



WHITE PAPER
MYNTCOINZ
First BaaS Platform for Loyalty Rewards

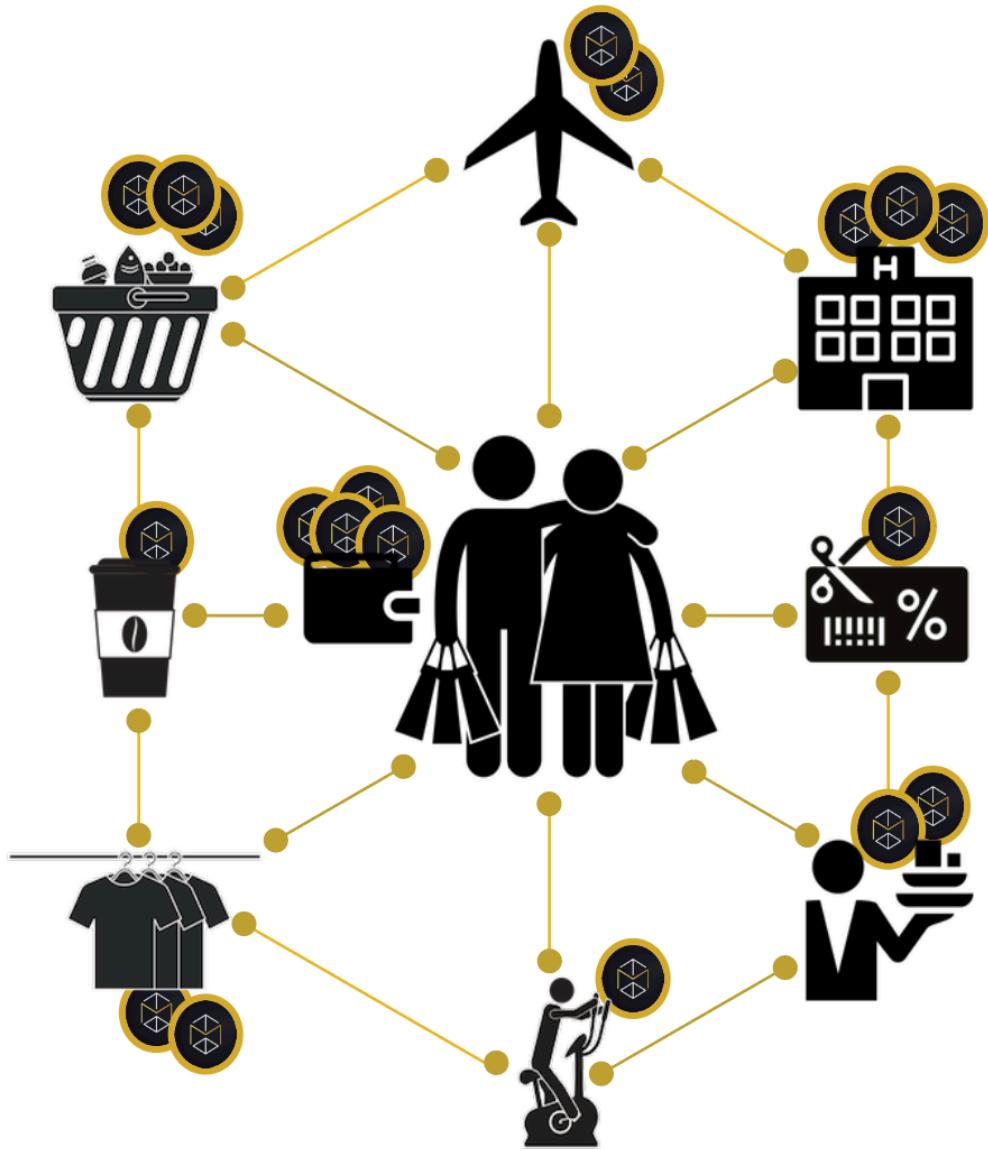




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1. INTRODUCTION – MYNTCOINZ

1.1 EXECUTIVE SUMMARY

MYNTCOINZ is a BaaS (Blockchain as a Service) platform that will develop a blockchain based loyalty rewards architecture to offer a unique solution to transform the customer engagement issues of a loyalty market which is declining mainly due to a **lack of flexibility and liquidity**- the value of the loyalty rewards offered in the United States is expected to grow approximately from \$54 billion in 2016 to \$80 billion by the year 2023. However, the growth rate of active users has declined from 22% to 15% in the past two years, indicating that the market is saturating, prompting the importance of implementing innovative (technologically advanced yet user friendly) user engagement approaches to the market.

The company will build, market, manage and operate a digital ecosystem to facilitate issue, redemption, transfer and trade of digital customer loyalty tokens as a subscription based tiered service for merchants. Merchants will be offered customized solutions to suit their specific contexts. They will be able to choose to issue either Premium tokens (branded tokens with certain reward features such as points, miles, discounts, etc. attached to it) or Value tokens (unbranded cash-back proxy tokens), each affording higher customer engagement, real time customer insights, innovative management of program liabilities on their balance sheet and customization to suit their specific needs and budgets. Both Premium and Value tokens are backed by **MyntCoinz**, a white-labeled token. Customers will be able to redeem, and transfer Premium tokens (**MyntCoinz**, the underlying asset with additional merchant specific rewards) and Cash-back tokens (**MyntCoinz** with guaranteed issue value) in the **Primary Market**. This will allow merchants to offer customers loyalty rewards with unparalleled **flexibility** and **liquidity** with tokens that will not expire. **MyntCoinz** would also be traded on the cryptocurrency exchange – the **Secondary Market**.

The trading of **MyntCoinz** tokens on the secondary market would result in gamification of the experience of participating loyalty reward customers. Such gamification and access to crypto-markets with little personal investment or risk will drive customer engagement for the program and partner merchants that offer it. To hedge against loss of customer engagement due to market downturns, a cash payback mechanism will be instituted for merchant partners to make good the shortfall in case of decrease in market price of tokens, ensuring that the customer benefits from the upturn, but is protected from the downturn of market fluctuations. It is important to highlight that the merchants are also not at a net loss in this mechanism, as compared to traditional loyalty programs, where they are liable for the total amount that they offer as rewards, in the **MyntCoinz** ecosystem, a part of the reward's liability can be recuperated from sale in the secondary market reducing the merchant's net liability.

For investors, **MyntCoinz** is a unique investment opportunity with a pioneering first-mover blockchain as a Service (BaaS) with potential revenues from multiple streams including subscription-based token issuance fees, third party advertising, counterfeit protection services and real time data analytics services. **MyntCoinz** has a competitive advantage with its cutting edge, scalable technology that will offer flexible, liquid, customizable decentralized tokens with intrinsic value that will be secure and cost-effective. The valuation of the company using the SaaS industry average revenue multiple of 4.8x, is \$379.2 million (based on 2020 revenue). The first round investors would be able to enjoy a healthy IRR of 73.5% at a 10% equity ownership at post-money valuation.



2.0 BUSINESS OVERVIEW AND VALUE PROPOSITION

2.1 BUSINESS OVERVIEW

2.1.1 *The Problem*

As of December 2017, U.S. consumers hold 3.8 billion memberships in customer **loyalty programs**, according to the 2017 COLLOQUY Loyalty Census audit coupled with consumer survey research. The 3.8 billion tabulation shows that membership growth continues but has **slowed** to 15% compared to the 26% growth rate achieved in the 2016 Census when total membership was 3.3 billion. The **membership growth slowdown** in recent years indicates that the U.S. loyalty market is maturing, and retailers need to up their game on how to attract and retain members within their loyalty programs. The consumer survey research from the 2017 Census showed that 53% of U.S. consumers identified “Lack of Flexibility” and “Low Liquidity” as the key challenges of loyalty programs. In order to improve loyalty marketing, brands must optimize the overall experience by improving **Flexibility**, and **Liquidity** of their programs for their existing and potential customers. On the other hand, loyalty rewards programs cost US merchants and brands approximately \$60 Billion per year and rising, hence merchants have a need for a low cost and more efficient loyalty program model.

Key Drawbacks of Traditional Loyalty Rewards Model

The concept of loyalty programs has existed for decades (since the 1980's). The census made in 2017 shows that 55% of adults in USA are registered in a loyalty program, hence the market is still growing. However, year-over-year growth of 15% in 2017 is much lower compared to the 26% growth shown in 2016. The reason for the growth slowing is rather simple- loyalty and rewards programs are not realizing their full potential, due to account inactivity; low redemption rates; time delays; high transaction, system management and customer acquisition costs; and low client retention.

The following statistics (from recent census) shows some of the key adversely impacted issues in customer loyalty programs in the USA.

- 53% of U.S. consumers participating in a loyalty programs think that the programs lack flexibility.
- 57% of U.S. consumers will abandon a loyalty program if it took too long to earn points or miles.
- 28% of consumers are abandoning loyalty programs without redeeming any points which is beneficial to the business in the short term but detrimental in the long run.
- Since 2010 the usage of loyalty programs has declined at a rate of 2% to 3% per year. Over 50% of accumulated points, with an estimated worth of \$50 billion, are never redeemed. Unclaimed rewards deter customers from joining new loyalty programs.
- 57% percent of consumers want to engage with their loyalty programs via mobile devices, but 49% don't know whether there is an app associated with their loyalty program due to a large number of independent loyalty programs and apps existing in the ecosystem.
- The 2016 Bond Loyalty Report showed that loyalty rewards program members who do not make redemptions are 2.7 times more likely to defect from a program and join another.
- Time Delays- A general lack of adequate digitization across programs precludes interlinking different programs and is a primary cause for loyalty reward programs' lag



times between reward points being made available in a manner that affords customers opportune moments to use them.

As evident above, the future of Loyalty programs demands a novel approach to increasing flexibility and liquidity while raising its significance in business transactions.

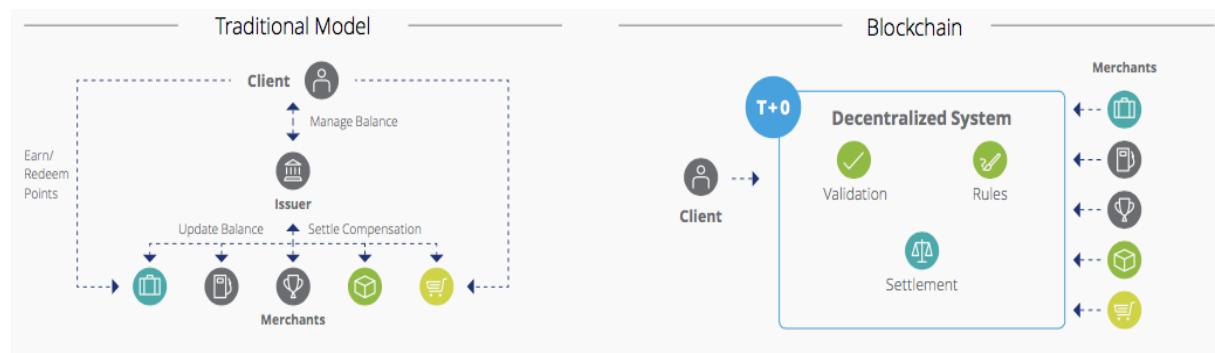
2.1.2 Our Unique Approach - BaaS Platform for Loyalty Programs

“MyntCoinz” is a Blockchain As a Service (BaaS) platform for loyalty rewards, and a digital token (see section 4.1) that would replace, consolidate and streamline all existing loyalty programs into a single digital UNIVERSAL loyalty token system.

2.1.3 BaaS (Blockchain As a Service) Solution

MyntCoinz is a Blockchain as a Service (BaaS) platform for loyalty industry. Merchants will have multiple options of the service to choose from, depending on their branding power and strategy, budget and the market orientation (see section 4.1.1).

MyntCoinz Blockchain network issues tokens when two parties (i.e. a merchant and a customer) process a commerce transaction on the network. The issuance occurs when one party (merchant) agrees to reward token(s) to another party (customer) for transacting a sale. Issued tokens can be redeemed, transferred or exchanged with USD, ETH or BTC through a supported exchange – via **MyntCoinz** wallet.



2.2 VALUE PROPOSITION

2.2.1 Advantages to Customers

- Customers can collect universal tokens as their loyalty rewards in one single digital wallet instead of earning various points, miles, dollars, etc. in dozens of different reward systems.
- **MyntCoinz** tokens never expire and there are zero restrictions or limitations when using them.
- **MyntCoinz** can be used to purchase products/services that are part of the **MyntCoinz** reward network.
- Tokens can be earned, purchased, sold, transferred (gifted) or redeemed via **MyntCoinz** digital wallet.
- Customers can use tokens as a financial asset (i.e. customers can capture the price appreciation), and/or use them for trading purposes. The token value is expected to appreciate



due to the increasing demand from retailers (loyalty reward market is expected to grow Year-over-Year).

- Customers can obtain better discounts and access special promotions via **MyntCoinz** platform.
- Transparent program management reduces the loss of points by expiration or fraud.

2.2.2 Advantages to Merchants

- The traditional loyalty reward programs don't have any market value and ultimately incur an indirect cost for merchants when points are redeemed (deferred liability). In contrast, **MyntCoinz** has intrinsic value due to the existence of a secondary market, which may influence customers to monetize them via different forms (see section 4.2). This would result in indirect loyalty cost reductions in the balance sheets of merchants.
- Merchants can issue **MyntCoinz** under their brand names (**Premium tokens**, see section 4.1), keeping the branding power under their control.
- Merchant can issue Cash-back proxy **MyntCoinz** too (**Value tokens**, see sections 4.1)) as their loyalty rewards, giving more flexibility for small and medium businesses who currently don't have loyalty programs, or if they prefer issuing most popular cash-back type rewards.
- Getting rid of cost of maintaining an operationally burdensome internal loyalty process.
- Add as many features as desirable - points, discounts, access to exclusive deals, etc. - to the tokens, gaining more interest from the customers.
- Gain access to a wider range of customers on the **MyntCoinz** platform (as compared to a traditional rewards program where the merchants can only access its own limited customer base).
- Provide customers/early adopters of digital currency, an innovative platform solution and alternative purchasing medium (lure customers who want to purchase products/services using tokens rather than currencies).
- Tokens are traceable, as well as fraud-proof to a large extent.
- Clear understanding of current, unused tokens and where they reside in the loyalty ecosystem.
- The merchants will have the access to bid ask arbitrage and can make some profits when accepting tokens as payment methods– The system allows the merchant to accept tokens at a marginally lower rate and to sell them at the market rate.
- Merchants can obtain capital gain profits if they hold on to tokens when market price of the tokens increase.
- Businesses will be able to identify, target and capture highly valuable customers with exclusive promotions (who frequently shop and/or conduct large retail transactions) using the analytics reports produced by the **MyntCoinz** system.
- The token platform has the potential of mitigating counterfeit and piracy risks, especially for the luxury goods.



2.2.3 Competitive Advantage

- First Mover:

MyntCoinz platform is the first ever Blockchain platform subscription service (BaaS) for loyalty rewards industry. And **MyntCoinz** is the first ever blockchain-based loyalty token that has both market price due to a secondary market component (described in section 4.2.2), and intrinsic value due to loyalty features awarded by the merchants, as compared to all other tokens that have price component only driven purely by market speculations. It's also the very first blockchain-based loyalty solution that could take some of the burden of indirect cost of loyalties from the merchants' balance sheets. Hence it is expected that **MyntCoinz** will experience a rapid growth in customer acquisition in the next five years.

- Cutting Edge Technology:

- *Real Time Data*

- The network, and nodes, collectively present a cross sectional data of consumers' purchasing behaviors and patterns at T+0, at any given time.
 - Token issuances, redemption and settlements are reconciled in the system instantly, giving the stake holders an extremely accurate status updates of the existing tokens in the system.
 - Ability to deliver rewards in real-time for instant gratification and redemption for customers.
 - Real time use of loyalty points on products, services in recognition.

- *Decentralized Nature*

- All transactions can be performed and settled in a P-2-P form, leaving the services of third party settlement agencies obsolete- cutting the additional settlement time and at significantly lower cost.
 - No need for a centralized platform; Merchants can plug in to the decentralized network that offers more live and valuable data generated from various nodes (i.e. other merchants and customers in the network).
 - Blockchain allows merchants and customers to intersect and interact in one system without intermediaries and without compromising privacy or competitiveness.

- Unprecedented Scale:

- The technology will allow instantaneous and secure creation, redemption, and exchange of loyalty tokens across programs, merchants, and industries through a trustless environment using cryptographic proofs.

- High level of Security:

- Blockchain-based loyalty programs are not only inherently tougher to hack, but also have the ability to provide security on multiple levels that were not possible previously. Also, once rewards are tokenized, which gives them unique identities that are extremely difficult to counterfeit.



- Network Effect:

- Due to the nature of the loyalty rewards market, flexibility (universal acceptance across all merchants) and high liquidity of MyntCoinz, the number of token users are expected to grow organically over time. The more the users adopt the network, the more powerful and valuable the tokens will become. The steady user growth would increase the demand for the tokens-result in increase in value and price of the tokens.

- Low Cost (Economy of Scale):

- The cost of maintaining a loyalty program is significantly reduced due to efficiencies reaped by the integration of many existing loyalty schemes combined with the relatively low cost of maintaining a Blockchain platform.

2.2.4 Competitive Landscape

	Traditional Loyalty Rewards	Blockchain Loyalty Rewards	BaaS for Loyalty Rewards
	   	 	
Awarded at point of sale	✓	✓	✓
Scale	✓	✓	✓
Related to brand image	✓	✗	✓
Personalization	✓	✗	✓
Intrinsic value	✓	✗	✓
Market price	✗	✓	✓
Absence of expiration	✗	✓	✓
Flexibility	✗	✓	✓
High level of security	✗	✓	✓
Economy of scale	✗	✓	✓
Real time data	✗	✓	✓
Blockchain As a Service	✗	✗	✓
Network effect	✗	✗	✓
Liquidity	✗	✗	✓
Decentralized nature	✗	✗	✓



3. MARKET OPPORTUNITIES

3.1 CURRENT LOYALTY MARKET IN THE US

- According to The Colloquy Census there were 3.8 billions of memberships in the United States in 2016. Though the growth rate has slowed as showed the table below.

TOTAL MEMBERS

2012	2.6 BILLION	+ 27%
2014	3.3 BILLION	+ 26%
2016	3.8 BILLION	+ 15%

- According to The Loyalty Report 2017 by Bond Brand Loyalty & Visa the average total loyalty program enrollment has grown by 31%, from 10.9 program per member in 2014 to 14.3 program per member in 2017. Active membership percentage, however, has declined from 72% in 2014 to 47% in 2017.

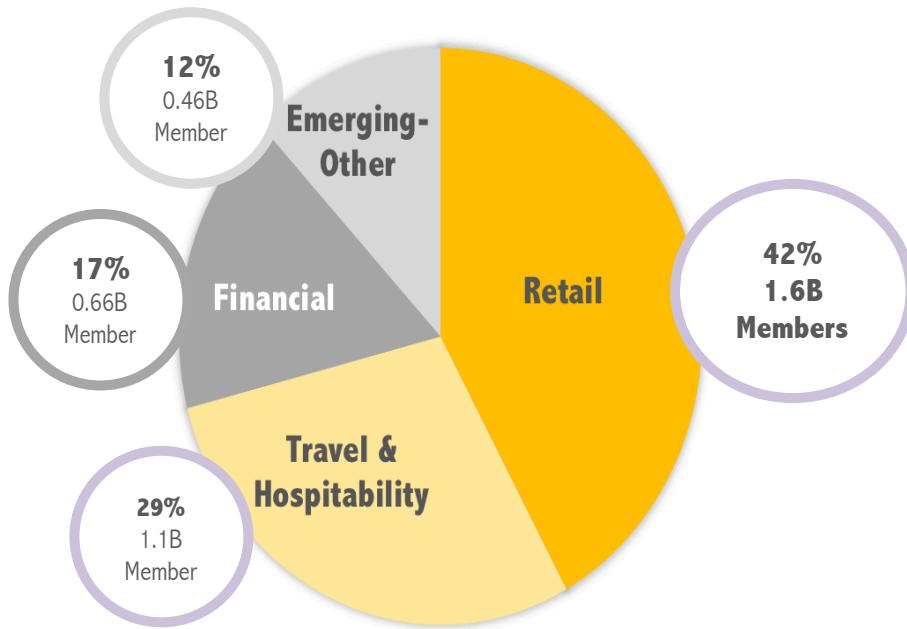


- This has resulted in an approx. \$100 billions of unredeemed points left in the market.
- The programs are efficient in attracting members but not in engaging them leading to **no loyalty in loyalty programs**. It is evident by the statistics below:
 - Loyalty members who do not make redemptions are 2.3 times more likely to defect a program and join another
 - 67% of consumers modify the brands they purchase to maximize the benefits they earn
 - 77% of consumers report they are retraining loyalty at a faster pace than three years ago
 - 53% of U.S. consumers identified aspects that equate to a “Lack of Flexibility” as the key challenge of loyalty programs
 - 57% of consumers left a program because it took too long to earn rewards
 - 53% of consumers left because a program did not provide rewards they are interested in.



Industry Breakdown

Loyalty programs have some common characteristics regardless of the industry sector, however each of them has some specificities that can help attract additional customers.



RETAIL	TRAVEL AND HOSPITALITY	FINANCE	EMERGING OTHER	COALITION
conven. store	airline	bank	entertainment	multiple retail +
depart. store	car rental	credit cards	online-only	service partners
drugstore	cruise lines	insurance	programs	
fuel	gaming		telecom/cable	
grocery	hotel			
special retail	restaurant			

Retail sector accounts for 1.6 billion loyalty memberships with the largest slice of the loyalty pie. Biggest driver for active participation is that the program is “easy to understand” and is focused on deep discounts and instant rewards.

Travel and hospitality, with 1.6 billion loyalty memberships, is growing at 20%, notably more than other sectors. In this case, emotional connections to the brand, company, retailer or service are the biggest driver for participation.

Financial services showing an upwards tendency with 664 million loyalty memberships. Cash back incentives and a reasonable time to reward are the main motivators.

Others/emerging: include online-only offerings, entertainment, daily deals, point-aggregators and card-linked. In this case the “ease too use” and the loyalty to the brand, company or service are the main drivers for participation.



The top five sectors in which spend increases when a consumer is a member of the loyalty program are Gas with a +99% spend increase, Hotel +82%, Drug Store +63%, Movie Theatres +61% and Grocery +57%

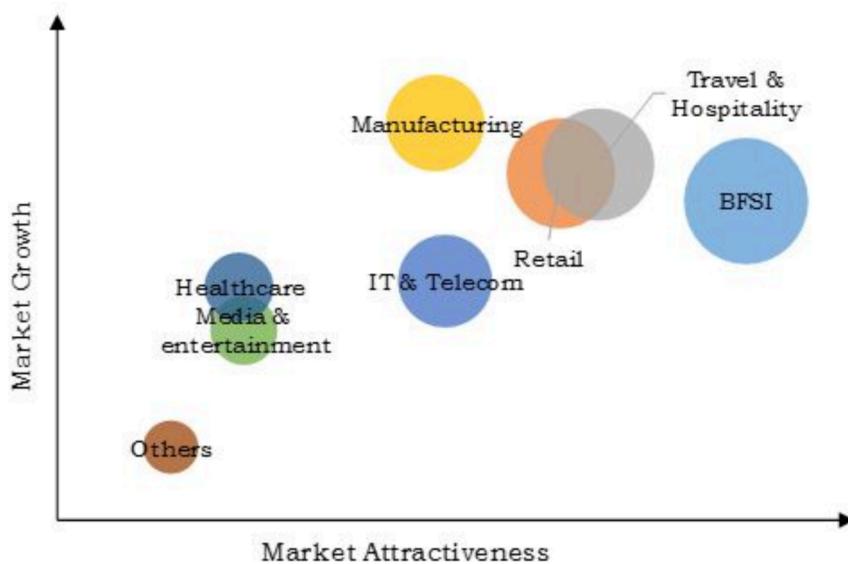
Finally, another tendency of the market is **coalition (or multi-brand) loyalty programs**, which lets members earn and spend with a common program currency among a network of partners. Although it is still an emerging model in the USA, it has strong presence in the UK, Canada and other parts of the world. In this case, the attractiveness for the customers is the speed to reward and redemption.

3.2 INDUSTRY OUTLOOK AND TRENDS

The loyalty rewards industry is set to grow over the next decade. In 2016, the value of the loyalty rewards offered in the United States was approximately \$54 billion and this is expected to reach \$80 billion by the year 2023. The overall value of the global loyalty management industry was estimated to be \$1931 million in 2016 and this is also expected to increase significantly to a projected figure of \$6955 million by 2023.

The principal factors that seem to be fueling this market growth are an increasing use of mobile phones, a substantial increase in the numbers of people holding loyalty cards and the increase in online solutions that manage loyalty rewards. Other factors that are affecting the market growth are changes in the demographics of the end consumer, there is also an increase in spending on loyalty programs by organizations and an increase in application of data and machine learning.

There is estimated to be a significant growth potential in the global loyalty management market. This was modelled by allied market research in their Global Opportunity Analysis and Industry forecast 2016-2023. The graph below shows the growth potential of global loyalty management by different verticals. BFSI (banking, financial services and insurance) had the largest market share of growth. It was postulated by the authors that the growth was due to improvements in technology, use of smartphones and increase in number of card holders.



Source: <https://www.alliedmarketresearch.com/loyalty-management-market>



The market trends that can be increasingly observed in the loyalty management pertain to a rise in use of mobile applications, change in the end-use demographics, an increase in the amount spent on loyalty programs and rapid growth in the application of big data and machine learning.

These are discussed below:

Rise in Mobile Application Use: Increasingly, it is seen that brands are offering mobile applications to create and grow customer loyalty. There are also several mobile applications only loyalty programs and schemes being offered.

Change in End-Use Demographics: The end-user demographics is influencing loyalty program design and offering. There is a shift towards value for money and innovative programs are being considered to maintain and increase brand loyalty.

Rise in Spend on Loyalty Programs: Companies are increasing their investment in their loyalty management programs. The amount being spent is on achieving growth in the program and producing revenue metrics. In 2015, US companies spent \$2 billion on loyalty programs and this is set to grow.

Growth in application of big data and machine learning: There is a trend to use big data analytics to automate customer experience programs.

3.3 ROOM TO GROW

According to The Deloitte Consumer Review traditional loyalty schemes need to be rethink because the programs have become expensive to run and difficult to redeem and the expectations of the clients have changed. Besides, the customer “experience” has become the differentiator for many successful business models.

The Accenture Study, Seeing Beyond the Loyalty Illusion shares the same view, it states that “The truth is that traditional loyalty programs are costing significantly more, and delivering significantly less, than many executives realize”.

At the same time, the base of customers in loyalty is huge and they are keen to engage more frequently, generating opportunities for new programs:

- 79% of consumers look for deals in loyalty and rewards programs before making a purchase (Hawk Incentives)
- 74% of consumers choose a store based on a strong loyalty or discount program (IRI)
- 70% of consumers like the idea of programs partnering with other brands to increase ways to earn loyalty points (HelloWorld)
- 81% of customers are more loyal to the brands where they participate in rewards programs
- 86% of consumers who like a loyalty program will shop more (500friends)
- It costs 5x more to attract a new customer, loyal customers spend 67% more than new ones
- An estimated \$100 billion in points are left unredeemed by members, blockchain could help relieve this liability that many in the industry are facing

Finally, a strong trend today is coalition loyalty program effects, renowned companies (both in-store and online) join forces to pool their marketing power and reduce costs at the



same time producing the desired synergy. The main benefit in a coalition for the participating brands is the ability they have to redirect their marketing strategy and target specific customer groups creating opportunities for up-selling, cross-selling and winning new customers. In fact, the partners have a unique opportunity to achieve high response rates by addressing consumers with offers which are relevant and interesting to them. And, it is an opportunity for consumers as well, as they can enjoy the flexibility and speed in earning and redeeming points in a group of multiple merchants.

3.4 THIRD PARTY SURVEY FINDINGS, RESEARCH AND ANALYTICS

The fundamental idea behind **MyntCoinz** is to harness the potential of digital tokens to disrupt the loyalty marketing business. The aim of using the tokens is to increase customer engagement. Thus, it would be important to understand firstly, whether cryptocurrency can indeed promote engagement. The second aspect that will be important for **MyntCoinz** to succeed would be the attitudes of merchants towards the application of this technology i.e. blockchain to loyalty marketing. Prior to embarking on the pilot, the literature was explored for studies that may give insight into these aspects.

The interest in how rewards using tokens would influence consumer behavior has been growing. Given that blockchain technologies are not yet mainstream and this aspect is a very relevant aspect of **MyntCoinz** business model, we thought it would be important to explore what sort of customer response may be expected. Indeed, some researchers have looked to explore customer behavior and understand how cryptocurrency-based loyalty rewards programs may be perceived by consumers. The first example was a study by Shelper et al that explored behavior and attitudes in a simulated field trial of 177 University students. The authors conducted their research by creating a live market loyalty program that aimed to mimic loyalty programs but offered cryptocurrencies as the reward mechanism. This, despite being a very rudimentary experimental design, did provide valuable insight into expected consumer behavior. It was useful for us as it explored aspects of consumer behavior that are relevant to the business model of the **MyntCoinz** ecosystem. The study was run over a short period of time in Australia in 2017. The researchers recruited 12 retail outlets in the campus of University of New South Wales (UNSW), Sydney and the cryptocurrency reward offered were Ether. To earn this reward, the study participants transacted as they normally would at any of the retail outlets. The students were allowed to earn a limited amount of Ether during this timeframe- the limit was \$10. The simulated system did not require crypto wallets to be set up as the program held the Ether in trust for the participants which simplified the system for the study. The participants were given a range of options with regards to their Ether balance:

-they were allowed to redeem the Ether as a cash balance into their electronic wallet. The redemption was at actual rates in the market and the fiat currency was transferred into the participant's e-wallet.

-they could transfer to another participant, by using their email address

-at the end of the study, they could transfer the Ether balance to their personal Ether wallet, with support being provided if they did not own one.

The earning of Ether through the study was weighted towards higher engagement when compared with traditional Australian loyalty program averages. The results showed that 61% met the primary objective in terms of Ether earning (at least \$10 of Ether earned), 18% overshot earning \$20 of Ether



– which equates to a considerably higher engagement rate compared to industry averages of 57% of a major Australian supermarket chain and 37% for a major liquor chain.

The research also measured engagement with marketing emails and communication sent to the participants. Email communications were opened at a minimum rate of 48.3% and up to a maximum rate of 72.7 % which again was found to be well above the industry average for loyalty program emails which was reportedly as low as 11%.

The study also gave interesting insights into redemption behavior that may be translatable to **MyntCoinz**. Transfer of Ether to a different person was 0%. The majority (67%) transferred the cryptocurrency to their personal crypto wallet. 29% decided to cash in the rewards to fiat and transferred it into their bank account and 4% converted the cryptocurrency to a gift card. This data shows a propensity for participants to hold the cryptocurrency for speculative gain in the future which is a unique advantage attributable to cryptocurrency over loyalty rewards or cash. This was also identified by participants as an attractive feature of the program.

The study also conducted a survey of participants after the trial period to gather information about exposure and understanding of loyalty points in general and found that the participants were generally well exposed to traditional loyalty programs and confirmed that they would be able to compare programs.

The results of the survey were overwhelmingly in favor of crypto based program. The participants found the program:

- More rewarding than their favorite (7.58/10 versus 6.04/10)
- Motivated them to spend more money with participating retailers than their favorite program did (7.8 versus 5.98/ 10)
- The participants gave the crypto program a higher Net Promoter Score than their favorite program (8.53 versus 5.72 out of 10).

Overall loyalty programs were reported to lead to modification in spending behavior to maximize loyalty rewards earnt (80% reported a modification with regards to their favorite loyalty program and 83% with regards to the cryptocurrency program)

With regards to spend, 59% spent a higher amount of campus during the period, 41% the same. Overall the program was considered more appealing by 86%. An additional 11% found it just as appealing as their favorite loyalty program.

The qualitative information presented was also very interesting in terms of the comments the authors' presented. Positive reasons cited included the following:

“The concept is interesting since the value can fluctuate”.

“Cryptocurrency is a very exciting currency as it fluctuates, and you never know what to expect the next day. It might go up or go down and it is a great experience to learn about how it works and what influences it.”

“The possibility of growing value and ability to cash out when you like is very attractive.’ [It’s] more appealing because of the tangible dollar value of the Ether as opposed to less tangible points.”

“feels like you’re getting money rather than “points”. When Ether was low, I was incentivized to spend and reach the next 10 before Ether spiked.” There were some negative reasons cited as well: “There is too much fluctuation with cryptocurrency.”



The majority opinion indicated by the study was that participants indicated they felt cryptocurrencies to be more exciting and desirable due to fluctuations in value (“you never know what to expect the next day”) and by the potential for Ether to be a significant future value increase (“there’s an element of speculation and potential that makes it exciting”). This is also reflected in how a large proportion that participated held on to the cryptocurrency after the program. (67%)

The authors concluded that they perceived the cryptocurrency gave the loyalty rewards process a unique and very engaging ‘**gamified**’ element which is not seen in traditional loyalty programs, including cash back programs. They even reported discussion with participants that indicated that they had become obsessed about the value of Ether and the balance of their account and some even reported checking their value 5 times a day. This observation when compared to the usual loyalty rewards program which never gets checked shows an engagement that would be very attractive for marketing programs to tap into. Thus, it is likely that cryptocurrency-based programs with gamified fluctuations in a secondary market have the potential to drive significant customer engagement.

With regards to the second aspect of exploring merchant attitudes towards blockchain use as a customer loyalty marketing solution, Udegbe et al surveyed customers and managers of airlines with the aim to understand the possible impact of blockchain technology on customer loyalty programs in the airline industry. The researchers employed a literature based contextualized instrument, a questionnaire, to survey customers and managers. 274 questionnaires were sent to customers and 176 to managers. Out of the 450, 397 completed questionnaires were analysed. The response rate was therefore quite good at 79.7%. The respondent group was reported as diverse in terms of social, occupational and educational backgrounds. The findings reported that the use of blockchain technology would enhance customer loyalty programs of airline businesses. It was also discovered that when usage of blockchain was emphasized, the extent of the effective usage is related to blockchain.

Therefore, there is some preliminary evidence that the use of blockchain and cryptocurrency rewards may be an effective way forward to enhance flagging loyalty reward programs.



4. HOW MYNTCOINZ WORKS

4.1 HOW TO EARN TOKENS

Initial Token Issuance

MyntCoinz tokens are primarily issued when new transactions are carried out between brands/merchants and customers. The brands/merchants decide how much loyalty value they are willing to offer to their customers in the form of cash back, points, miles, discounts, special offers, exclusive access to certain product and services, etc., based on their purchasing behaviors (**Loyalty Conversion Criteria**), and issue tokens accordingly. Merchants have two options under different price points when issuing tokens—**Premium Tokens** and **Value Tokens**. The key characteristics of these tokens are outlined below;

4.1.1 Premium Tokens

MyntCoinz is designed as a **White-Labeled Token**. Hence merchants have the ability to rename or re-brand the tokens as they wish when issuing tokens to the customers (e.g.: Macy's Coinz, Target's Rewards, Delta Mynt Miles, etc.). Once rebranded, tokens will become **Premium Tokens**. Premium tokens are more suitable for merchants who would want exclusive control of branding power of tokens. The key characteristics of **Premium Tokens** are outlined below;

- They carry merchants' selected features such as points, discounts, promotions, special offers, access to exclusive product and/or services.
- The tokens have an intrinsic value due to above noted features.
- Premium tokens are backed by unique underlying asset- the *White-Labeled Token* of **MyntCoinz**.
- *Premium Tokens* have a market price due to the secondary market participation of their underlying asset of **MyntCoinz**.
- Backend platform determines the intrinsic value of each transactional based loyalty offering using a) merchant's pre-agreed loyalty conversion criteria and, b) Size of the sale.
- The number of tokens to be issued per transaction is determined by dividing intrinsic value of the features by the price of a MyntCoinz token at that time.
- Tokens are issued at point of sale and will be available for immediate use.
- Once issued, tokens will be transferred from the system to consumers' digital wallets.
- The consumers will have the opportunity to get rewarded multiple *Premium Tokens* under different brandings, depending on from which merchants they would purchase products or services.
- The price of tokens can move up or down over time, depending on the balance between supply and demand in the secondary market (see section 4.22 for more information of secondary market). Though originally offered reward features remain unchanged.
- Consumers can;
 - Redeem them from the original merchant (see section 4.2.1).
 - Transfer them to another person(s)
 - Convert them to **MyntCoinz** and a) sell in the secondary Market or b) use them to purchase product/services from a different merchant.



- The features noted above may be expired or obsolete, depending on how the merchants structure them. Once the features are expired, however, the tokens will automatically become *White-Labeled Tokens*, giving the consumers the benefit of one of the key characteristics of **MyntCoinz** - absence of expiration.

EXAMPLE 1 – How Premium Tokens are earned;

- First, the merchant to determine the loyalty conversion rate - Merchant A (An Airline) decided to offer \$1 worth of loyalty for every \$100 that consumers spent on their brand (****Please note that Loyalty Conversion Criteria is a more complicated process. Though we have used less complex conversion rates in these examples, just to make it easier to understand****)
- Merchant A wants to issue tokens under the name of “ALPHA Mynts”
- Current market price of a **MyntCoinz** token is \$0.50.
- Consumer X spent \$1000 in Merchant A.
- Merchant A wants to issue n number of airmiles for this transaction.
- The platform recognizes this as a \$10 loyalty transaction $((1/100) * 1000)$ and will issue 20 “ALPHA Mynts” $(\$10/\$0.50)$ to Consumer X’s mobile wallet at T+0 (instantly).
- These 20 ALPHA Mynts tokens will carry n number of airmiles as well.

EXAMPLE 2 – When token’s market price changes;

- Let’s assume the current market price of a **MyntCoinz** is \$1 instead of \$0.50, the platform still recognizes the above as a \$10 loyalty transaction $((1/100) * 1000)$, but now will issue 10 “ALPHA Mynts” instead of 20 to the Consumer X’s mobile wallet at T+0.

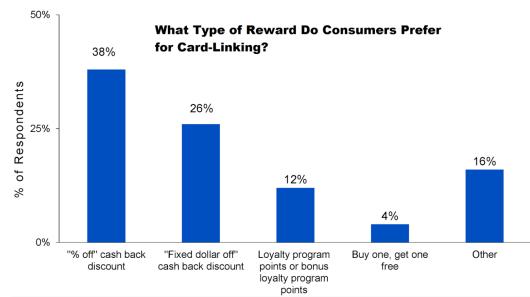
EXAMPLE 3 – Different loyalty conversion rates;

- Merchant B (e.g. Hotel Chain) decided to offer \$2 worth of loyalty for every \$100 spent on their brands.
- Merchant B wants to issue tokens under the name of “BETA Coinz”
- Current market price of a token is \$0.50.
- Consumer X spent \$1000 on brand B.
- Merchant B wants to issue m number of hotel points for this transaction.
- The platform recognizes this as a \$20 loyalty transaction $((2/100) * 1000)$ and will issue 40 “BETA Coinz” $(\$20/\$0.50)$ to Consumer X’s mobile wallet at T+0.
- Thee 40 BETA Coinz will carry m number of hotel points as well.



4.1.2 Value Tokens

Value tokens are well suited to merchants who currently don't have loyalty rewards programs and/or who prefer offering direct monetization rewards (a proxy to cash back) to their consumers. The popularity and demand for direct monetization rewards is significantly high in the market, and it's growing. CardLinx's 2016 Industry Survey found that 64% of consumers prefer cash-back payments as part of rewards, and only 12% prefer rewards of accumulation of bonuses, points or miles (see the chart below). Value tokens are designed to cater to this market.



Key characteristics of Value Tokens are outlined below;

- Carrying neither brand names of merchants nor their traditional reward features.
- It rather provides a value guaranteed instant monetization proxy to the consumers (similar to cash back).
- Value tokens are also backed by unique underlying asset- the *White-Labeled Token* of **MyntCoinz**.
- *Value tokens* also have a market price due to the secondary market participation of their underlying asset of **MyntCoinz**.
- Backend platform determines the intrinsic value of each transactional based monetization reward offering using a) merchant's pre-agreed loyalty conversion criteria and, b) Size of the sale.
- The number of tokens to be issued per transaction is determined by dividing intrinsic value of tokens by the market price of a **MyntCoinz** token at that time.
- Value tokens are issued at point of sale and will be available for immediate use.
- Once issued, Value tokens will be transferred from the backend to consumers' digital wallets.
- Market price of **MyntCoinz** can move in both directions, up and down. The downside risk (when prices goes down) of Value tokens, however, is minimized and protected due to tracking account mechanism described in section 4.1.2.1 (i.e. the original intrinsic value of tokens is guaranteed even if the prices of MyntCoinz are falling).
- Consumers can;
 - Redeem it from any merchant (see section 4.2.1)
 - Monetize Value tokens by selling them in the secondary market, at higher value if the price of **MyntCoinz** goes up, or at originally offered value if the price of **MyntCoinz** goes down (refer to examples given below for more clarification).
 - Transfer to another person(s).



The feature noted above may be expired or obsolete, depending on how the merchants structure it. Once the feature is expired, however, the tokens will automatically become *White-Labeled Tokens*, giving the consumers the benefit of one of key characteristics of **MyntCoinz** - absence of expiration.

4.1.2.1 Value Preservation of Value Tokens via Tracking Account Mechanism (Primary Market)

- In an effort to preserve the value of Value tokens from adverse market conditions (noted above), we will introduce a Tracking Account Mechanism. All merchants will have a tracking account affiliated to the **MyntCoinz** platform. If the price of **MyntCoinz** tokens goes down, the merchants will compensate for the difference of the current market value and loyalty value offered in the customer's original transaction.
- It's important to note that traditional cash back loyalty programs require merchants to absorb the entire cost of cash-back rewards, whereas Value tokens require merchants to only bear a minimal cost when the token value goes down (given that market is absorbing the rest). See the examples below for further clarification.

When the price of the token Goes Up

EXAMPLE 1

- Assumptions at T+0:
 - Merchant A's loyalty conversion rate is \$1 for every \$100 spent
 - Customer X spent \$1000 at Merchant A's products
 - The market price of a token is \$5
- Actions at T+0
 - The platform recognizes this as a \$10 loyalty transaction $((1/100) * 1000)$ and will issue 2 Value tokens $(\$10/\$5)$ to Consumer X's mobile wallet at T+0 (instantly).
 - Customer X has a \$10 worth of purchasing power (via 2 tokens).
- Assumptions at T+1
 - The market price of a token is gone up from \$5 to \$6.
 - Customer X decided to utilize both tokens.
- Actions at T+1
 - For Customer X
 - Customer X's **Purchasing Power** has now gone **UP** from \$10 to \$12.
 - Customer X can utilize the token in 3 ways;
 - Sell –Earn \$12 ($\6×2) from the secondary market.
 - Transfer –Transfer \$10 ($\5×2) worth of loyalty to another person.
 - Redeem –Redeem the token in exchange of \$12 ($\6×2) worth of goods/services from any merchant.
 - For Merchants (Let's assume that the Value tokens were originally issued by merchant A, but consumer wants to redeem them from merchant B).
 - Merchant A doesn't have to credit the tracking account given the price of the token has appreciated since the issuance of the Value tokens (i.e. market is willing to honor the initial \$10 worth of loyalty + \$2 premium for 2 tokens).



- Merchant B can either sell both tokens in the secondary market at T+0 for the price of \$6/each or keep them and capture the price appreciation.

When the price of the token Goes Down

EXAMPLE 2

- Assumptions at T+0:
 - Merchant A's loyalty conversion rate is \$1 for every \$100 spent
 - Customer X spent \$1000 at Merchant A's products
 - The market price of a token is \$5
- Actions at T+0
 - The platform recognizes this as a \$10 loyalty transaction $((1/100) * 1000)$ and will issue 2 Value tokens (\$10/\$5) to Consumer X's mobile wallet at T+0 (instantly).
 - Customer X has a \$10 worth of purchasing power (via 2 Value tokens).
- Assumptions at T+1
 - The market price of a token is gone down from \$5 to \$4.
 - Customer X decided to utilize the token.
- Actions at T+1
 - For Customer X
 - Customer X's **Purchasing Power** is **Unchanged**, or could go **Down**, depending on the action taken.
 - Customer X can utilize the token in 3 ways;
 - Redeem –Redeem the tokens in exchange of \$10-\$0.xx worth of goods/services from any merchant (**Purchasing Power Unchanged** –i.e. the market honors \$8 for 2 tokens, while Merchant A compensates the balance of \$2 via tracking account credits).
 - Sell –Earn \$8 (\$4x2) from the secondary market.
 - Transfer –Transfer \$8 (\$4x2) worth of loyalty to another person.
 - For Merchants
 - Merchant A will credit the tracking account by \$2 (\$10-\$8) given the loyalty value went down by \$2 (not the token price).
 - Merchant B get \$10 by selling tokens in the secondary market, \$8 comes from the market, and \$2 from master tracking account.



The summary of key differences and similarities of Premium and Value tokens are outlined in the table below;

	PREMIUM TOKENS	VALUE TOKENS
CARRYING BRAND NAME	✓	✗
CARRYING TRADITIONAL LOYALTY FEATURES	✓	✗
GUARANTEED CASH VALUE	✗	✓
ABILITY OF CONVERTING TO MYNTCOINZ	✓	✓

4.2 HOW TO OWN TOKENS

Consumers can own tokens in a few ways;

- Earning them via merchants' loyalty reward programs (refer to section 4.1)
- Receiving them as gifts from other reward owners (refer to section 4.1)
- Purchasing them from the secondary market via exchanges, and/or from initial token offering (refer to section 8.1).

4.3 HOW TO UTILIZE TOKENS

The entire token eco-system consists of two markets- **Primary market** and the **Secondary market**. Premium and Value tokens are circulated in the primary market while white-labeled tokens (**MyntCoinz**) are circulated in the secondary market. Premium and Value tokens in the primary markets are engaged in two main activities -Redemption and Transfers. However, if a consumer decided to sell these tokens to a third party instead of redemption or a transfer, then those Premium or Value token would instantly convert in to a white-labeled token (**MyntCoinz**) by entering in to the secondary market.

4.3.1. Primary Market

Redemption:

Consumers can redeem their Premium and Value tokens in exchange of product/services from the original token issuer and from any merchant, respectively. The reward features of these tokens may have expiration, depending on how they are structured by the merchants. However, the underlying asset of **MyntCoinz** don't have expiration, so consumers can keep them in their possession as long as they want.

The price of **MyntCoinz** tokens (underlying token) can move up or down over time, but the intrinsic value of a Premium token is preserved due to the stable reward features embedded in the



tokens and, b) intrinsic value of Value token is preserved at least at the original level, if not capturing the upside when the price goes up, due to tracking account mechanism described in section 4.1.2.1.

When redeemed, the originally offered rewards features will be stripped off from the Premium token, making them **MyntCoinz** tokens. Consumers can either keep them in their digital wallet or sell them in the secondary market while enjoying the reward features. Consumers can redeem Value tokens in exchange of product or services at any merchant. The merchant who accepts Value tokens can either monetize them by selling them in the secondary market at T+0, gaining the originally offered value, or keep them for a future sale.

Transfer:

Consumers can transfer their **MyntCoinz** tokens to other persons or entities with no restrictions at any given time. And the new recipient can enjoy the loyalty benefits that were originally offered.

- There will be a transactional fee, approx. 1% of tokens value for each transfer.
- Transfer time for an average size transaction is expected to be extremely fast, only few seconds in most cases.
- Transferrer will have to follow two-factor authentication verification for security reasons.

4.3.2 Secondary Market

As described in section 4.3, only white-labeled **MyntCoinz** tokens are circulated in the secondary market. There are several ways of **MyntCoinz** entering in to the secondary market;

- Via initial token offering: We will release pre-determined number of **MyntCoinz** to the secondary market via the initial offering, giving the consumers, investors and other interested parties an opportunity to own tokens at a discount price.
- Selling Premium and Value tokens: When selling, both Premium and Value tokens will become **MyntCoinz** by entering them in to the secondary market.
- Trading MyntCoinz: **MyntCoinz** owners can monetize their tokens by trading them in the secondary market.

Key characteristics of the secondary markets are outlined below;

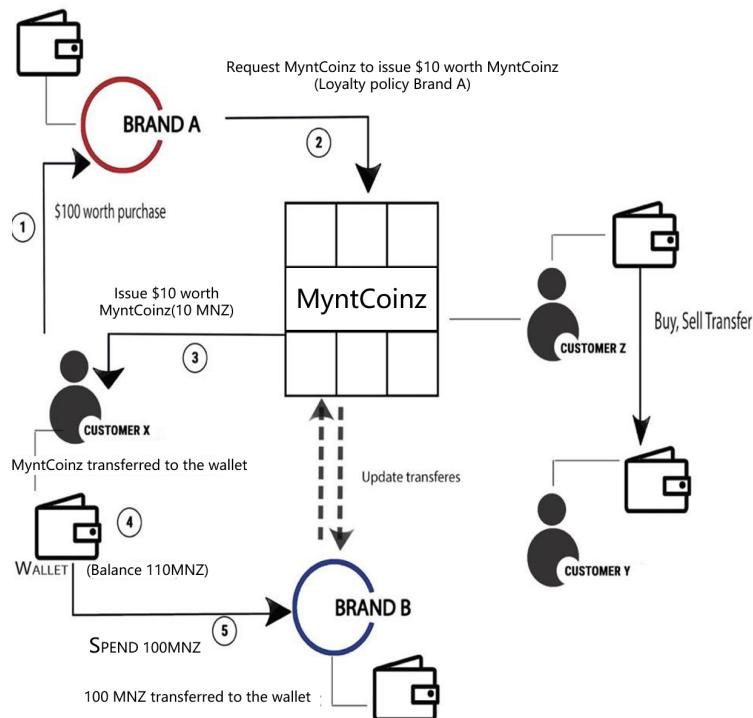
- The price of **MyntCoinz** is determined by the balance of supply and demand in the secondary market.
The value of **MyntCoinz**, like any other currency, will be determined by the end users' willingness to accept and utilize them as payment for goods/services. Due to the nature of the loyalty rewards market, flexibility (universal acceptance across all merchants) of **MyntCoinz** and the growing demand from users, the price of **MyntCoinz** tokens is expected to grow organically over time. This will create value appreciation for existing token holders.
- **MyntCoinz** trading (buying and selling) can be performed only in the secondary market, and trading is the only activity that can be performed in the secondary market.
- All trading activities will be performed via pre-determined crypto exchanges.



- **MyntCoinz** doesn't carry any loyalty features, it purely acts as a market driven digital asset.
- No expiration dates for tokens.

EXAMPLE (see figure below)

- Customer X already has 100 tokens in his digital wallet.
- Assume brand A issued 10 loyalty points to customer X –Customer X's wallet balance will increase to 110 tokens.
- Assume customer X spent (redeemed) 100 tokens at brand B – Customer X's wallet balance will decrease to 10 tokens while brand B's wallet balance will go up by 100 tokens.
- Customer Z and Y perform buy/sell and/or transfer actions in the secondary market.





5. PRODUCT ARCHITECTURE

5.1 TOKEN SPECIFICATIONS

Token Name: **MyntCoinz**

Token ID: **MNZ**

Platform – 0Chain (Pilot Stage)

Total Supply: 100 billions of MNZ

The Company works as the system operator/administrator with special rights over the tokens and the project. This allows the company to create tokens and maintain existing tokens in storages and wallets as needed (in a private blockchain). Smart contracts are defined in a way that token ownerships can be transferred to anyone with the consent of the current owner.

The project will generate 100 billion tokens over the time (total restricted supply). The company will have the right to freeze the existing tokens in the wallets or storages if the token users were found guilty of violating project protocols. These functions will be implemented at the beginning of the project as smart contracts cannot be modified once the project is deployed.

The value of **MyntCoinz** tokens, like any other currency, will be determined by end users' willingness to accept them as payment for goods and/or services. However, due to the universal nature of the token and the dawn of the digital currency age, it can be expected to have a high level of liquidity in the market.

It should be mentioned that the price volatility of the token is adoptive — if the token value rises/falls, the amount of token issued by brands decreases/increases in face value of the token and is calculated according to the current token rate.

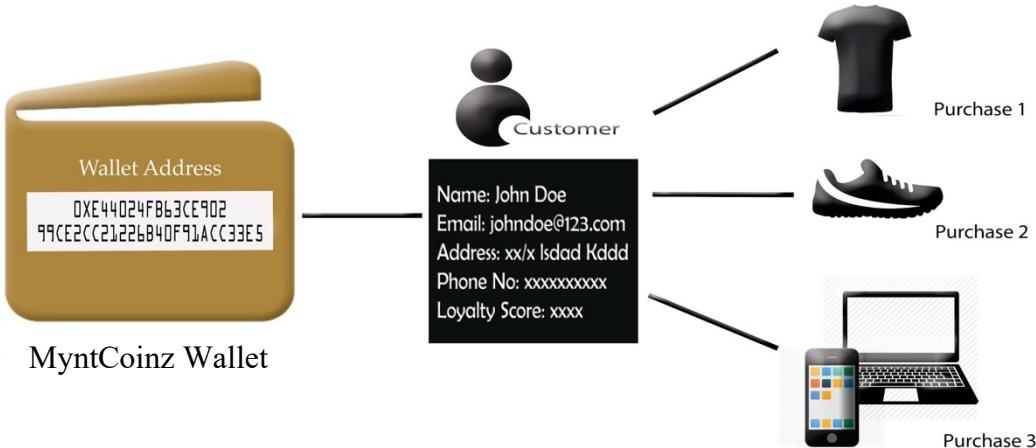
The customers will be able to redeem, transfer or buy/sell tokens using smart contracts. These functions help determine the change of the ownership of the tokens.

5.2 FULLSTACK/BACKEND NETWORK

5.2.1 Backend & APIs

The project will have designated nodes that operates as a backend system-managed by the company. The purpose of this system is to provide APIs to both customers' wallets and brands/merchants apps. For an example merchants' POS systems can be integrated to **MyntCoinz** platform through these APIs. **MyntCoinz** backend system will be designed in such a way that it will also allow any other shopping/e-commerce platforms like Nectar, Magento, Shopify etc. to integrate **MyntCoinz** loyalty platform via these APIs.

The **MyntCoinz** backend server will contain a database of user data associated with wallet addresses. This will allow the system to keep track of consumer behavior and purchasing patterns. These superior multi brand data will be mined for buying patterns and customers will be ranked automatically with a loyalty score.



5.2.2 Permissioned Vs Non-Permission (Proof of Stake Approach)

The non-permissioned blockchain is not a viable option in that it is open-sourced, precluding the control that loyalty program providers would want as rewards issuers.

Reward points do not require mining as they are issued by the loyalty rewards program providers. Instead, encrypted proofs by designated agents (merchants) on separate nodes within a defined network is sufficient, so that the permissioned blockchain with smart contracts that can provide links to permissioned users to secure, proprietary databases, provides the necessary fraud-proof record of transactions.

5.2.3 Consumer Data Integration

Blockchain technology means aggregating real time consumer data and purchasing patterns in thousands of computers in a decentralized manner. This creates the decentralized cloud - a super computer and offer any merchant the ability to access relevant real-time predictive analytics on a pay-as-you-go basis regardless of them being big or small. Once integrated with AI, the blockchain network would have the ability to build and solve business issues using the predictive behavioral models in the most efficient manner. Through these predictive analytics, enhanced recommendations can be given for consumers' opinion on sales and brands. This would help the merchants not only to increase their direct sale volumes, but also to adapt dynamic pricing models in order to optimize profit margins.

5.2.4 Smart Contracts

Smart Contracts are type of self-executing contracts, that have contractual terms and conditions between two parties being written in to line cryptographic codes. In other words, once defined, smart contracts act as autonomous contract agents. Our business model is heavily reliant on smart contract technology. Whether it's a token issuance, redemption, transfer or a trade (buy or sell), each transaction will be completed only after execution of a smart contract between buyer and seller or sender and receiver.

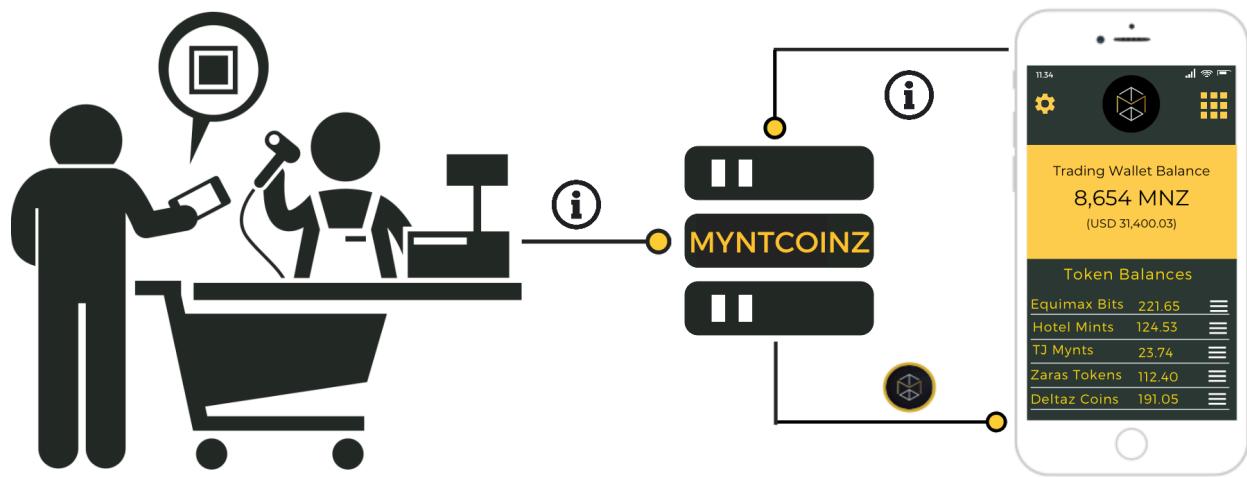


5.3 MOBILE APPLICATION

5.3.1 Digital Wallet

The **MyntCoinz** wallet is a crypto-wallet supported by a private blockchain platform. The primary purpose of the wallet is to hold the tokens of a user in one place. The users can also buy, sell, gift or transfer tokens to others via the wallet. The wallet provides a graphical user interface where users can easily navigate and find their current token balance, market value, transaction history and other transaction functionalities including redemption, transfer and trading.

The wallet acts as a one-stop-shop for the entire loyalty program. Users can keep track of their loyalty tokens that they earn, redeem, transfer or trade. Users also have access to current promotions that are only available in the **MyntCoinz** loyalty program.



5.3.2 Decentralized Exchange Mechanism

As described in 4.3.2, the initial token issuance and **MyntCoinz** trading activities (buy and sell) occur only in the secondary market, via pre-determined exchanges. Our exchange integration process has two folds;

- Centralized Exchange: Initially we will list **MyntCoinz** in several reputed exchanges such Binance, Coin Base, etc. in Nov 2019. Once listed customers or any interested parties can trade their tokens freely in those exchanges at market prices.
- Decentralized Exchange: We will build inhouse decentralized P-2-P exchange mechanism for **MyntCoinz**. If successful, this would help us facilitating peer-to-peer trading activities (making the need of centralized exchanges redundant) going forward.
- Decentralized exchange mechanism will help our clients lower the trading fees significantly by getting rid of middle men- centralized exchanges. Centralized exchanges charge 3-5% of transaction fees currently.



6.0 GO TO MARKET STRATEGY

6.1 CUSTOMER ACQUISITION STRATEGY - LADDER MODEL

Building MyntCoinz's infatuate customer base using ladder model:

The Ladder Model approach will be used in order to build our infatuate customer base. The key milestones and their contributions of ladder model are outlined below;

Awareness

The awareness of **MyntCoinz** can be increased among our target audience via multiple channels.

- Paid media: We will be running an active advertising campaign in multiple online channels such as Google, Bing, etc., and in multiple social media channels such as Facebook, Instagram, Snapchat, Twitter, Reddit, You Tube, etc. The target demographic would be millennials, Gen-X and Gen-Zs. The initial target regions would be the US and Europe.
- Owned Media: We will have a comprehensive website, and social media accounts (Facebook, Twitter, Snapchat, Instagram, Reddit) that would feed the most accurate and updated information of our project constantly to our target audience.
- Earned Media: We would expect some of the social media influencers, bloggers, and certain online news outlets to talk about our product in their online channels, especially during and after the initial token offering.
- Off Media: We would expect to actively participate in conferences, and road shows, especially during the next 24 months. These events will include but not limited to having commercial booths, giving talks or presentations, distributing printed materials, distributing promotional items, etc.

Comprehension

Popularity of comprehension of **MyntCoinz** among our clients will be addressed in multiple ways;

- Videos, Tutorials: We will create and display multiple videos and tutorials about our product and how it works in the market, in our web site and in our other social media accounts.
- We also will write detailed and comprehensive articles about **MyntCoinz** eco-system in multiple online forums, and in online magazines that would help the audience to have a thorough understanding of how the product works. Those forums will have Q&A sections that can be utilized by stake holders.
- We will conduct regular online webinar sessions, and one-on-one interviews- especially with our stake holders in order to communicate the product information and collect the feedback directly to and from the client in a timely manner.

Attitude

We will collect both positive and negative feedback of our product from the audience in a tangible way. This would be in a form of;

- Collecting likes and dislikes on social media ads, online videos, online blogs and articles.
- Receiving comments via websites or any other online platforms.
- Receiving verbal and in-writing feedback (survey monkey) via market surveys.



- Collecting feedback via interviews with specific stake holders, such as merchants.
- Once the feedback is collected and analyzed, the corrective actions will be taken, or further improvements will be made to the program.
- These new innovations will be communicated to the same clients promptly, with digital promotions such as free tokens, so that it would make them to try the product with a positive mind set in the next time.

Legitimization

Legitimation of **MyntCoinz** can be deployed in several ways;

- We will hire several music and TV celebrities as our brand ambassadors to run an ad campaign.
- Several social media influencers such as Instagrammers and You Tubers will be hired as well, in order to run a social media PR and marketing campaign.
- We will also conduct a series of panel discussions of importance of **MyntCoinz**'s tokenomics with some renowned academics, in the form of recorded videos or webinar.
- We will bring some of the world-famous brands (merchants) to our platform in the pilot stage, so that potential customers can get comfortable of the new tech savvy loyalty program.

Trail

We will conduct a pilot project before going live in the open market.

- The duration of the project will be 6 months.
- Market Segmentation: The demand for an innovative solution is greater in developed markets where current rewards are perceived as losing value and engagement. Hence the US will be the potential geography for inflation of the pilot project.
- Merchants/ Industry: Industries with a significant proportion of young shoppers that may be incentivized by implementation of blockchain technology and the prospect of operating tokens on the secondary market.
- Loyalty market characteristics and perception: Industries that have loyalty programs that have high breakage rates would be ideal for the pilot. Hence, we would pick retail, and specifically the department stores such as Macy's, JC Penny's, Bloomingdales, etc.
- Target Customers: Customers that are influenced to purchase based on loyalty programs. Target customers are millennials, followed by Gen-Xers and Gen-Zs.

Adoption

We would optimize the adoption of our product via three main attributes;

- **Satisfaction (High):** Due to the universal nature of the token and the dawn of the digital currency age, it can be expected to have a high level of liquidity in the market. The customers will also be able to buy or/and sell tokens in the secondary market. Hence the flexibility is high as compared to any other traditional loyalty programs.
- **Value (High):** The value of **MyntCoinz**, like any other currency, will be determined by the end users' willingness to accept and utilize them as payment for goods/services. Due to the nature of the loyalty rewards market, the flexibility (universal acceptance across all



merchants) of **MyntCoinz** and the growing demand from users, the price of tokens is expected to grow organically over time. This will create value appreciation for existing token holders.

- **Availability (High):** We will operate as the system operator/administrator with special rights over the tokens and the project. This allows the company to mine/create tokens and maintain existing tokens in the wallets. The project will create 20 billion tokens at inception (adequate liquidity in the market). However, there will be a functionality to re-determine the total supply, if and when needed.

Infatuation

- Provide customers/early adopters of digital currency. **MyntCoinz** will be an innovative platform solution and alternative purchasing medium for customers who want to purchase products/services using tokens rather than currencies.
- The popularity of the tokens will be relatively high due to high liquidity and flexibility features of the tokens discussed above.
- Customers can use tokens as a financial asset (i.e. customers can capture the price appreciation), and/or use them for trading purposes. The token value is expected to appreciate due to the increasing demand from retailers (loyalty reward market is expected to grow Year-over-Year) and the general prevailing bull market nature of crypto-markets right now.
- Once the early adopters start using **MyntCoinz** as an alternative currency, it would have a positive domino effect for the token's eco-system, given that those consumers will transact with their peers, family and relatives, friends, etc. via these tokens.
- Hence the adoption of the token in the market is expected to have an exponential growth within first 3-5 years since the inception.
- Our expectation is to reach our first 50 million user base by 2023, and first active 100 million user base by 2026.

6.2 MERCHANT ACQUISITION STRATEGY

6.2.1 Market Segmentation

To identify our target market for the pilot, the following strategies and criteria have been used:

- Geographic Market Segmentation: The demand for an innovative solution is greater in mature markets where current rewards are perceived as losing value and engagement. USA will be the potential geographies for initiation of the pilot project.
- Industries: Industries that have high breakage rates (e.g. Retail, Banking and Finance, Travel & Leisure).
- Target Customers: Customers that are influenced to purchase based on loyalty programs. Target customers are millennials and Gen-Xers according to the research below:
 - Millennials account for 27% of global population, 1.8 billion, with an approx. purchasing power of \$10 trillion



- 69% of millennials indicate they always or often choose the same brand when making a major purchase vs 58% Gen-Xers (Boomers2)
- 73% of Millennials and 48% of Gen Z said they are influenced to purchase based on loyalty programs (Lab42)
- 81% of Millennials favor loyalty programs that do more than offer rewards for purchase (HelloWorld)

Based on above noted criteria we will onboard 5-8 small and medium size business to our pilot project. The expectation is to select companies from different industries so that we can test our cross-industry integration concept at the initial stage. The duration of the pilot is expected to be approx. 9 months.

6.2.2 Pilot to Go-Live Transition

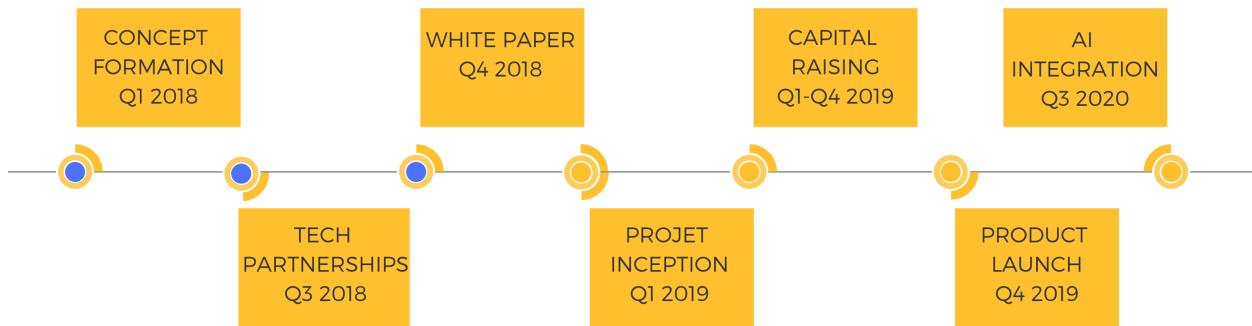
In order for us to implement a viable business model, it is crucial to get buy-in by key loyalty rewards players in the market (Macy's, Amex, American Airlines, etc.), as well as new big players who would be interested in loyalty models (Soul cycle, ClassPass, etc.) to our platform. Their success in turning around their programs will open the gates for others.

Key Loyalty Rewards Focused Industries and Key Players;

- Air Lines
 - American Airlines, Virgin Group, British Airways, Emirates, Delta, United, Lufthansa, Jet Blue, Alaska Airlines, KLM, Singapore Airlines, etc.
- Hospitality (Hotels, Car Rentals, etc.)
 - Hilton, Marriot, IHG, SPG, Wyndham, World of Hyatt, Omni, Fairmont, Best Western, iPrefer, Hotel Tonight, etc.
- Wholesale & Retail Stores
 - Macy's, H&M, C21, Converse, Nike, Bose, P.C. Richards, Kohl's, Best Buy, Home Depot, Barnes & Noble, GAP, Zara, Nordstrom, Sephora, Saks, Banana Republic, Wayfair, etc.
- Financial Services
 - Amex, Bank of America Cash Rewards, Chase Sapphire, Discover, Capital One Quick Silver, Citi Double Cash, etc.
- Leisure & Entertainment
 - Disney World, Universal Studio, AMC Group, Regal Cinema, etc.
- Food Services
 - Starbucks, Chick-a- Flea, Chipotle, KFC, Domino's, Chili's, Hardee's, Omaha Steaks, etc.
- Fitness Industry
 - Equinox, Crunch, etc.



6.3 PROJECT TIME LINE



- Conceptualization of initial idea in Jan 2018.
- Key Blockchain and big data experts added to the inhouse team by Aug 2018, and 0Chain was brought in as exclusive technology partner for pilot project in Sep 2018.
- White paper completed in early Dec 2018.
- Expected project kick off in March 2019, expected run time 7-9 months, depending on technical barriers/accomplishments.
- Capital raising to be conducted simultaneously to the initial stage of the project, from Feb through Nov 2019.
- The initial product launch planned for mid Nov 2019.
- Online/Offline traffic will be integrated to the system in the following two months and to complete by end Dec 2019.
- AI integration is planned for the following year, Sep 2020.



7.0 FINANCIAL ANALYSIS

7.1 FINANCIAL PROJECTIONS

7.1.1 Revenue Streams

There are multiple revenue streams in our business model (outlined below). Though we only consider Loyalty Fees and Counterfeit Protection Services Fees for our projected revenue model at this time.

- Loyalty Tokens Issuance Fees (Premium and Value Tokens)
- Counterfeit Protection Service Fees for Luxury Goods
- Token Trading Fees
- Real Time Data Analytics
- Third Party Advertising
- Token Transfer Fees

7.1.2 Assumptions and Statistics

Loyalty Rewards Services Revenue Assumptions

- The project is expected to go live on Sep -2019. Hence the revenue generation is expected to begin at Q4-19.
- Partnering with 18 large (revenue over \$1 billion) and 222 small and medium size (Revenue between \$10 million and \$1 billion) companies by 2023 (see **table 7A** below).
- Total Sales of the above noted 240 companies in 2023 is approx. \$145 billion, which is less than 20% of total sales of retail e-commerce sales in the US for the same year.
- Loyalty token issuance fees:
 - Premium Tokens – 0.70% of the Sale (per transaction)
 - 50 basis points for the branding
 - 20 basis points for token issuance service
 - Value Tokens – 0.20% of the Sale (per transaction)
- Small and medium size companies in the US usually spend 4-6% of the revenue for their branding and marketing. Hence charging additional 50 basis points (0.5%) for branding the tokens deemed very reasonable.
- Large size companies are expected to subscribe Premium Token service more as compared to Value tokens, as they would prefer to have the control of branding power even with a premium charge of 50 basis points. In contrast, small companies are expected to subscribe Value token service more, as they would have more budgetary restrictions when it comes to PR and Marketing.
- We have categorized target companies in to four tiers based on their annual revenues (shown below) for calculation purposes: The average revenue for each tier (in the descending order) is \$10 billion, 5 billion, \$500 million and \$55 million, respectively.
- The cost of building the initial platform is \$17.1 million (42% R&D, 33% Customer acquisition and 25% S&GA).



ANNUAL REVENUE (in \$mm ⁱⁱ)	AVE. REVENUE (in \$mm ⁱⁱ)	TOKEN TYPE	# MERCHANTS (ACCUMULATIVE)					
			2019	2020	2021	2022	2023	
Revenue >= \$10Bn	10,000	Premium	1	2	3	4	5	
		Value	-	-	1	1	2	
		Sub total	1	2	4	5	7	
\$1Bn <= Revenue < \$10Bn	5,000	Premium	-	1	2	5	8	
		Value	1	1	1	2	3	
		Sub total	1	2	3	7	11	
\$100 million <= Revenue < \$1Bn	500	Premium	2	4	8	20	32	
		Value	1	2	5	9	15	
		Sub total	3	6	13	29	47	
\$10 million <= Revenue < \$100 million	55	Premium	1	4	11	20	35	
		Value	4	16	44	80	140	
		Sub total	5	20	55	100	175	
			Total Premium	4	11	24	49	
			Total Value	6	19	51	92	
			GRAND TOTAL	10	30	75	141	
							240	

(Table 7A)

- The companies would make 20% of their sales available for **MyntCoinz** loyalty program (special holiday seasons, special promotion, etc.) in the first year, and will gradually increase the availability to 70% by 2023 (See **table 7B** below). The companies usually make their entire sales eligible for loyalty rewards. Though we have assumed 70%, to be more conservative.

REVENUE ALLOCATION FOR MYNTCOINZ

2019	2020	2021	2022	2023
20%	30%	50%	60%	70%

(Table 7B)

Counterfeit Protection Service Revenue Assumptions

- The luxury goods market in the US is expected to grow at 1.7% CAGR Y-o-Y.
- Our market share (by total Sales) is expected to grow from 1% in 2019 to 10% in 2023 (See **table 7C** below).

LUXURY GOODS MERCHANT ACQUISITION FOR COUNTERFEIT PROTECTION - US ONLY

	2019	2020	2021	2022	2023
Market Revenue	43,563.0	44,303.6	45,056.7	45,822.7	46,601.7
Our target market share	1%	4%	6%	8%	10%
Fee - % of Sale/Item	1%	1%	1%	1%	1%

(Table 7C)



COGS and Expenses Assumptions

- COGS and SG&A percentages will be relatively high due to relatively low revenues for the first three years and are expected to be normalized around 30% and 20% thereafter, respectively (see **table 7D** below).
- We expect the R&D cost percentage to be ranged between 15%-20% of the revenue after 2021. The high R&D allocation is due to the enhancements of blockchain technology and integration of artificial intelligence in to **MyntCoinz** platform.
- Customer acquisition and PR & Marketing percentage will be relatively high in the first three years and expected to fall below 10% thereafter.

Cost and Expenses as a % of Revenue

	2019	2020	2021	2022	2023
Cost of BlockPaaS	60%	50%	40%	30%	30%
R&D	130%	45%	20%	18%	15%
PR & Marketing	25%	20%	10%	7%	5%
SG&A	20%	30%	20%	20%	20%
Total	235%	145%	90%	75%	70%

(Table 7D)

7.1.3 Revenue Model

- The revenue is expected grow over 65% or more Y-o-Y for the next five years, and will be approx. \$645.7 million in year 2023 (See **table 7E** below).
- Third party adverts and real time data analytics services will be two other significant revenue streams in our business model. We haven't included their expected contribution to the model at this time, however.
- Gross margins will increase from 40% in 2019 to 70% in 2023 mainly due to increase in revenues driven by growth of merchant acquisitions during that period.
- Mass adoption is the key for the success of our business model. In order to achieve this goal, we would be spending approx. \$20-30 million for customer acquisition and PR & marketing each year, from year 2020 to 2023.
- The R&D cost is expected to grow from \$36 million in 2020 to \$94 million in 2023. The increase of the cost will be mainly driven by blockchain technology enhancements and integration of artificial intelligence of our platform.
- SG&A is expected to grow from \$23.7 million in 2020 to \$125.2 million in 2023, mainly due to growth of the business, driven by new customer acquisitions of that period.
- Operating margins will significantly improve during the five year period, and is expected to be settled around 30%.
- The business is expected to become profitable in 2021 and onwards, and will earn net profit of \$150 million for the year of 2023.
- Net profit margins will be greater than 20% in 2022, and beyond.



(In \$mm")	2019**	2020	2021	2022	2023
Premium Toeken Fees	3.9	57.2	156.1	319.6	528.8
Value Token Fees	0.6	4.1	19.9	34.7	70.3
Total loyalty token fees	4.4	61.3	176.0	354.3	599.1
Counterfeit Protection Fees	1.1	17.7	27.0	36.7	46.6
Third party advertising fees (TBD)	-	-	-	-	-
Realtime Data Analytics revenue (TBD)	-	-	-	-	-
Total Revenue	5.5	79.0	203.1	391.0	645.7
<i>Revenue Growth</i>		1328.7%	157.0%	92.5%	65.2%
Cost of BlockPaaS	3.32	39.51	81.23	117.29	193.71
Gross Profit	2.21	39.51	121.84	273.67	452.00
<i>Gross Margin</i>	40%	50%	60%	70%	70%
R&D	7.19	35.56	40.61	70.37	96.86
Client Acquisitions, PR & Marketing	5.53	15.80	20.31	27.37	32.29
SG&A	4.42	23.70	40.61	78.19	129.14
Operating Income (EBIT)	(14.93)	(35.56)	20.31	97.74	193.71
<i>Operating Margin</i>	-270%	-45%	10%	25%	30%
Interest Expense	-	-	-	-	-
Tax (20%)	-	-	4.06	19.55	38.74
Net Income	(14.93)	(35.56)	16.25	78.19	154.97
<i>Net Profit Margin</i>	-270.0%	-45.0%	8.0%	20.0%	24.0%

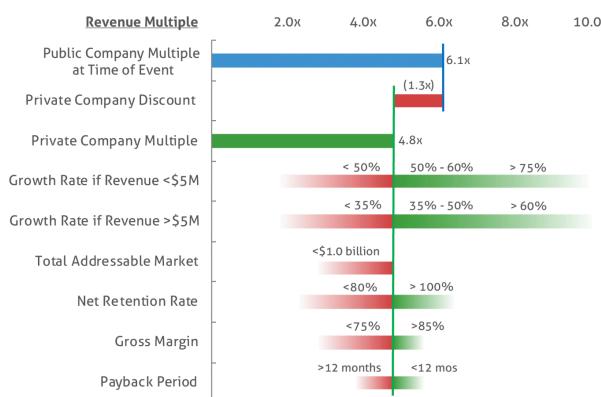
** The revenue generation is expected to start only from Q4-19. Hence Revenue and COGS are for the period of Q4-19.

(Table 7E)

7.2.VALUATION

7.2.1 Valuation Assumptions

- Revenue multiples is the most commonly used and most acceptable valuation method for early stage startups in the SaaS industry.
- The industry average revenue multiple for a private SaaS company is 4.8x. And we have used the criteria of Growth rate if Revenue >\$5M (shown below) for our valuation purposes (low 3.5x, average 4.8x, High 6.5x).
- The industry average discount rate for private SaaS companies with ARR and Sales growth that are greater than \$10 million and 40%, respectively, is 15%. Hence, we've used 15% in our management case, and 20% in the conservative case.
- The initial funding required is \$17.1 million (See table 7E – 2019).





7.2.2 Post-Money Valuation for Initial Funding

Valuation for Initial Funding (based on Revenue in 2020)

(In \$mm")	Low	Average	High
Revenue Multiple (RM)	3.5x	4.8x	6.5x
Annual Recurring Revenue (ARR)	79.0	79.0	79.0
Pre-Money Valuation (EV)	276.54	379.25	513.57
Initial Investment	17.1	17.1	17.1
Post-Money Valuation	293.64	396.35	530.67
Equity	5.8%	4.3%	3.2%

Initial Investment (in \$mm")	17.1
Equity Offer	10%

- Based on 2020 revenue projections and initial investment of \$17.1 million, post-money valuation of the company at revenue multiples of 3.5x (low), 4.8x (average) and 6.5x (high) are \$293.6 million, \$396.3 million and \$530.7 million, respectively.
- The relative equity percentages are 5.8%, 4.3% and 3.2%.
- Equity Offer:** We will consider the most conservative case of revenue multiples at 3.5x for the initial equity offer, and expect to issue approx. 10% of the company's equity for the initial funding of \$17 million (via 2 rounds - \$10 million and \$7 million, respectively).

7.2.3 Exit Valuation

- We assume that the investor's preferred exit year is 2023.
- The annual revenue as of end of 2023 is \$645.7 million.
- The company's enterprise value is expected to be in the range of \$908.24 million and \$2.01 billion.
- The average enterprise value of the management case and conservative case are \$1.54 billion and \$1.24 billion, respectively.

(In \$mm")	Low	Average	High
Revenue Multiple (RM)	3.5x	4.8x	6.5x
Annual Recurring Revenue (ARR)	645.71	645.71	645.71
Enterprise Value (ARR*RM)	2,260.00	3,099.43	4,197.14
# Years	5	5	5
Discount Rate (Management Case)	15%	15%	15%
PV of EV	1,123.62	1,540.96	2,086.72
Discount Rate (Conservative Case)	20%	20%	20%
PV of EV	908.24	1,245.59	1,686.74



7.2.4 Exit IRR

IRR Sensitivity Analysis - Exit in 2023

		Equity Ownership Post Dilution					
		2%	5%	6%	8%	10%	
Revenue Multiple	3.5x	27.5%	60.3%	67.8%	80.3%	90.7%	
	4.8x	38.0%	73.5%	81.6%	95.1%	106.3%	
	6.5x	48.8%	87.2%	95.9%	110.5%	122.6%	

- It's highly likely that our early investor(s)' equity ownership (10%) will get diluted by 2023 due to next funding rounds.
- Most likely scenario would be that their ownership get diluted approx. by half to 5%. Even with 50% dilution, they would be able to enjoy a healthy IRR of 73.5% at an average revenue multiple of 4.8x (see the table above).
- In the worst case scenario, even if the equity ownership get diluted to 2%, the investor would still be able obtain an IRR of 38%, above industry average.

7.3 SOURCES AND USES OF INITIAL FUNDING

The total cost of launching the pilot is approx. \$17 million. And the cost will be funded via equity financing. The summary of sources and uses of the initial stage are shown in the table below.

SOURCES	%	USES	%
Equity Financing	100%	Product Development	42%
		Client Acquisitions / PR & Marketing	33%
		Operations	21%
		Legal	3%
		Other	1%
TOTAL	100%	TOTAL	100%

7.3.1 Uses

- Cost of initial product development is \$7.2 million, or approx. 42% of the total cost. This would consist of (but not limited to) conducting relevant researches, developing the initial blockchain platform, integrating smart contract executing structure, building secure mobile wallets and storages, building plug-ins for external POS systems, etc.
- Cost of merchant/ consumer acquisitions in the initial stage is approx. \$5.6 million, or 33% of the total cost, and that includes (but not limited to) road shows (different cities in different countries), online (social media, blogs, PR news, etc.) and offline ad campaigns, exclusive events, media events, building partnerships with third party loyalty providers, etc.
- Operational expenses (excluding legal) for the initial period is approx. 21% of the total cost – mainly consists of SG&A, and other operational costs.
- Legal cost for the period is expected to be approx. \$500k, or 3% of the total cost. This would consist of establishing the company and subsidiaries, performing business contracts, IP related



assignments, development of legal opinions about the entire stack of **MyntCoinz** operations, Regulatory assignments, etc.

7.3.2 Sources

- The initial funds are expected to raise via VC equity financing. VC investors will have the opportunity to invest in the company in the early stage (Pre-token sale) through private placements rounds, in exchange of the company's common equity.
- The initial capital of \$17 million is expected to raise via two rounds, \$10 million, \$7 million, respectively.
- The aim is to explore equity markets in the US, as well as in the Asia in January and February in 2019, and few road shows have been planned accordingly.
- We might offer tokens as well to early equity investors at a deep discount prices, so that they can utilize the tokens to access our product and services at higher values in the future.
- We will raise capital via an initial token offering as well, mostly in Q2 and Q3 of 2019.
- The soft cap or minimum target of the token sale is \$10 million.
- More details of token offering can be found in Section 8.0.



8.0 INITIAL TOKEN OFFERING

8.1 TOKEN DISTRIBUTION

Total Token Supply	100,000,000,000
Distribution of Tokens:	
Reserve of BAU (78.1%)	78.1%
Token Sale (10%)	10.0%
Founders (10%)	10.0%
Employees (1%)	1.0%
Advisors (0.2%)	0.2%
Bounty (0.1%)	0.1%
Marketing/Airdrop (0.3%)	0.3%
Contingency (0.3%)	0.3%
Soft Cap	\$10,000,000
Hard Cap	N/A
Unsold Tokens	Will be Recycled
Token Price	TBD
Website Link	www.myntcoinz.io
Acceptable Forms of Payment	BTC,ETC,USD
Private Pre-Sale Start Date	3/1/19
Private Pre-Sale End Date	4/30/19
Public Pre-Sale Start Date	5/1/19
Public Pre-Sale End Date	6/30/19
Crowd Sale Start Date	7/1/19
Crowd Sale End Date	9/30/19
Token Issue Date	10/5/19
Major Exchange Listing	Nov-Dec 2019

**Sale start and end dates might be subject to change.

- The reason for having a token sale is to give investors, business partners, stakeholders and other early adopters an early access to the ownership of the product and services at discounted prices. This would help us raising additional capital as well as gaining some momentum of expanding the network via organic user growth at the initial stage.
- Only up to 10% of total supply (10 billions tokens) will be sold in the token sale.
- Our external counsel to determine the token sale process: ICO or STO
- 78.1% of the total supply, or 78.1 billion tokens are reserved for business as usual activities (BAU). These tokens are generated on-demand; hence no pre-storage will be needed.
- The soft cap of the token sale is \$10 million. The funds that we raise beyond the soft cap will be invested in product innovations and sales/marketing activities. This will help us attract more merchants and customers more quickly, creating a stronger network effect and delivering the product features faster. Additional funds will also be used for launching and scaling into new geographical markets and delivering new product features.
- 0.3% of tokens will be allocated for Bounty services; tokens will be issued to individuals and/or organizations in exchange of certain project related services.
- 0.3% of tokens will be allocated for Airdrop category; tokens will be issued to certain individuals or/and organization for free, as a part of our PR and Marketing campaign.



9.0 CRITICAL SUCCESS FACTORS AND RISK MANAGEMENT

9.1 KEY RISKS AND MITIGANTS

There can be number of pre-identified and unknown risks associated with this project. Like most of the other early startups, **MyntCoinz** has pivoted twice already. And we are not afraid to do so again if and when needed. The projected related pre-identified risks and their mitigants are outlined below. From all pre-identified risks, slow adoption is going to be the most critical factor for the success of the project. Hence, we have discussed this in great details in risk 01.

- Risk 01(The key risk): Slow adaptation and low usage of tokens in the market

Cryptocurrency/digital assets are in the market for over a decade now. However, their mass adoption by the society, or mass integration in to the mainstream financial/transactional systems is yet to be proven or seem to be an uphill battle. Some key statistics outlined below support this premise;

- **Relatively small market:** As of 12.26.2018, there are 2071 cryptocurrencies in the market, with a market cap of \$129.5 billion. This is less than 0.1% of the global financial assets of \$290 trillion.
- **Lack of liquidity:** Only a handful of merchants/entities in the world accept existing cryptos as a medium of store of value (such as currency or other highly liquid commodity).
- **Small consumer base:** There are only 23 million blockchain wallet users as of Q1-18 (0.3% of world population).

Key Driver: Almost none of the existing tokens are organically integrated in to current regional/global economies, or financial systems – i.e. tokenomics of existing cryptos are operated and performed independent from current social economic activities. Thus, the public (consumers, merchants, brands, etc.) have issues with embracing these digital tokens into their day-to-day financial and economic activities. As a result, people currently tend to treat all tokens as financial assets, with the expectation of capital gains via price appreciations, rather than utilizing or materializing the true purpose of the tokens – obtaining a particular product or service in the exchange of tokens. This causes a significant price volatility in the market, making it more difficult for someone to accept the tokens as a payment due to lack of the consistency in their store of value.

Mitigants:

In order for a token to become mainstream, and to gain a larger consumer base, it needs to be generated/accessed as part of social economic activities, in a form of a high frequent transaction, at a widely utilized market platform. After doing some extensive research, we concluded that current loyalty Programs across the globe, especially in the USA, are the best candidate for us to implement such a solution. The key mitigants of risk of slow adoption are outlined below;



- **Mammoth consumer base:** As of December 2017, U.S. consumers hold 3.8 billion memberships in customer loyalty programs, according to the 2017 COLLOQUY Loyalty Census audit coupled with consumer survey research.
- **Stagnation of the existing model:** The 3.8 billion tabulation shows that membership growth continues but has slowed to 15% compared to the 26% growth rate achieved in the 2016 Census when total membership was 3.3 billion. The membership growth slowdown in recent years has indicated that the U.S. loyalty market is maturing, and retailers need to up their game on how to attract and retain members within their loyalty programs.
- **Market acquisition by fixing pain points:** The new consumer survey research from the 2017 Census shows that 53% of U.S. consumers identified “Lack of Flexibility and Liquidity” as the key challenges of existing loyalty programs. In contrast, **MyntCoinz** is a universal token. Therefore, consumers can use the tokens to redeem or purchase various products and services through various merchants, as long as they participate in **MyntCoinz** network. Unlike traditional loyalty programs, **MyntCoinz** doesn’t have expiration or maturity so consumers can keep them in their possession as long as they want. This would give consumers a great flexibility in terms of utilizing the tokens. On the other hand, having primary and secondary markets would make the token flow highly liquid, given there will be plenty of nodes available between the markets to match the bid ask needs.

- Risk 02: Technical product development and Scalability

Uninterrupted flow of development of the application is crucial in our business. In order to do so, full implementation of a stable and reliable blockchain protocol and platform is a key. Blockchain technology is fairly a new technology, hence implementing a new protocol and/or platform would be an extremely costly, and time-consuming task (up to two years minimum). There are number of blockchain protocols and platforms in the market currently. But the majority are not tested or validated for large scale applications.

The level of talent and team work of the technology team plays a vital role succeeding our business goals. If we were to build the entire product inhouse, it would take us a longer time

Mitigants:

- We have selected [0Chain](#) as our exclusive technology partner for the project. 0Chain is the world fastest blockchain protocol enabling data privacy, transparency and monetization. Their protocol and platform have been tested and vetted few times during both R&D and commercial stages.
- Per agreement, 0Chain will be our exclusive technology partner, and is responsible for building and testing the product in the pilot stage, under the supervision of our inhouse blockchain team (CTO, Blockchain Engineer and Consultant). We will build a full technology team inhouse in the meantime. The plan is to make a R&D transition from 0Chain to our internal tech team at the end of the pilot stage, as that would give us ample time to find the best talents in the market.
- 0Chain has successfully tested their platform for 1,800 tps (transaction per second) recently. This would be extremely important as scalability is one of the most critical



components of our business model. We expect our transaction volumes to reach 1,500 tps by the end of 2021.

- Risk 03: Data ownership and data privacy

One of the risks associated with a blockchain loyalty solution is the question of data ownership and privacy. This is an issue that has come more to the forefront since the many high-profile problems exposed in the Facebook and Cambridge Analytica scandals. The questions for any company that deals with people's data is the question of ownership, protection and privacy. In the case of the **MyntCoinz** ecosystem, these are issues that we have considered. An added level of complexity comes from Europe where new GDPR (General Data Protection Regulations) came into force in May 2018. These, in addition to privacy protection and appointment of data officers, also introduce a 'right to be forgotten' for the customers. This, on initial glance, would be something that is difficult to institute especially in a public blockchain which is immutable. The solutions below consider mitigation strategies associated with **MyntCoinz** data ownership, privacy and protection risks.

Mitigants:

- The principal mitigation for most issues of data privacy would involve **MyntCoinz** to be the data controllers that hold the decryption keys and ownership of the transaction data.
- With regards to data ownership, as a third-party provider, we intend to retain ownership of the blockchain database similar to the coalition loyalty programs. We will implement strict data privacy rules to ensure compliance with local and international privacy regulations. The cross-party transaction data will also be owned by us. The privacy will be ensured as **MyntCoinz** will own the decryption keys and the data would be protected by encryption and pseudo anonymized in the block chain. It is well known that blockchain as a technology promises a more secure and fraud-resistant method of transaction, with decentralized nature making it less vulnerable to hacking and data theft.
- With regards to ensuring the incorporation of the right to be forgotten in the blockchain architecture in compliance with GDPR, we are considering the technological options that would allow for the data to be made inaccessible as per the consumer's wishes by inactivating the decryption keys.

- Risk 04: Client Acquisition Strategy

A risk that we have identified are the objections raised by merchants that will hinder our Client Acquisition Strategy. The business model is most successful if it is able to maximize the network effect. Therefore, a crucial aspect of the success is dependent on the initial Client Acquisition. As companies come on board and a critical mass is reached, we envisage the momentum would be enough to grow. Initially however we would need to get companies with the correct target demographic interested.

Mitigants:

- We postulated that very big companies with prolific traditional loyalty programs are less likely to be interested in our offering at least in the initial phases while we are demonstrating our proof of concept. We have therefore concentrated on pitching initially to medium sized companies and companies that are early adopters of newer technologies.



We have had preliminary expressions of interest from 2 medium size companies based in New York city already. From this we intend to build vertically and integrate larger and smaller companies into the ecosystem.

- Risk 05: Successful ICO

Blockchain projects tend to raise their initial capita via ICOs (Initial Coin Offerings) by nature. However, the capital inflow to the ICO market has been shrunk significantly in the past 6-8 months due to legal, regulatory and reputational reasons. Approx. 80-90% of ICOs conducted in the US has been subpoenaed by SEC in the past 18 months mainly due to lack of compliance with security offering laws.

Mitigants:

- We are planning to raise initial capital for the project mostly from VCs via equity financing.
- We will consult with our external counsel on the nature of our tokens, in terms of the relevance of security laws, and plan our ICO (initial coin offering) or STO (Security token offering -fully complied with SEC security offering laws) accordingly.

10.0 BLOCKCHAIN TECHNOLOGY TEAM & PARTNERSHIPS

10.1 STRATEGIC TECHNOLOGY PARTNER



0chain is the world's fastest, flexible decentralized cloud for DAPPs. 0chain provides enterprises the ability to customize and create their own fully featured blockchain. Their dCloud™ unlocks new ways to transact, compute and store data via blockchain.

0Chain has gained a great reputation for their R&D capacity. And all of their platform solutions have been tested and vetted multiple times commercially. The platform is tested for 1,800 tps (transactions per second) recently; more information regarding the test can be found in their latest Testnet in their website.

We have brought in 0Chain as our exclusive blockchain technology partner for the pilot project. They will be performing all R&D activities during the pilot stage, under the supervision of our inhouse blockchain team. The R&D transition between our inhouse tech team and them is expected to happen when completing the pilot project successfully.



10.2 MEET THE TEAM

	<p>CEO & FOUNDER – MANJU NISHSHANKA</p> <p>http://linkedin.com/in/manju-nishshanka</p> <p>Manju is an entrepreneur, board member and public speaker with extensive experience in financial markets and disruptive technologies. He has founded and invested in several successful startups in Blockchain, AI, AR and VR, and Social Media spectrums.</p> <p>Manju is the founder and CEO of KRMG Capital, an advisory firm focused on early & growth stage tech startups, digital assets and crypto currencies. He is also a managing partner at MEGM Accounting Services, a financial and accounting advisory firm, and is responsible for the Business Intelligence Services division. Prior to that he was Vice President of the Energy/ Commodities Structured Trading Desk at Bank of America Merrill Lynch Corp (BAML), responsible for structuring highly complexed derivative transactions.</p> <p>He currently serves on the board of directors of Blockchain and Digital Asset Forum at NYU Stern Business School, New York, and Digital Asset Investment Academy, Washington DC. He is also a key note speaker at Digital Asset Investment Forum 2018.</p> <p>Education: University of Moratuwa, Sri Lanka - BSc in Civil Engineering; CASS Business School London - MSc in Finance; TRIUM Global EMBA - Class of 2019.</p>
	<p>PROJECT LEAD & BIG DATA EXPERT – RANIL LA</p> <p>Ranil is a certified enterprise architect who has amassed years of experience in designing and developing enterprise software applications for medium and large-scale businesses.</p> <p>Ranil most recently served as the Chief Architect of ezyCollect Pte Ltd based in Sydney which provide cloud-based payment receivable automation platform for Australian businesses.</p> <p>Education: University of Moratuwa, Sri Lanka - BSc in Computer Engineering.</p>
	<p>BLOCKCHAIN ENGINEER – ANJANA JAYAWEERA</p> <p>Anjana is a seasoned multi-platform Software Engineer with an extended experience in DAPPs and smart contract development, UI/UX design, web application development and SEO/SEM with the newest Industry adoptions and best practices During his 12+ years industrial experience, Anjana has helped to overcome technical difficulties of the products he has worked on and successfully able to gained millions of users globally. He is a passionate researcher for newly emerging technologies and an avid UX enthusiastic as well.</p> <p>Education: Robert Gordon University, UK - MSc in Big Data Analytics; Keele University, MSc in Project Management.</p>



HEAD OF BIS DEV. & INVESTOR RELATIONS, CHINA – IRIS (HAN) XU

Iris, a member of Communist Party of China and a former member of German Chamber of Commerce China, is a Blockchain enthusiast, and plays a very active and important role in promoting Blockchain technology in mainland China. After graduating at Dresden-Germany in 2012, she started her career at Huawei, and has moved up in her career within different Chinese and global corporations in the past 8 years, gaining experiences in finance, sales, PR and marketing, business development, investor relations, relationship management and capital raising. Iris currently works as a Blockchain consultant for China Association of Non-Public Medical Institutions. She is a partner at R Club (亿荟), and runs an investors community and meetup as well for Chinese traditional VC/PE and Blockchain token funds and Blockchain startups, and recently helped raising 10 million RNB within 24 hours for a Blockchain startup-Yotta Chain.

Education: Technische Universität Dresden, Germany - MSc in Human Resources Management and Administration



STRATEGY– SUE VERMA

Sue is a highly skilled medical professional with a strong track record in R&D and regulatory implementations. She currently works as the Chief Medical Officer at Leadiant Biosciences Ltd, responsible for corporate strategy, clinical and medical affairs and regulatory and market relationship management.

Education: Imperial College London, MSc and DIC; King's College London, Bachelor of Medicine & Bachelor of Surgery (MD); Royal College of Surgeons of England, FDS/RCS; Annamalai University, India, Bachelor of Dental Surgery; TRIUM Global EMBA - Class of 2019.



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