



Transforming the global workforce
by bringing millions of people
to the gig economy using
blockchain technology

WHITEPAPER

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Executive Summary

Market opportunity

Working nine to five for a single employer runs counter to the way a significant share of the workforce makes a living today. The strategy for millions of people is to compile various income streams and working independently rather than in structured payroll jobs. With the emergence of technology and workflow applications, escaping the cubicle is within reach for millions of workers. The common struggles are lack of transparency, the efficiency of payments times, and connecting workers with buyers of their services.

Furthermore, contingent or independent workers need to be looked at as more than a passing trend as the global workforce continues to change and grow. The rise of the so-called, “gig economy” is helping organizations address needs in the modern workforce. It was only a matter of time before technology altered the structure of how we work.

Blok Solution

Blok leverages blockchain technology to connect employers and workers across the globe, simplify and shorten the complexities of payments, and ensure transparency and trust amongst groups.

The Blok platform uses smart contracts to eliminate friction in terms of time, cost, quality, and transparency in matching workers and companies. Blok seeks to empower workers and companies in the gig economy to efficiently optimize how they reach their goals, setting them up for sustained success.

By improving efficiencies for workers and companies, Blok provides a better and faster solution in fulfilling consumer needs in the on-demand economy. The Blok platform allows consumers, companies, and workers all to benefit from blockchain technology.

Token Generation Event

The Blok team will be issuing 360,000,000 Blok tokens (BLK) on Ethereum blockchain to facilitate paying contractors and freelancers (blokpreneurs) for small tasks like ridesharing, delivering groceries, transcribing receipts, answering support calls or more complex ones like designing graphics, providing financial advice or answering medical queries.

Out of 360,000,000 tokens issued, 64% will be sold in an initial token generation event, and 85% of all proceeds will be used for further Blok platform development, marketing & business development, and operational expenses.

Introduction

The gig economy

Specifically, the gig economy is defined as short-term work relationships between employers and employees. The gigs take on varying lengths from short-term assignments to long-term projects based around on-demand needs. This allows the work to be completed on whatever schedule is agreeable to both parties. Flexibility for employers and employees while meeting the needs of on-demand consumers is the primary benefit of the gig economy.

Granted the use of the term gig economy is more recent, the tasks are an extension of many nontraditional jobs that have been held for decades such as independent contractors and temporary workers. Technology has been a major driver in the growth of the gig economy, making it easier for employees and employers to connect.

Such advances in technology have increased the independent workforce to approximately 162 million people or 20-30% of the working-age population in US and EU-15 (McKinsey¹). Blockchain will further revolutionize the traditional workplace, providing more dynamic and on-demand options for employers and workers.

Market size

Notably, the gig economy contributed \$1.7 trillion to the U.S. economy alone in 2016. (Upwork, 7²) This number is expected to grow as the independent workforce in the US and EU-15 grows from 162 million to 270 million people. While a large number of workers in the US and EU-15 participate in the gig economy, only 9 million have used digital platforms like Uber, TaskRabbit, Deliveroo or Upwork to do so. The lack of gig work completed online compared to the overall market highlights the opportunity to further engage those in the gig economy using a blockchain platform like Blok.

Even more, when analyzing the increase of market participation one must look at the number of young people in the marketplace. For example, 53% of <25-year-old earners in the US participate in the gig economy and 65% of <25-year-old earners in Sweden do as well. (McKinsey) Further, 1 in 6 workers that participate in traditional jobs would like to join

¹ James Manyika et al., "Independent work: Choice, necessity, and the gig economy," McKinsey & Company, October 2016, , accessed January 9, 2018, <https://www.mckinsey.com/global-themes/employment-and-growth/independent-work-choice-necessity-and-the-gig-economy>.

² Upwork. "Freelancing in America: 2017." Freelancers Union. September 28, 2017. Accessed January 10, 2018. <https://www.slideshare.net/upwork/freelancing-in-america-2017/1>.

the gig economy. (McKinsey³) A decentralized database of gigs would allow these 1 to 6 people employees to make an effortless transition into the gig economy.

Furthermore, a study from the McKinsey Global Institute categorizes gig earners by using four key segments. The categories help us further understand the make-up and needs of the gig economy.

1. Thirty percent (49 million) are free agents who actively choose the gig economy and derive their primary income from it.
2. Approximately 40 percent (64 million) are casual earners, who use the gig economy for supplemental income and do so by choice.
3. Reluctants who make their primary living from the gig economy but would prefer traditional jobs, make up 14 percent (23 million).
4. The financially strapped participate in the gig economy out of necessity account for 16 percent (26 million).

As you see, the motivation for joining the gig economy ranges based on the needs and desires of the employee. It is important to focus on the fact that over 110 million people are joining based on choice. Furthermore, only 15 percent of independent workers have used a digital platform to generate income. So, even with conservative growth projections, the 110 million gig economy participants that are in the market by choice, present a large market in need of a digital solution.

In fact, the market for gig economy hiring is highlighted by traditional companies like Procter and Gamble dedicating resources and seeing results from augmenting their workforce with on-demand employees. Procter & Gamble recently completed a pilot program using Upwork's freelance management system and the results are noteworthy: products from the pilot program were delivered faster and at a lower cost than with conventional methods 60% of the time.(Amplifyyou⁴) P&G is not the only large legacy employer buying into the gig economy. According to Accenture, 85% of IT and Business executives say they plan to increase their organization's use of independent workers over the next year. Legacy employers entering the gig economy will allow for sustained growth and the ability to grow and fill a blockchain database filled with verified gigs.

Current limitations

Blok is designed to replace the outdated hierarchical workforce model, leading the charge to a productive, lean, and agile workforce.

³ James Manyika et al., "Independent work: Choice, necessity, and the gig economy," McKinsey & Company, October 2016, , accessed January 9, 2018, <https://www.mckinsey.com/global-themes/employment-and-growth/independent-work-choice-necessity-and-the-gig-economy>.

⁴ "Amplifyyou: Technology For People The Era of the Intelligent Enterprises," Accenture, January 25, 2017, , accessed January 6, 2018, https://www.accenture.com/t20170125T084846Z__w_/us-en/_acnmedia/Accenture/next-gen-4/tech-vision-2017/pdf/Accenture-TV17-Trend-3.PDF.



Trust

Unlike participants in the traditional economy, gig economy workers cannot form unions or collective bargaining agreements. This puts workers at risk to potential exploitation if platforms monopolize power thus degrading trust in the marketplace. In addition, employers must trust the skills of the potential independent worker to ensure their credentials and that the work will be completed on time.

However, a decentralized and competitive marketplace will hedge the risk of exploitation by employers. Making sure employees are paid promptly and fairly for their time is a concern that is alleviated through a blockchain. Using the Blok platform, payments are instant and verified using blockchain technology.

Furthermore, companies want to make sure they are paying a competent individual that will not only perform the work but perform it at a high level. They cannot risk falling behind on deadlines and missing projections due to poor staffing, which leads to reluctance in consumers considering the gig economy. By codifying employees skills and increasing transparency on workmanship, blockchain will help meet the needs of the on-demand, gig-economy.



Payment and Benefits

Notably, intermediaries charge high fees connecting workers to companies and vice versa. These fees lessen the take-home pay received by the worker rather than the worker getting paid for the work completed. The practice of these intermediaries drive costs for employers and give lower pay to workers.

Even more, companies struggle providing quick payment to workers. Payment cycles have scheduled and delayed deposits due to interoperability of current systems. A blockchain solution shrinks payment cycles between companies to workers from biweekly to instantly.

As well as the speed of payments, companies struggle to provide multiple payment options or currencies. Another example where the interoperability of blockchain benefits both workers and companies is by providing multiple payment options giving both parties increased options and add a higher value than traditional methods.

In addition to high fees, companies do not want to provide benefits to workers fearing they will have to reclassify the workers as employees rather than freelancers which increases tax liabilities and other labor regulations. A decentralized platform will allow competition to adjust compensation to the benefit of the worker and reduce costs to employers.

Transparency

In addition, unfair contracts where companies take a majority in fees has exposed workers to insecurities in terms of their hours and earnings. Decentralized and dynamic contracting will allow the market to remain competitive and lowers the risk of exploitation.

The fact that corporations are still operating on a hierarchical structure created in the industrial era reduces transparency and their ability to meet the demands of an on-demand modern day workforce. This structure is based on fixed roles and rules, which can leaves employees in the dark and creates large bureaucracies. According to Accenture, 73% of executives report that corporate bureaucracies are stifling productivity and innovation. Utilizing blockchain and the gig economy presents an opportunity for companies to ease the tradition away from the outdated hierarchical model.

Further, as companies create traditional hierarchy models, executives seeking to maintain control push for more centralization. The power grab reduces autonomy for lower level teams and produces less flexibility and creativity.

Connection

As well as transparency, the digital era requires companies to keep pace with constant change, presenting a need to build a liquid workforce. Companies will look to technology to transform their people and organizations into a highly adaptable enterprise. When looking to complete a project, companies need the ability to look internally and externally creating a talent marketplace.

Equally, the modern economy forces companies to efficiently match the supply and demand for people and skills. Executives wanting to implement projects in the traditional corporate hierarchy are not able to do so with agility. These talent marketplaces will require blockchain to reach the full potential.

Compliance

As previously stated, regulation challenges companies in regards to legal classifications of workers and benefits. There has been a push to make these benefits portable allowing workers to take benefits with them as they move and to use these benefits when workers participate in the gig economy. Classification becomes an issue if companies change their business strategies to avoid classifying gig economy workers as employees.

Since companies routinely misclassify workers and face stiff penalties, they are forced to make constant determinations based on the situation at hand. Truly independent gig workers have the ability to turn down projects and determine the direction of their work. In achieving this a genuine gig worker needs to have multiple sources of income from several clients. A decentralized platform will allow the gig economy's labor market to remain vibrant

so that gig economy workers are paid the same amount no matter how they are classified, they will be meeting their personal quotients.

Given these points, government and corporate bureaucracy hinder productivity. If you have worked in local governments, federal governments, or any medium-large scale business you have experienced bureaucratic inefficiencies.

Where there is fast growth, regulation is slow to catch up. Therefore, with such much ambiguity and uncertainty, decentralization is the only hedge against constraints on companies and workers. As the global economy continues to grow, bureaucracy is a threat to resilience, innovation, and initiative.

Static Teams

In the age of dynamic transformation, teams must transcend the organizational chart. Picture employers seamlessly mixing resources into ad-hoc teams that form to accomplish ever-changing goals. These teams can be shuffled to accomplish tomorrow's goal rather than stuck solving yesterday's problems. Companies want to achieve the highest result with the least amount of friction.

Gary Hamel, a visiting professor at London Business School and co-founder of the Management Innovation eXchange, and Michele Zanini, fellow co-founder of the Management Innovation eXchange, estimate that outdated bureaucratic management practices are holding up 21 million members of the US workforce in jobs that create little or no economic value. (Hamel⁵) Gary goes on to say that the workforce is long overdue for a remodel, and believes digital solutions are going to make it happen. Static teams produce static results and in the on-demand workplace, this can cause a company to fall behind.

Blok benefits

Blok establishes a new paradigm for gig economy companies to solicit contractors for their gigs. A Blok platform user, called a *blokpreneur* (portmanteau for *blockchain* and *entrepreneur*, albeit can possibly mean an individual *blokpreneur*'s local (block-sized) sphere of influence), can browse all of the offers provided by the companies, assign relevant offers to themselves, mark them as complete and get paid in BLK tokens.

Blok uses smart contracts to eliminate friction in terms of time, cost, quality, and transparency in matching workers and employers. By utilizing the Blok platform to eliminate friction in the gig economy, we will empower workers and make hiring freelancers easier for companies. Further, by improving need identification and matching processes Blok will provide significant advances in the gig economy space.

⁵ Gary Hamel and Michele Zanini, "The \$3 Trillion Prize for Bustin Bureaucracy (and how to claim it)," Gary Hamel, March 2016, accessed January 12, 2018, <http://www.garyhamel.com/sites/default/files/uploads/three-trillion-dollars.pdf>.

Freelancers believe a diversified portfolio of clients is more secure than one employer. The average freelancer has an average of 4.5 clients per month.(Upwork⁶) With a transparent and trustworthy connection process, freelancers will be able to apply for consistent gigs to meet their financial needs and the current needs of a company.

Generating a diverse portfolio is where automation, blockchain, and the gig economy link. By isolating and codifying a gig so that it can be outsourced to a worker, we are now automating the gig. Once the gig has been automated, gig workers are only used to supervise and carry out the gig. This leaves an AI system that allows gig workers, the blockchain, and technology to work together.

Blok benefits companies looking to distribute tasks on a decentralized platform reducing labor and capital costs, increasing the scale of production, and to reach large subject pools quickly. Firms and individuals can conduct business solely on Blok optimizing the services and products they provide.

Business Model

Market opportunity

Blok sees amazing potential in the gig economy and believes it will continue to grow based on current worth, the younger workforce, changing attitudes, and technological advances. With three million jobs posted annually, Upwork reports more than \$1 billion in freelancer earnings per year through matchmaking transaction via five million customers and 12 million registered freelancers (Upwork⁷). According to a 2017 study by Upwork and the Freelancers Union, freelance earnings are estimated at \$1.4 trillion of the US economy. (Upwork, 2017⁸) This presents a substantial opportunity for Blok to utilize blockchain technology in advancing the gig economy.

Freelancers are finding work online and that trend will continue as more millennials enter the economy. Currently, 59% of freelancers have obtained a freelance project online. (Upwork). With a majority of freelancers obtaining a project from online, this will increase the trust in the online marketplace, benefiting the Blok marketplace.

Furthermore, the share of the work freelancers are finding online is increasing. 71% of freelancers say the percentage of work they have obtained online has increased since 2016. A high confidence in the freelance work found online shows the sustainability of Blok's marketplace to encourage repeat work arrangements through the portal.

⁶ Upwork. "Freelancing in America: 2017." Freelancers Union. September 28, 2017. Accessed January 10, 2018. <https://www.slideshare.net/upwork/freelancing-in-america-2017/1>.

⁷ "Upwork About," Upwork, accessed January 18, 2018, <http://www.upwork.com/about>.

⁸ Upwork. "Freelancing in America: 2017." Freelancers Union. September 28, 2017. Accessed January 10, 2018. <https://www.slideshare.net/upwork/freelancing-in-america-2017/1>.

Accordingly, 85% of IT and Business executives say they plan to increase their organization's use of independent workers over the next year. (Amplifyyou⁹) The entrance of a large number of businesses carries capacity issues that Blok will be able to meet. Backed by the transparency and trustworthiness of blockchain technology, we feel poised to meet the needs of the fast-paced, growing, task-oriented economy.

Business model and projections

Almost half of working millennials (47%) freelance, which accounts for more than any other generation. At its current growth rate, the majority of the U.S. workforce will be freelancers by 2027. (Upwork, 2017). The Blok ecosystem effortlessly integrates with multiple platforms creating a vast database of gigs and workers to capitalize on this growing workforce.

Furthermore, freelancing is now being considered as a stable alternative to traditional employment that can support a family. More professionals who are top in their industry are choosing freelance work. Altogether, 67% of professionals who are the top in their industry choose to work independently. (Upwork). Blok will be able to scale with the needs of the industry providing a solution for the future of the gig economy,

Token economy projections

The total value of service exchanged through the Blok platform and the value of the Blok token is understood through the gig economy's total global addressable market.

A full assessment is no easy task since there is not a single universally accepted definition of gig economy or a commonly accepted way to calculate its economic contribution. Some of the numbers reported by the reputable research are — **\$2.7T** by 2025 (McKinsey¹⁰), **\$335B** by 2025 (sharing economy only, PricewaterhouseCoopers¹¹), **€28B** in EU in 2015 (online platforms only, P2P accommodation, P2P transportation, on-demand household services, on-demand professional services and collaborative finance only, PricewaterhouseCoopers), **\$40.2B** by 2022 (online platforms only, sharing economy only, Juniper Research¹²).

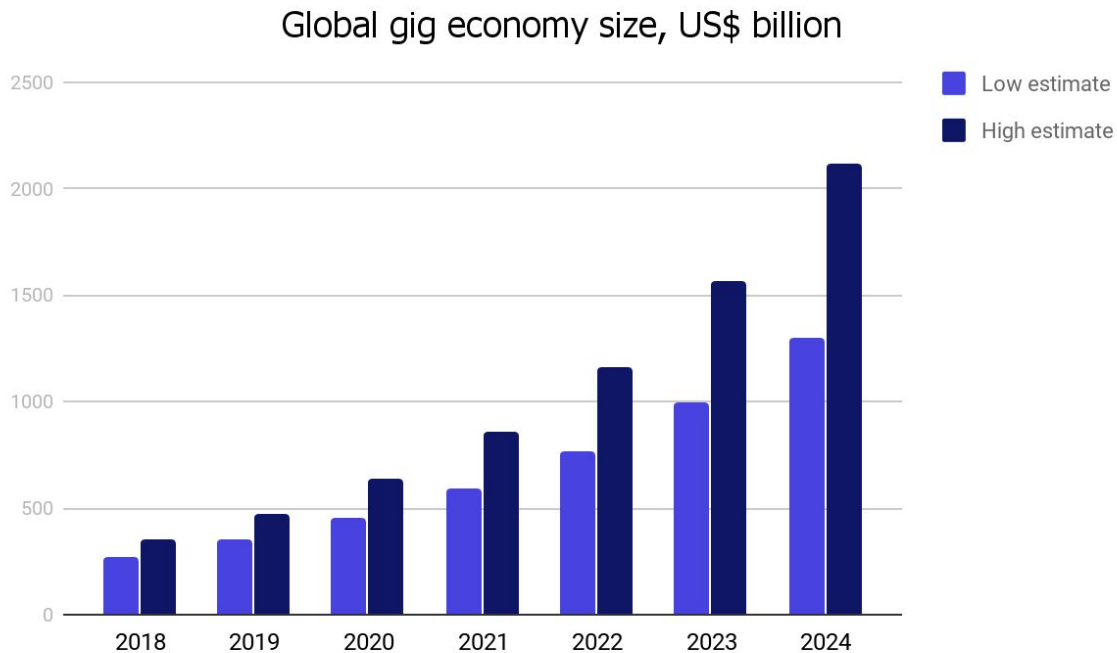
⁹ "Amplifyyou: Technology For People The Era of the Intelligent Enterprises," Accenture, January 25, 2017, accessed January 6, 2018, https://www.accenture.com/t20170125T084846Z__w_/us-en/_acnmedia/Accenture/next-gen-4/tech-vision-2017/pdf/Accenture-TV17-Trend-3.PDF.

¹⁰ James Minyika et al., "Connecting talent with opportunity in the digital age," McKinsey & Company, June 2015, accessed January 8, 2018, <https://www.mckinsey.com/global-themes/employment-and-growth/%20connecting-talent-with-opportunity-in-the-digital-age>.

¹¹ "The Sharing Economy," PWC, April 2015, accessed January 6, 2018, pwc.com/CISsharing.

¹² "Sharing Economy: Opportunities, Impacts & Disruptors 2017-2022." Sharing Economy Revenues to Double by 2022, Reaching Over \$40 billion. July 24, 2017. Accessed January 18, 2018. <https://www.juniperresearch.com/press/press-releases/sharing-economy-revenues-to-double-by-2022>.

For the sake of this paper, we'll estimate the global revenue of gig and sharing economy, including freelancers and contingent workforce, to be around **\$350 billion** per annum globally as of 2018-2019, with online platforms generating 5-10% of this activity, to the tune of **\$18B-\$35B** annually, and 30-35% annual growth.



Starting from this point, we're talking about three milestones of Blok popularity and three estimates of the BLK utility token market value:

1 — Milestone: circa 2019

At this point, we see that there are limited geographical markets and niche industries where Blok is used; we foresee a penetration rate in terms of transactions processed of 2% of the existing *online platform* size of the sharing/gig economy market, i.e. \$350MM-\$700MM of transactions processed.

2 — Milestone: 2020-2021

At this point, Blok is a major platform to facilitate discovery, payment, and reputation within online gig economy, but not yet leading in the market. At this point, we foresee 5%-10% usage among existing online platforms and 0.5%-1% usage coming from the traditional sources of on-demand employment bringing their volume to Blok due to the advantages of the platform.

Since the market by this point has grown to ~\$450B-\$770B, with online platforms generating anywhere from \$23B to \$77B in transaction volume, we see Blok facilitating anywhere from \$3.4B to \$15.4B of transactions annually.

3 — Milestone: 2022-2024

By this milestone, Blok is a leading backend platform for online sharing economy companies and a major incumbent for the traditional gig economy, freelance companies and contingent workforce companies.

The total market, by this point, is \$820B-\$1.9T, with online platforms accounting for \$41B-\$190B of the total activity. With projected market penetration of 20%-30% among online companies 2.5%-5% among the traditional sources of on-demand employment we see the total value of all transactions on Blok platform over this timeframe to range from \$29B to \$143B.

Technology overview

Definitions

Company

A company offering to the end customer, or requiring for its internal purposes, certain services from a distributed workforce.

Blokpreneur

An independent contractor who is willing to render certain services, locally or digitally.

Gig

An atomic piece of work that needs to be done for the company and which is associated with a fixed or dynamic payout in BLK tokens.

Assigned blokpreneur

The blokpreneur which applied for the gig and was assigned to it by the gig smart contract.

Reserve

An amount of BLK tokens reserved at the gig smart contract for the payouts.

Payout

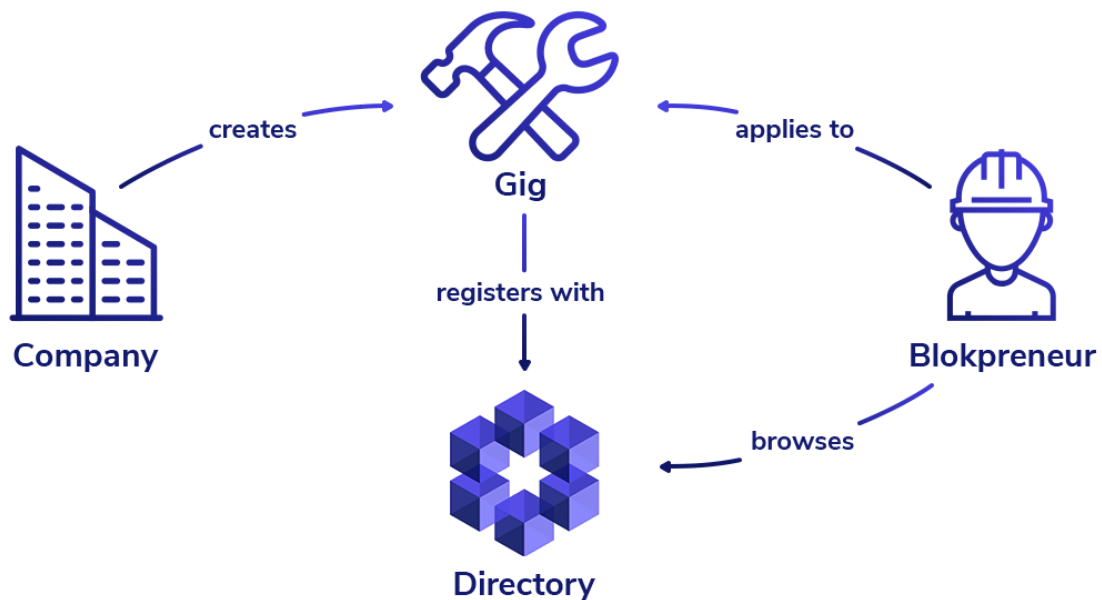
A payment in BLK tokens from the gig smart contract to the blokpreneur for the successfully performed gig.

Directory

A global, distributed ledger of all currently active gigs.

Blok protocol

Blok ecosystem enables companies and blokpreneurs to move their interactions, completely or partially, to the blockchain. Protocol mainly describes interactions between a company and blokpreneurs through gigs.



Anatomy of a gig

At the heart of the Blok protocol lies a concept of a gig, an atomic job offer that companies offer for blokpreneurs to complete. Gigs can theoretically describe any service which can be completed by contractors for some previously agreed pay, but generally work best for the following types of services:

- Atomic projects, where every gig is relatively inexpensive (<\$100) and requires a small amount of time to complete (minutes to hours, possibly days)
- All the context necessary to finish the gig can be bundled together with the gig description or is contained in some basic onboarding process for the company
- A suitable blokpreneur for the gig in question can be either selected through a basic filtering process or determined automatically with an algorithm; in any case, no human input is necessary to confirm a suitable blokpreneur

In terms of the Blok protocol, a gig is described by a smart contract which conforms to a *BlokGig* interface, namely including the following parts:

- Gig GUID, title, and identification of the owner company
- Gig type (one-off or evergreen) — evergreen gigs should be limited to a certain maximum amount of simultaneous blokpreneurs working on the gig
- Gig description, either within the smart contract, as a link to an external resource or an IPFS hash
- A filter function to confirm or deny a contractor as suitable for the gig
- A function to check the gig as complete
- A function that determines the payout for the gig
- A function to transfer the payout to the attached contractor

In order to have the gig discoverable to the contractors (through various compliant client apps), gig author has to send a message to the `Directory` contract within Blok's platform, which lists all known relevant gigs.

The `Directory` does some automated formal checks to enable discovery of the gig, including:

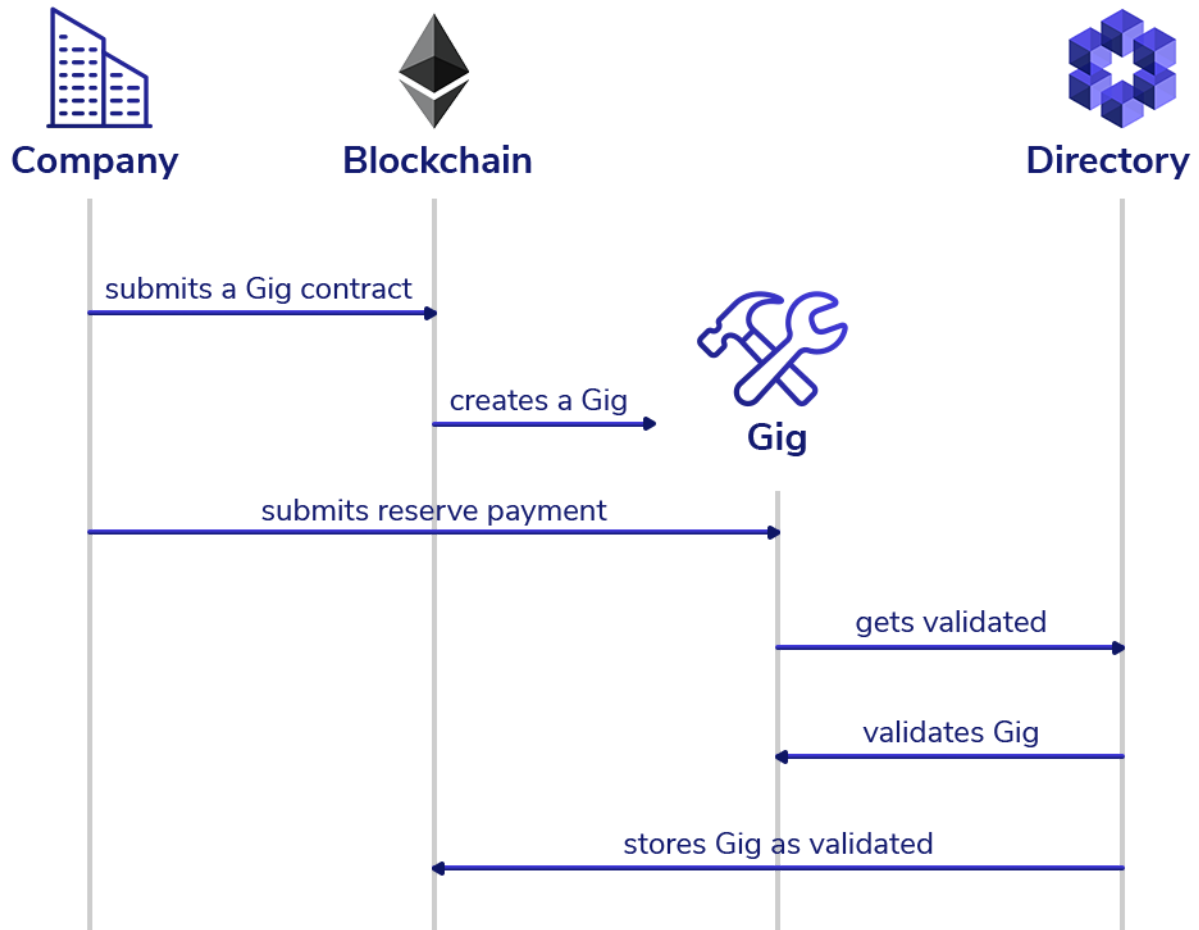
- Checking whether the company has passed KYC verification with Blok (gigs from non-verified companies are accepted to be discovered, but not marked as verified)
- Checking whether the gig contract has enough BLK tokens to pay contractors (default payment value for one-off gigs or default payment value x maximum amount of blokpreneurs for evergreen gigs)
- Checking whether the gig description can be publicly accessed
- Proprietary anti-fraud checks

After the directory checks and validates the gig, it becomes discoverable to all blokpreneurs until it's taken offline by the company or the reserve gets depleted.

Platform workflows

Overall, the process of gig creation by a company can be described by a sequence diagram:

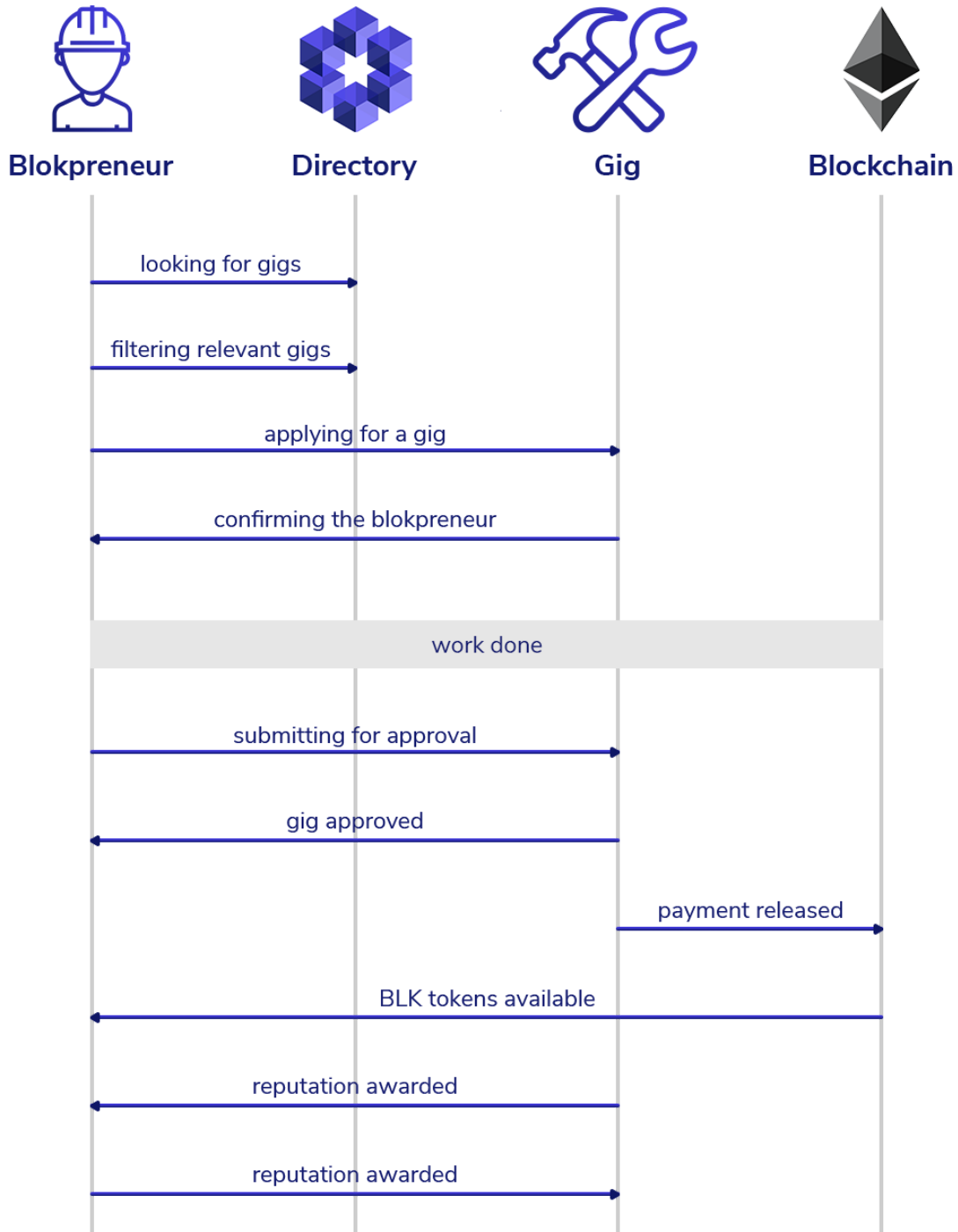
Gig creation



After the gig is created, validated and available in the directory, it is available to be browsed by the blokpreneurs. Generally, searching, moderating and filtering offers will be done by client apps — with an official suite of client apps for phones, tablets and the web being developed by Blok, but other, competing implementations that work with the same protocol can exist and are welcome to be created.

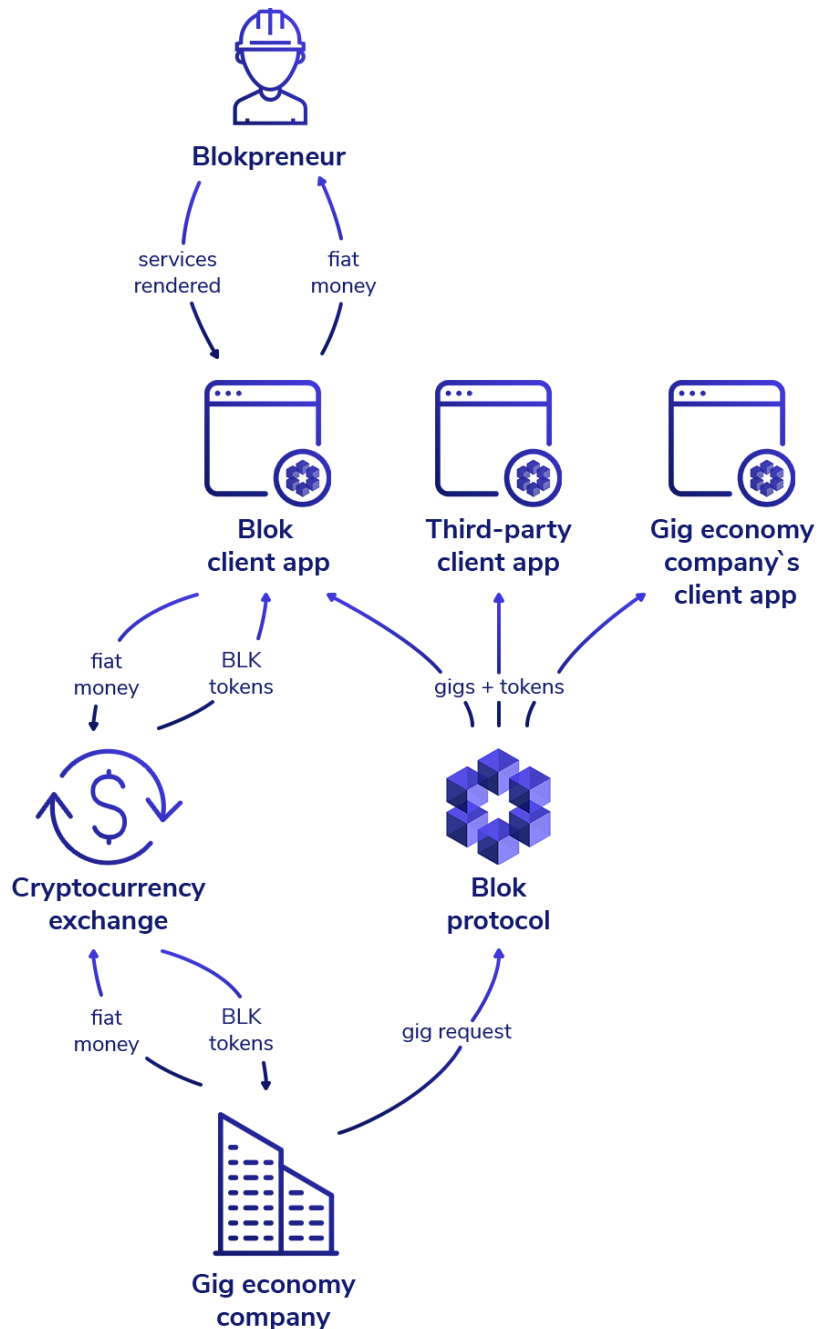
If a blokpreneur wants to do a specific gig, they apply to the gig, programmatically get approved or rejected, get instructions for the specific gig, and then, once they complete it, submit it for approval (programmatically) and get paid. A sequence diagram for blokpreneurs working with gigs is displayed below:

Working with a gig



Reputation system, with both blokpreneurs and companies rating transactions with each other and transactions recorded for posterity in the blockchain, would be realized through an external service like Monetha or in-house.

Platform elements overview



Client apps

Client apps are essentially portable Ethereum wallets with an easy-to-use UI to browse Blok gigs on the Ethereum blockchain, start work on them, mark them as complete, receive funds for the gigs done and give & receive reputation. A crucial feature for official Blok client apps (on the web, iOS and Android) and probably many 3rd party apps will be converting BLK tokens earned by the blokpreneurs back to fiat money for withdrawal and spending.

Blokpreneur direct participation

While certainly not a much-expected use case, blokpreneurs will have an ability to directly use the Blok protocol through Ethereum clients of their choice. Also, we expect a whole ecosystem of analytics and other applications to spring up working on the open data of the Blok protocol by accessing blockchain directly.

Company client apps

Initially, Blok will help companies that want to integrate the Blok protocol in their workflow with a bespoke process to create their Gig smart contracts, oraclize their existing APIs to programmatically confirm the status of a finished gig etc.; eventually, user-friendly client apps may prove valuable to the companies as well.

Company direct participation

We obviously welcome companies to engage with the Blok protocol on their own, directly pushing Gig smart contracts to the blockchain, validating them with the Directory, find, hire and pay blokpreneurs for their gigs.

Role of cryptocurrency exchanges

While companies may acquire BLK in the initial token generation event or buy it directly from the BLK holders, more tokens will be needed over time, since BLK tokens are spent on the gigs performed. Cryptocurrency exchanges, then, play an integral role in making sure client apps have the liquidity to convert BLK to fiat, and that the companies are able to easily acquire more BLK.

The Directory and alternative directories

The Directory is a smart contract that makes sure that valid Gigs can be discovered by blokpreneurs. While an important part of Blok platform, it is in no way essential — competing implementations of the directory can be organized, with other client apps pointed at third-party directories for discovery. We hope that plurality and decentralization will foster innovation and healthy competition.

Role of the BLK token

BLK token is the lifeblood of Blok platform, being used to guarantee payments for successful gigs, making payment times shorter and ensuring that reputation provided and received by the blokpreneurs represents actual business transactions.

Blockchain choice

As of now, Blok platform development is committed to Ethereum blockchain, since it's the most mature existing smart contract platform, with many exciting developments in its 2018 and 2019 roadmap that make sure that it will remain the top choice for hosting the Blok platform. If for any reason Ethereum team fails to meet its objectives to improve the scalability and throughput of the network or any of the competing blockchains (NEO, EOS or the upcoming TON) becomes a better choice for the Blok development, Blok team will migrate.

Governance

As of now, all the design choices regarding the Blok protocol and its implementations are done by the Blok team. In the future, we'd like to move away from centralized governance and have Blok protocol become (first partially, then completely) governed by major BLK holders. The timeframe and exact nature of the community governance will be discussed publicly and agreed upon in late 2018-early 2019. Please keep in mind that this only includes governance of the Blok network itself — Blok Inc. as a company remains private, and, thus, BLK remains a pure utility token.

BLK token

Purpose and usage

BLK token is the main medium of transactions on the Blok platform, facilitating payment for finished gigs to the contractors.

Blok abstracts away the complexities of paying contractors in over 200 jurisdictions with numerous payment systems by putting all payments on the Blok platform through Blok tokens (BLK).

Blok tokens serve the utility purpose of being the only protocol-compliant way to determine, describe and process payments for gigs on the Blok protocol. Using tokens have advantages over fiat- or cryptocurrency of being locale- and payment-method-independent, as well as being specific blockchain-independent (in the future, Blok protocol may be moved off the Ethereum blockchain without losing balances of any of the tokenholders).

In order to post a valid offer to the blockchain, a company is supposed to escrow a necessary amount of BLK tokens within the gig's smart contract. BLK tokens, in this case, can be acquired during Blok's token generation event, received (donated or bought) from the existing token holders, or extracted from the contractors by exchanging their earned BLK tokens into fiat by paying them off-chain.

Anatomy of BLK

The Blok token will be an Ethereum-based token of value. The token is a digital asset, bearing value by itself based on its underlying assets, properties and/or associated rights.

Ethereum-based tokens rely on a well-established Ethereum infrastructure, benefitting from several advantages:

- Security and predictability (as opposed to running on a less secure blockchain or writing blockchain infrastructure from scratch)
- Use of robust and well-supported clients (most Ethereum clients can support Ethereum-based tokens and any transactions with them)
- High liquidity (interchangeable with other Ethereum-based tokens or Ether), easier listing on exchanges with infrastructure already in place

Our Ethereum-based token contract complies fully with the ERC20 and ERC223 standards, which are currently state-of-the-art in terms of security and interoperability of Ethereum-based tokens.

More detailed info about the ERC20 and ERC223 can be obtained from:

<https://github.com/ethereum/EIPs/issues/20>

<https://github.com/ethereum/EIPs/issues/223>

Marketing & Strategy

Business Development

Business development is a journey where two parties go from strangers to generating mutually beneficial partnerships. Therefore, it will take multiple stages and strategies in the process of building a relationship with a client. Our strategy will be rolled out with analytics to ensure ROI on campaign efforts. As a flexible and forward-thinking company, strategies will change based on data and customer response as we will focus on users needs.

Companies tend to do business with people they like and trust. Our email campaigns will highlight Blok's core values of transparency, customer service, and efficiency. We have a vision to bring the future workforce participation solely to the gig economy and our mission will match this vision, providing updates and curating content to match. As a new brand, we will focus on brand integrity and living our mission.

Creating greatness requires the team to consistently do great things. Therefore, business development and training will be ongoing and we will consistently practice and refined our sales pitch. Cold calls are a great way to get decision makers on the phone and our team living our values. We will keep our team excited by investing in their leadership and training to ensure they are always at the top of their game when it comes to sourcing clients over the phone.

The Blok team has thought leaders from across multiple industries. We will flex our knowledge and authority through curated content and share in online groups, websites, and trade publications. Further, we will attend conferences and trade shows for both blockchain and staffing to build our presence as leaders in the staffing space.

In results of developing trustworthy relationships, we will consistently produce research, webinars, and blog posts to boost our search engine standings. The importance of SEO begins with quality and is followed with rigorous and straightforward analytics and testing.

We will develop trust with our superior content as well as leveraging our community of token holders. Token holders are diverse groups, thoroughly invested in Blok with time and capital. By providing our community with relevant content to share to their networks, we will boost credibility and develop new relationships through organic means.

Blok development roadmap

Q4 2017: Origin

Blok idea is created within the Lutrovník R&D consultancy through working with gig economy companies and observing their operating processes and unsolved needs.

Q1 2018: Assembling the team, pre-ICO

Assembling majority of the international team behind Blok, developing the concepts of operation of the Blok protocol, doing the private token sales and pre-ICO.

Q2 2018: ICO, protocol development

Acquiring funds for further development through an ICO, finalizing the open protocol and acquiring first customers to implement the protocol with.

Q3 2018: Client apps launch

Launching minimum viable products for browsing, managing and getting paid through the web, phone and tablet apps for blokpreneurs.

Q4 2018: Partner integrations, scaling up

Integrating with a significant amount of gig economy companies, iterating and improving on the official client apps and core protocol.

H1 2019: Economic expansion

Fulfilling the promise of Blok of enabling blokpreneurs all over the world to join the gig economy, expanding in different markets and industries, developing innovative products to foster gig economy growth.

Token generation event

Basics of the sale

The Blok token generation event and the corresponding crowdsale will be organized by Blok Inc., a Cayman Islands exempt company, and will be organized around smart contracts running on Ethereum. Participants willing to support the development of the Blok project can do so by sending Ether currency to the designated address, after being properly whitelisted by going through a KYC/AML process. By doing so, they are purchasing Blok tokens (BLK) which are sent instantly to their wallet.

Token supply

Total of 360,000,000 tokens will be minted.

4% of tokens, or 14,400,000 BLK, will be disseminated to the community and partners as part of the bounty program, referral programs, community events and partnerships.

13% of tokens, or 46,800,000 BLK, will be provided to the team, advisors and early contributors. All of the tokens provided to the team and advisors will be vested over 24 months with a 3-month cliff.

18% of tokens, or 64,800,000 BLK, will be kept by Blok Inc. as a reserve to sell to the companies in cases when the open market cannot satisfy given company's immediate needs.

65% of the total token supply, or 234,000,000 BLK, will be sold during the initial token offering, in several stages:

- Up to 29,500,000 tokens are reserved for early private sales for institutional investors, gig economy companies, supporters and early believers in the Blok project.
- The remaining tokens out of 234,000,000 BLK supply will be sold in a general ICO sale in March 2018. The basic rate for the ICO will be 5700 BLK/ETH, with the volume/timing discounts (if any) determined after the conclusion of the private sales.

All tokens unsold during the ICO will be irrevocably burned.

Use of proceeds

40% of the funds generated in the token generation event will be used to fund the development of Blok products according to the product development roadmap — the Blok

protocol, a set of client apps on different platforms for the blokpreneurs, and help bootstrap the process of a company partially migrating their processes to the Blok protocol.

25% of the funds will be used for marketing and business development purposes, marketing Blok client apps to blokpreneurs worldwide and doing business development for the gig economy companies. These funds will be used towards marketing the platform and working with gig economy companies. They will not be spent on the token generation event.

20% of the funds will be used for operational expenses of Blok Inc., legal fees, etc.

15% of the funds will be kept as reserve and be used to generate liquidity for the blokpreneurs, to provide fiat payments in exchange for earned BLK tokens. Also, Blok Inc. reserves the right to use these funds on the open markets to buy BLK tokens when it makes economic sense.

Blok team

The Blok team's exuberant experience ranges from previous high grossing exits, grassroots leadership, ICO advising, and scaling startups. We are excited to take this knowledge and apply it to help benefit the global economy and support tomorrow's workforce.



Ivan Cherevko, CEO • New York, NY / Moscow, Russia

Experienced technical and product executive. Formerly founder and CEO of Hotelscan (€50MM exit to Lastminute Group), CMO at Ostrovok (over \$50MM raised), COO/CTO at Rambler.Travel (\$10MM 2016 annual revenue), founder and CEO of Lutrovnik Global. (ML/AI consultancy for various technology companies, including Priceline Group).



Kyle White, CMO • Youngstown, OH

Experienced Marketing Executive. Started in the gig economy at the age of 14. Formerly Director for Founders' Strategies (a PoliAward winning political consulting firm), Founder of HighFive Entertainment. Former Social Media Manager (created business model that now receives \$50,000 monthly recurring revenue). Consultant for the outdoor industry. Blockchain experience as an Advisor for Bitllion and Cryptocurrency Partner Management with Buy Sell Ads.



Jakub Muško, Blockchain Engineer • Barcelona, Spain

Talented full-stack software engineer working with Ethereum ecosystem. Previously lead developer at Opportunity Network (network of CEOs handling \$82B in total transaction flow) and Facturedo, software engineer at BlackRock (Fortune 500), Factset Research Systems (S&P 400) and intern at ARM (£1B in revenue).



[Barton Rhodes](#), Data Scientist • Denver, CO

Cofounder of Optfit, a machine learning engineering firm specializing in scaling and productionizing ML models on Google Cloud Platform, previously a Data Scientist at Pandata and Hurricane Labs.



[Alya Cherevko](#), Frontend Engineer • Moscow, Russia

Front-end engineer with a passion for blockchain and cryptocurrency. A previous head of development team at Panda Media, an AdCombo subsidiary.



[Kirill Kazakov](#), UX Designer • Moscow, Russia

A UX designer with experience working with complicated e-commerce and service projects. Previously designer at Vildis, freelancing UX designer, and lead designer at Lutrovnik Global.

Advisory Team



[Alex Artemyev](#)

COO at Gett, a global rideshare company and a prominent gig economy participant (over \$600MM raised). Previously, an executive at Ostrovok (over \$50MM raised), manager and director at UBS, Blackstreet Capital and Frontier Ventures.



[Adnan Javed](#)

Telecommunications engineer (Nokia, Siemens, Ericsson, ZTE) and blockchain lawyer (JD from RMIT University). Advisor for ETHLend (over \$17M raised, over \$170M market cap) and Sapient.



[Ismail Malik](#)

Editor in chief at the ICO Crowd, the world's first publication for the ICO industry, founder & CEO at BlockchainLab. Advisor with ICON, LAToken and Lydian. Companies advised raised over \$80M in ICOs and have market cap of over \$3.4B.



[Dean "Sakis" Karakitsos](#)

Founder at Blockchain Science and technology pioneer. Advisor with Dogezer, PerksCoin, Transcodium and Ankorus. Companies advised raised over \$15M in ICOs, with most of them still running.

Legal

General information

The Blok token does not have the legal qualification of a security since it does not give any rights to dividends or interests. The sale of Blok tokens is final and non-refundable. Blok tokens are not shares and do not give any right to participate in the general meeting of Blok Inc.. Blok tokens cannot have a performance or a particular value outside the Blok platform. Blok tokens shall therefore not be used or purchased for speculative or investment purposes. The purchaser of Blok tokens is aware that national securities laws, which ensure that investors are sold investments that include all the proper disclosures and are subject to regulatory scrutiny for the investors' protection, are not applicable.

Anyone purchasing Blok tokens expressly acknowledges and represents that she/he has carefully reviewed this white paper and fully understands the risks, costs and benefits associated with the purchase of Blok.

Knowledge required

The purchaser of Blok tokens undertakes that she/he understands and has significant experience of cryptocurrencies, blockchain systems and services, and that she/he fully understands the risks associated with the token generation event as well as the mechanism related to the use of cryptocurrencies (incl. storage).

Blok Inc. shall not be responsible for any loss of Blok tokens or situations making it impossible to access Blok tokens, which may result from any actions or omissions of the user or any person undertaking to acquire Blok tokens, as well as in case of hacker attacks.

Risks

Acquiring Blok tokens and storing them involves various risks, in particular, the risk that Blok Inc. may not be able to launch its operations and develop its blockchain and provide the services promised. Therefore, and prior to acquiring Blok tokens, any user should carefully consider the risks, costs and benefits of acquiring Blok tokens in the context of the token generation event and, if necessary, obtain any independent advice in this regard. Any interested person who is not in the position to accept or to understand the risks associated with the activity (incl. the risks related to the non-development of the Blok platform) or any other risks as indicated in the Terms & Conditions of the token generation event should not acquire Blok tokens.

Important disclaimer

This white paper shall not and cannot be considered as an invitation to enter into an investment. It does not constitute or relate in any way nor should it be considered as an offering of securities in any jurisdiction. This white paper does not include or contain any information or indication that might be considered as a recommendation or that might be used as a basis for any investment decision. Blok tokens are just utility tokens which can be used only on the Blok platform and are not intended to be used as an investment.

The offering of Blok tokens on a trading platform is done in order to allow the use of the Blok platform and not for speculative purposes. The offering of Blok tokens on a trading platform does not change the legal qualification of the tokens, which remain a simple means for the use of the Blok platform and are not a security.

Blok Inc. is not to be considered as an advisor in any legal, tax or financial matters. Any information in the white paper is provided for general information purposes only and Blok Inc. does not provide any warranty as to the accuracy and completeness of this information.

Blok Inc. is not a financial intermediary according to Estonia law and is not required to obtain any authorization for Anti Money Laundering purposes.

Acquiring Blok tokens shall not grant any right or influence over Blok Inc.'s organization and governance to the Purchasers.

Regulatory authorities are carefully scrutinizing businesses and operations associated to cryptocurrencies in the world. In that respect, regulatory measures, investigations or actions may impact Blok Inc.'s business and even limit or prevent it from developing its operations in the future. Any person undertaking to acquire Blok tokens must be aware of the Blok Inc. business model, the white paper or terms and conditions may change or need to be modified because of new regulatory and compliance requirements from any applicable laws in any jurisdictions. In such a case, purchasers and anyone undertaking to acquire Blok tokens acknowledge and understand that neither Blok Inc. nor any of its affiliates shall be held liable for any direct or indirect loss or damage caused by such changes.

Blok Inc. will do its utmost to launch its operations and develop the Blok platform. Anyone undertaking to acquire Blok tokens acknowledges and understands that Blok OÜ does not provide any guarantee that it will manage to achieve it. They acknowledge and understand therefore that Blok Inc. (incl. its bodies and employees) assumes no liability or responsibility for any loss or damage that would result from or relate to the incapacity to use Blok tokens, except in case of intentional misconduct or gross negligence.

Warranties

By participating in the token generation event, the participant agrees to the above and in particular, they represent that they:

- have read carefully the terms and conditions attached to the white paper; agree to their full contents and accept to be legally bound by them
- are neither a US citizen or resident
- are authorized and have full power to purchase Blok tokens according to the laws that apply in their jurisdiction of domicile
- have sufficient knowledge about the nature of the cryptographic tokens and have significant experience with, and functional understanding of, the usage and intricacies of dealing with cryptographic tokens and currencies and blockchain-based systems and services
- live in a jurisdiction which allows Blok Inc. to sell Blok tokens through a crowdsale without requiring any local authorization
- are familiar with all related regulations in the specific jurisdiction in which they are based and that purchasing cryptographic tokens in that jurisdiction is not prohibited, restricted or subject to additional conditions of any kind
- purchase Blok tokens because they wish to have access to the Blok platform
- will not use the token generation event for any illegal activity, including but not limited to money laundering and the financing of terrorism;
- are not purchasing Blok tokens for the purpose of speculative investment or usage

Governing law and arbitration

All disputes arising out of or in connection with the present contract shall be finally settled under The Arbitration Law, 2012, of Cayman Islands. The aggrieved party shall issue a written notice to the other party for resolution of the dispute. If there is no response or the dispute cannot be resolved within ten days, the parties may initiate arbitral proceedings. The arbitration proceedings shall be conducted by a single Arbitrator in the Cayman Islands, and the language of the arbitration shall be English. The Arbitrator shall be appointed by mutual consent of parties or by a competent court as per the provisions of the Arbitration Law.

Conclusion

As the on-demand economy continues to grow, companies and workers must adapt to the changes. Millions of people compile various income streams and work independently rather than for a single employer. Currently, many issues have arisen from the on-demand economy which hinder growth and hurt consumers, employers and workers. The independent workforce will continue to grow as will the need for their services. Blok presents blockchain solutions which will continue to alter the way we work, hire, and interact.

By leveraging blockchain technology and creating the Blok platform, we will connect employers and workers across the globe, simplify and shorten the complexities of payments, and ensure transparency and trust amongst groups. The Blok ecosystem uses smart contract to eliminate friction when matching workers and companies. Blok provides a better solution to improve efficiencies in the gig economy.

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