

Besides, an impulse for the skins market development and their popularity was given by various gaming services. Accepting the skins as a payment method, they soon became popular, gained their huge loyal audience, increased the demand for the skins enormously and brought this market to a new level.

This is how it works:

- Players “deposit” a skin at a skin-gaming site by transferring the skin to the skin gaming site;
- They gamble using their deposited skins (or in some sort of internal currency that the player receives in exchange for their skin);
- If they win, they’re paid in additional skins, which they “cash out” by requesting that the skin gaming site transfer skins back to the player.



Author: Chris Grove. He is a gambling industry analyst, a partner at Narus Advisors, and senior consultant at Eilers & Krejcik Gaming<sup>1</sup>.

### 1.3 The size of the skins market and its trends

In recent years, eSports games have gained immense popularity and were covered by major media. The most popular games are CS:GO and Dota 2, they are also the most profitable in the market. A last major tournament at the National Wide Arena (where the NHL Blue Jackets play)

<sup>1</sup> <http://www.esportsbettingreport.com/wp-content/uploads/2016/07/A-Guide-To-Skin-Gambling.pdf>

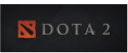
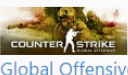
in April 2016 generated more than 71 million online views in four days. A huge number of games and tournaments are broadcasted by streaming services as Twitch and YouTube.

Each day more than 400-450 thousand people play in CS:GO simultaneously, for Dota 2 this figure is more than 750-800 thousand people.

CURRENT PLAYERS	PEAK TODAY	GAME
775,601	834,131	Dota 2
440,263	550,957	Counter-Strike: Global Offensive
158,478	207,062	PLAYERUNKNOWN'S BATTLEGROUNDS
138,096	163,298	PAYDAY 2
103,691	126,834	H1Z1: King of the Kill
99,355	113,139	Grand Theft Auto V
58,079	67,443	ARK: Survival Evolved
56,312	64,569	Team Fortress 2
54,893	58,926	Football Manager 2017
34,181	47,655	Garry's Mod

On picture illustrated statistic on 2017-06-17\_15-00

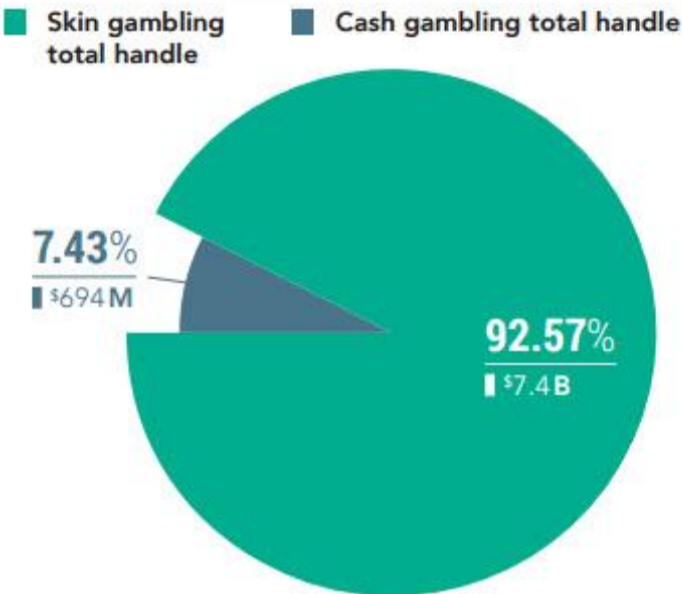
The number of players and people who have bought these games grows every year. At the beginning of 2014 there were 26 million of them in Dota2 and only 12 million in CS:GO (according to ARS Technica). Now, according to Steam Spy, more than 104 million users have installed Dota2 and more than 29 million – CS:GO.

#	GAME	RELEASE DATE
1	 Dota 2	Jul 9, 2013
2	 Counter-Strike: Global Offensive	Aug 21, 2012

Statistic from Steam Spy, look column Owners<sup>2</sup>

As Narus Advisors reports, the size of the market amounted to about \$7.4 billion in 2016. This is the total sum of bets made in skins by players all over the world.

**ESPORTS GAMBLING PROJECTIONS 2016\***



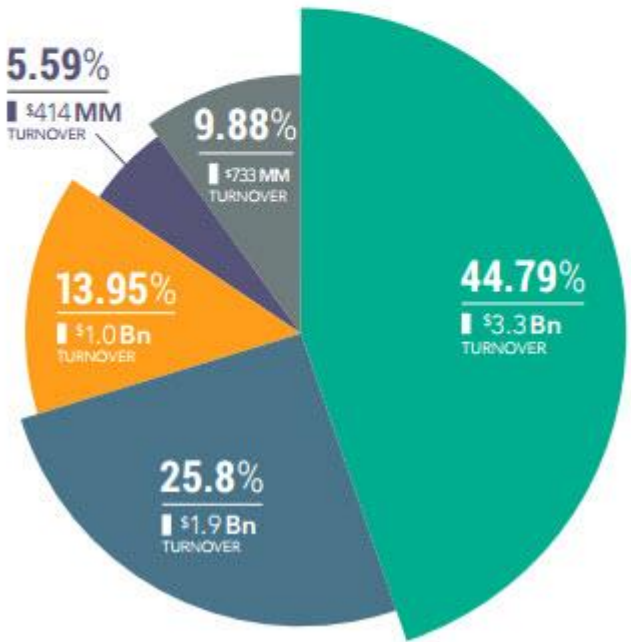
<sup>2</sup> <http://steamspy.com/app/730>

According to Eilers&Krejci, more than 3 million people have made their bets on the results of eSports games with skins worth \$2.3 billion during 2015.

Despite this kind of bets can hardly be considered mainstream or be compared with the cryptocurrency market, the growth of the skin gambling market is really fascinating: more than 300% in 2016 compared to 2015.

**SKIN GAMBLING MARKET SIZE\***

- **Sportsbooks:** Players bet skins on the outcome of esports matches, or on events within those matches.
- **Jackpot:** Players bet skins in lottery-style games.
- **Roulette:** Players bet skins in roulette-style games.
- **Coin flip:** Players bet skins on the flip of a virtual coin.
- **Other:** Raffles, rock-paper-scissors, mystery boxes, blackjack.



The market for skin gambling is distributed across a handful of dominant products.

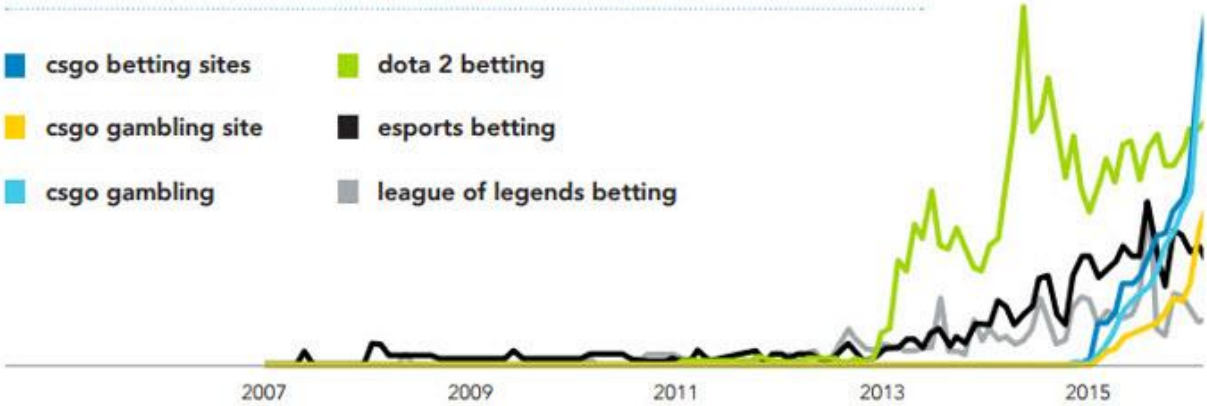
Sportsbook-style betting (wagers on esports matches) is the largest vertical. The second most popular is jackpot-style games, essentially lotteries where players receive tickets based on the value of their deposited skins. Simple forms of roulette games, coin flip games, and blackjack games make up much of the remaining turnover.

In terms of market participants, the skin gambling industry grew quickly from a handful to hundreds of sites in the course of a year. The vast majority of those sites were variations on the basic jackpot product theme. Ultimately, we believe the bulk of handle in the skin gaming industry was generated by

roughly fifteen sites.

Google trends proves strong demand in the skins market and the growth of interest in this market.

**Search interest in esports gambling increasing**







## 2. The skins market problems and their solutions

### 2.1 What problems are there in the skins market?

In 2011 Valve Corporation launched a service for Steam users to exchange in-game items for games with built-in economy.

In 2016, the Washington State Gambling Commission demanded that Valve developers stop supporting gambling related to games' items and the Steam platform.

The government organization that manages all gambling activities in the state where Valve is located said that Gabe Newell's company "has until October 14, 2016 to respond and explain how it is in full compliance with Washington's gambling laws or it will risk having the Gambling Commission take additional civil or criminal action against the company."

According to the press release, the organization contacted Valve in February to find a solution for the problem of betting skins when users used virtual items, like gambling chips in a casino, instead of real money.

The legal sports analytical agency published a report on the activities of the largest portal CS:GO Lounge, which deals with betting on events in e-sports. According to the report, from January to August 2016, the site has accepted more than 103 million skins worth about 1 billion dollars. The average total cost of bets on one game was 358 thousand dollars.

July 13, 2016 Eric Johnson, director of marketing operations of Valve, published a letter on the Steam website in which he stated that there is no link between Valve Corporation and online services using Valve's system of exchanging items for their own commercial purposes. Johnson also said that Valve never received any profit from the actions of such sites. He added also, that there was no plug-ins for converting skins into real money in Steam. He said that developers of online casinos used the OpenID API and network calls similar to those of Steam users to conduct their business, which contradicts the terms of the Steam Subscriber Agreement. It was announced that Valve was going to send out warning letters to all identified sites of this kind.

In August 2016, Valve made a newsletter to popular sites that use skins as bets. Some of the gambling sites switched to skins trading or to bets with virtual currency, not violating the Steam Subscriber Agreement.

In particular, the largest gambling portal CS: GO Lounge received a ban from Valve on the skin gambling activity. At the end of September 2016, the portal resumed its activity by introducing the system of inner currency in the form of coins (points), which does not violate the policy of Steam.

## 2.2 How we suggest to solve these problems

There is a solution to this problem. A lot of video game websites began to adopt a new business model by introducing the system of inner currency of coins (points). The skins are exchanged for a particular number of points and the bets are made not with skins but with points, which doesn't break the law or the Steam Subscriber Agreement. To use the points on their websites, one has to first change them into skins in an inner store.

At any time the player can change his points into the skins and withdraw them from the website. But the changed business model led to another problem in the skins market. The points from one platform can't be used outside this platform, other sites or exchange services will not accept them. The value of points outside one particular platform is equal to zero. This adds unnecessary steps and makes the trading process more complicated.

By introducing the cryptocurrency SKINCOIN into the gaming industry we solve the problem of convenience and safety when it comes to the gaming services. This will protect all types of gaming platforms as well as exchange services from Valve claims and blocking of accounts on Steam. Cryptocurrency SKINCOIN does not qualify as a payment method in the usual sense. This protects SKINCOIN from claims of the regulatory and other governmental institutions.

For introducing SKINCOIN into current gaming system we are going to launch a service with convenient API for immediate exchange of skins into SKINCOIN and vice versa. On the exchange website there will be a huge range of the skins to exchange. By using API of our exchanging service third party websites will be able to accept SKINCOIN as a payment method, gradually replacing the skins turnover. All the transactions on the gaming websites will be in SKINCOIN and the website owners won't have to maintain their stores filled with skins to keep their site efficient.

## 2.3. Competitive advantages

A lot of cryptocurrencies have been created in the market. Mainly these cryptocurrencies are offered to be used under one service or product. What is the difference between SKINCOIN and its equivalents?

SKINCOIN is created to change the current system of video game services and replace the coins (points) of different gambling services with skins trading operations. This can be done thanks to an important quality: any skin can be immediately exchanged for SKINCOIN at a stated price and vice versa. The client will not have to wait for the next suitable contractor to appear for the deal. Implementing of SKINCOIN as a universal coin for video game websites will allow to simplify the skins trading process as much as possible.

We are going to simplify the whole process of interaction with websites by implementing SKINCOIN as an alternative to points (coins) of different gambling services. Our team has rich experience in creating and developing trading platforms for in-game items which will be the base for launching the exchange service of the skins and SKINCOIN.

Since 2013 we have launched the following projects:

**STEAMTRADE** (Steamtrade.net) – trading platform for in-game items from Steam

Supported games: CS:GO, Dota 2, Team Fortress 2.

STEAMTRADE allows to sell items “in a few clicks”. All purchased items are combined into one singular trade according to the exchange offer from Steam. Thus the client doesn’t have to approve every single transaction which could suggest great difficulties for wholesale traders. Our competitors don’t have this solution yet.

Daily turnover: 15 000+ transactions.

**SKINWIN** (Skinwin.com) – gaming platform with different types of games. The bets can be made with skins and their own points.

Daily turnover: 8 000+ transactions.

**CASECLUB** (Case.club) – a shop of “random” skins for CS:GO. The service allows to “open” the cases from CS:GO directly on the website and use them in the game at once. This way of “case opening” gained great popularity in 2013. Our team was the first one to launch websites Case.club (ex-Countershop.ru), Dotashop.net for opening cases CS:GO and Dota 2 outside Steam in 2013. Before that it was only possible to open cases inside Steam.

Daily turnover: 2 500+ transactions.

As you can see, we are not launching SKINCOIN project from scratch. We already have a lot of experience in development and promotion of gaming services as well as a strong team of developers.

Tokens trading with SKINCOIN is planned to be implemented into the infrastructure of our already operating projects. This will allow to get the approved infrastructural demand for SKINCOIN tokens.

The most important competitors of SKINCOIN are:

- FIRST BLOOD (<http://firstblood.io/>)
- ROUND COIN (<http://roundcoin.org/>)

Both projects involve creating competitive modes and hosting games with the help of blockchain. The problem of these competitors is that the decentralized matchmaking (competitive regime according to which the winning side gets a prize in the form of tokens) doesn’t have the monetization of the leading game services and trading platforms. We, on the other hand, have a ready backend and are able to launch a similar service in a couple of months. However, the low monetization of matchmaking services makes us focus on more global issues.

As you can see from the list above – our product is a unique service which has not been implemented by other market players. Our distinction is that we do not launch a cryptocurrency for one particular product. We are creating a whole infrastructure of trading the skins which includes a big number of various services and monetization possibilities.

Potential partners of SKINCOIN:

**OPSKINS** ([www.opskins.com](http://www.opskins.com))

A platform for CS: GO skins trading. Potential partner for implementing SKINCOIN.

**BITSKINS** (<https://bitskins.com>)

A platform for CS: GO skins trading. Has a possibility to accept payments in BTC. Has its own API connector. Potential partner for implementing SKINCOIN.

**LOOTMARKET** (<https://www.lootmarket.com>)

A platform for CS: GO and Dota 2 skins trading. Potential partner for implementing SKINCOIN.

**CSGO** (<https://csgo.tm/>)

A biggest platform for CS: GO skins trading localized for Russian market.

**SKIN HUNT** ([www.skin-hunt.com/](http://www.skin-hunt.com/))

A platform for CS: GO skins trading localized for Russian market.

**CSGODEP** ([www.csgodep.com/](http://www.csgodep.com/))

A service for matchmaking. A potential partner for implementing bets in SKINCOIN.

We are creating a system in which all the platforms listed above will be able to participate in a united process of trading. With the help of our API system any platform will be able to quickly integrate the SKINCOIN trading into their services. This will guarantee the raise of total skins market liquidity and furthermore will lead to the SKINCOIN price increase.

## 3. ICO

### 3.1. ICO Goals

Our idea is to create a platform of immediate exchange of the skins for cryptocurrency which is a liquid asset that can further be used in a skins speculative trading, replace the skins on gaming services or be used in conversion of the income received from selling the skins.

To do so, we need the working capital for executing obligations of sellers and buyers of the skins, as well as the marketing capital which will allow operating the project at scale.

We expect our project to be appealing for the members of crypto-community, who will be able to participate in the market growth with their investments, as well as for the members of the steam-community, who will take part in building the new market infrastructure.

### 3.2. ICO parameters

**ICO Start Date:** 21 June 2017 12:00 UTC

**ICO End Date:** 21 July 2017 12:00 UTC

**Issuance of SKIN Tokens:** 1 000 000 000

**Token Exchange rate:** 6 000 SKINS = 1 ETH.

**Minimum transaction amount:** 600 SKIN (0.1 ETH)

**Maximum transaction amount:** 18 000 000 SKIN (3 000 ETH)

**Bonuses:** in the first two days the participants will get a 20% tokens bonus

**Bounty:** 12 000 000 Tokens (1,2% of issuance)

**Total Sale goal:** 100 000 ETH

**Minimal Sale goal:** 5 000 ETH

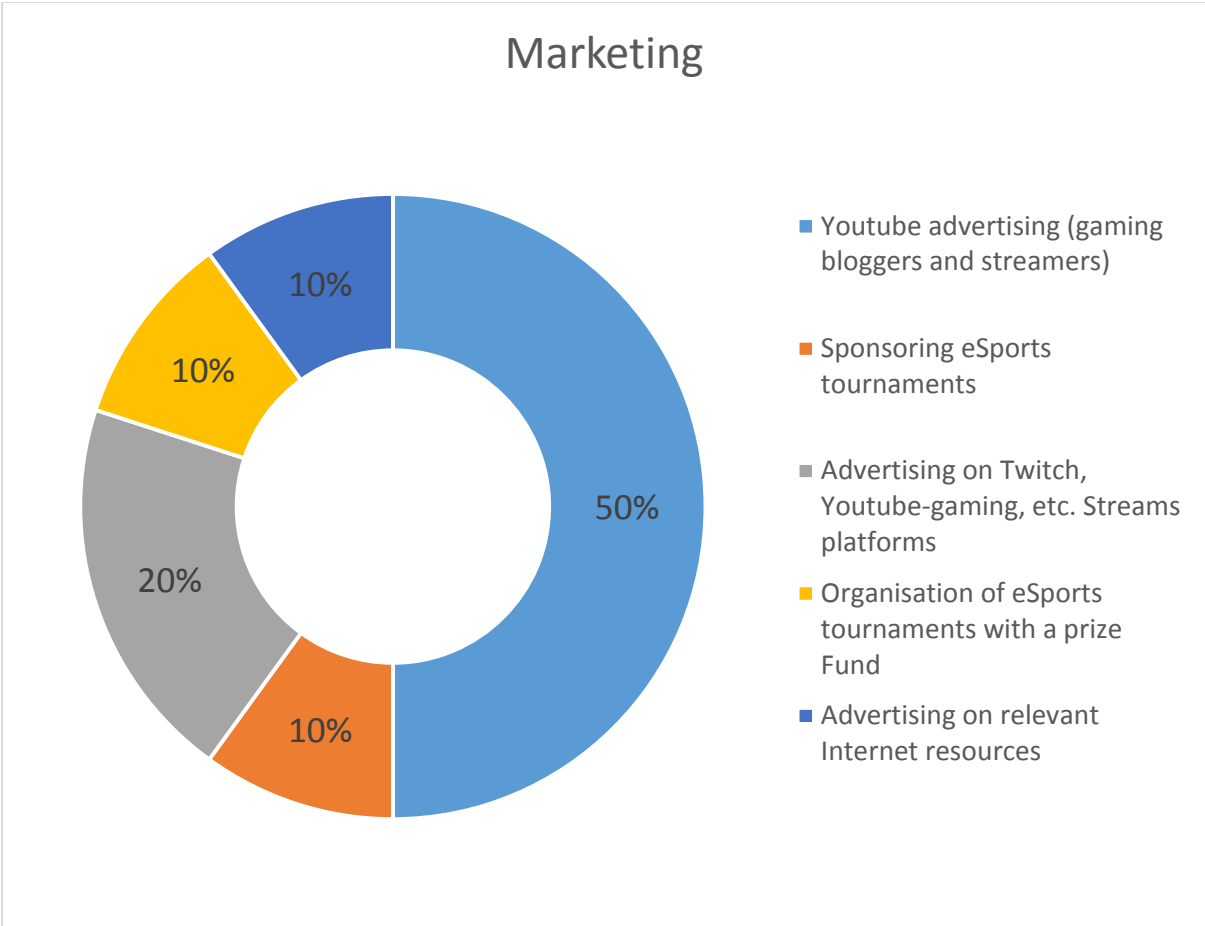
#### **Token emission and distribution rules:**

- 58,8% (588 million tokens) will be available to participants;
- 30% (300 million tokens) will remain in the SKINCOIN Foundation until the official exchange is launched, the tokens will be used as starting turnover to exchange skins at the market rate on own current and partners projects, and will be used to form a stable market and further development over the next five years. Tokens will be stored on a wallet with multi-signatures;
- 10% (100 million tokens) will be distributed among team members;
- All collected funds shall be received and stored on wallets with multi-signatures.

### 3.3. ICO allocation structure and Marketing:

Marketing	60% (max 60 000 ETH)
Development	20% (max 20 000 ETH)
Scaling the service	20% (max 20 000 ETH)

The biggest part of the attracted funds will be spent on marketing which is necessary to maximize the coverage of the market with SKIN-tokens. In case of achieving the total sale goal the marketing budget will be distributed as follows:



## 4. Why contribute in SKINCOIN

The number of issued tokens is limited by 1 000 000 000 SKIN. The additional emission of tokens is forbidden. All the unplaced tokens are to be destroyed.

After ICO we plan to implement the payments in SKINCOIN on Steamtrade.net, Skinwin.com, Case.club, Skin-hunt.com, Csgodep.com. We forecast that these platforms together will offer the demand of up to 50% of the total cost of the publicly traded tokens.

We forecast to occupy the 10% skins market share (approximately \$700 million). Therefore, the demand for tokens can potentially outpace the value of publicly traded tokens by 20 times.

The purchase of SKINCOIN at ICO gives you an opportunity to enter the infrastructure project with twentyfold potential value growth at a low cost.

After ICO SKINCOIN will be available for purchase in cryptocurrency exchanges (we are negotiating with Bittrex).

### 4.1. Roadmap and Development plan

Our main product under this ICO is creating an exchange service to change skins into SKINCOIN and vice versa with a convenient API for connecting to the third party websites, so that they can accept payments in SKINCOIN without having to open and maintain their own stores. We simplify the whole process of the skins exchange and solve the problem of the exchange speed as well as significantly expand the range of the available skins.

- In July 2017, we are launching the first decentralized SKINCOIN crypto currency for buying, selling skins, and gaming services. SKINCOIN will solve the problem of the diversity of domestic currencies for gambling websites and the lack of real value of coins beyond their limits.
- In July 2017, all our projects (Steamtrade.net, Skinwin.com, Case.club and Dotashop.net) will begin to use SKINCOIN, which will guarantee the demand for it.
- In August 2017, we launch the main platform for exchanging SKINCOIN for skins. Users will be able to instantly exchange skins for SKINCOIN and back at any time.
- After the launch of the exchange platform, an API will be developed for receiving and converting skins in SKINCOIN (SKIN) for third-party websites, related to CS: GO, Dota 2 and Team Fortress 2.

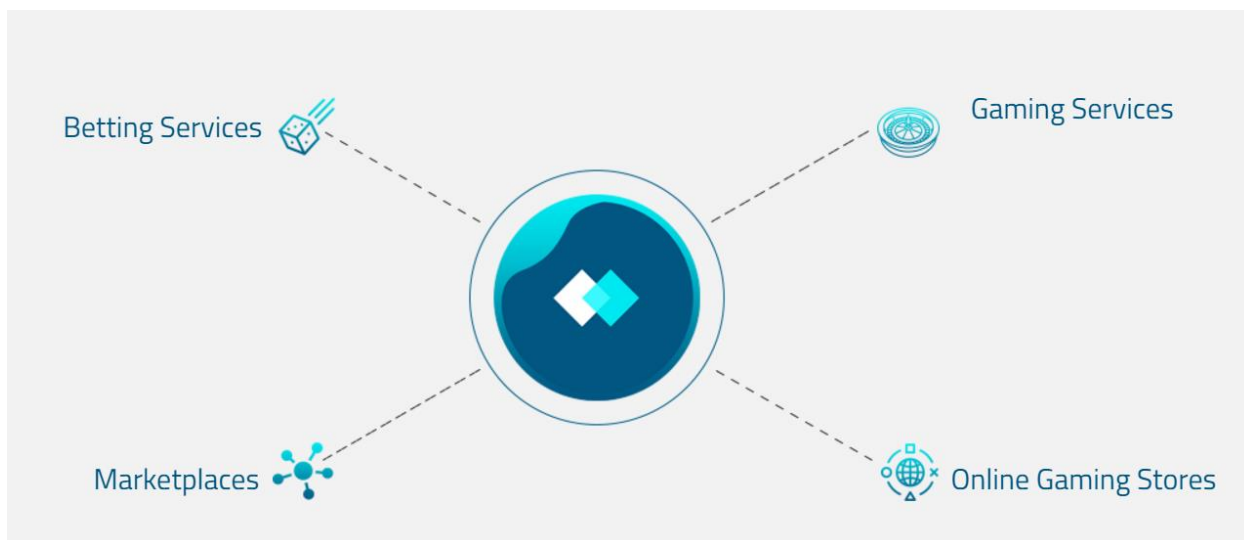
After API is available for our partners we are going to focus on the partners' base enlargement covered by the budget and our competitive advantages. That will boost our market share and raise the demand for SKINCOIN.

## 5. Some technical aspects of the exchange service with API

All the platforms that have connected to API of our exchange service, will get an opportunity to quickly receive payments and make all transactions with the users in SKINCOIN. The user can top up his balance on the website and his exchange interface with the inventory will be downloaded through API. By choosing the necessary number of items the user immediately exchanges his skins via our service and we transfer SKINCOIN to the balance of the user on our partner's website. Right after this the user will be able to make all the transactions on the third party website in SKINCOIN.

The rate of SKINCOIN on trading platforms and exchanges will be calculated as the median stock market rate of the major cryptocurrency stock markets. The exchange rates of skins will be updated every 2 hours. This is done to avoid clients' risks which has to minimize abrupt changes of the price.

A special wallet will be created for a convenient storage of SKINCOIN. With its help it will be easy to transfer SKINCOIN between different trading platforms, stock exchange, exchange points and game services.



Identification on the exchange platforms will be possible through the Steam account. In fact, the buyer will be able to buy a skin with SKINCOIN and immediately use it in the gaming process.

Besides, the instructions will be created for the users and our partners, which will thoroughly describe the opportunities suggested by SKINCOIN project and how to use them.



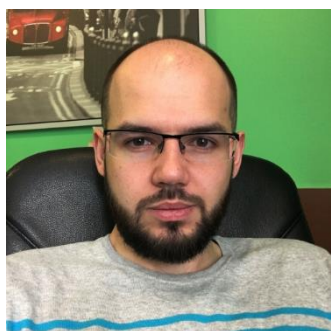
## 6. Team

We have an experienced, well-organized team. Since 2013, we have been creating, developing and supporting our own highly loaded marketplace and gaming projects in the cybersport area with a turnover of more than \$10 million per year.



**Alexey Zakharov ([LINKEDIN](#)), Founder**

Graduated from Humanitarian institute of Moscow in 2011 as specialist in Applied Informatics in Economics. Has been working at Hewlett-Packard, Merlion, Open Technologies. Has a large experience as an entrepreneur. He has launched and brought to payback more than seven projects in the gaming area related to the game items CS:GO, Dota 2 since 2013. Alexey is the owner of the CIS largest platform for monitoring CS 1.6 servers with more than 30 thousand unique users a day. Excellent expertise in grocery sales, marketing, SEO and relationships with team.



**Igor Solomatin ([LINKEDIN](#)), Co-Founder, CEO**

Graduated from Russian State Technological University MATI in 2009 as specialist in radio and electronics engineering. Had been working for three years as data center engineer in Lukoil-Inform, 100% subsidiary of Russian oil giant Lukoil. Has extensive experience in promoting products of American company Hewlett-Packard in the Russian market. Successful experience in launching and promoting Internet projects. Starting from 2013 he has been co-founder and CEO of gaming projects related to Steam and the market of game items (skins) with a turnover of more than \$1 million per month.



**Alexander Kravin ([LINKEDIN](#)), leading architect-developer (full-stack)**

Graduated from Nizhny Novgorod State Technical University in 2004 with engineer's degree in information technology. Highly experienced java developer with more than 10 years in the field of complicated and highly loaded systems software development. Developed applications for telecommunication companies, banks and State structures from scratch. Since 2015, develops game services, applications for administration and monitoring. Leading architect-developer of Steamtrade.net, Skinwin.com.



**Alexey Bazlov ([LINKEDIN](#)), developer (back-end)**

Kuban State University's graduate with bachelor's degree in IT.

Since 2008, he has been developing game servers for online games, working with the network part, interacting with the client-server, optimizing the work of high-load projects. Starting from 2012, he has been working with Steam projects. Developer of the Skinwin.com and Case.club projects.



**Oleg Agayev, developer (front-end)**

Graduate of two universities: Lobachevsky State University of Nizhny Novgorod and Nizhny Novgorod State Technical University. Eight years of web development experience (full-stack developer). For a long time he held the position of full-stack developer of a large corporate b2b portal based on the Laravel and AngularJS frameworks. Large experience of development popular gaming services adjacent to the Steam platform. Platform developer of

Steamtrade.net, Skinwin.com, Case.club.



**Hasan Delic ([LINKEDIN](#)), designer (UI / UX)**

Student of International University of Sarajevo (visual arts and communications design). Has a large experience of UX/UI design in eSports industry. Great vision in design of game industry. Creator of the Skinwin.com, eSportsmate.com, Ninjas in Pyjamas, Escape Gaming, Luckbox.