



**The Decentralized Social Network of Rich Media**

# Whitepaper

Draft 0.2

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## Reference

[1]

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# Executive Summary

We believe in decentralized networks. SocialX will push forward the vision of a decentralized future by accomplishing three tasks: (1) giving ownership of content back to social media users; (2) integrating freedom of speech as a core principle in our platform; (3) building a reward system where contributors are rewarded for content. Our ultimate goal is to open a new chapter in the way humans share snapshots of life and interact with each other.

Centralized social networks have been around since the advent of the Internet. Our craving for peer-to-peer interaction resulted in the creation of the first USENET groups, Friendster, MySpace and ultimately, the Facebook empire. It has taken us 2,500 years to end centralization in our governance system. The birth of democracy in Athens re-shaped humanity forever; now, the time has come to end the centralized way in which we interact with our peers.

SocialX is an application based on the blockchain technology that supports community building and social interaction with cryptocurrency rewards. We combine concepts from social media with the latest advances in cryptography and distributed ledger technology. On our platform, users can share photos and videos, send encrypted messages, payments, stream live streams and sell licenses for their creative content.

# 1. Introduction

SocialX is a decentralized social media platform allowing users to distribute content seamlessly. Just imagine: photo and videos app that will store your files decentrally and securely in a single platform; built-in license management will allow you to decide if you want to keep your photos private or if you want to sell photo rights to others in exchange for SOCX tokens. SocialX is a community-driven project developed with the user's best interest at heart.

1. We use the best technology available on the market
2. We believe in freedom of speech and less censorship
3. We believe in the decentralization movement and its benefits

## **Why we are different to STEEMIT**

Steemit is a social network where its users post and share original content, usually in the form of text. The main feature of the platform is it's built using a cryptocurrency upvote system: whenever a user upvotes another post, the user automatically sends a tiny amount of STEEM tokens to its author. Sadly, the backbone of the platform is somewhat complicated and can be hard for first time users to understand. SocialX isn't a competitor to STEEM in any way; however, we definitely think a cryptocurrency based upvote system is an interesting concept. As a result, we decided to bring it to the masses by combining blockchain with the winning features of popular image sharing sites. We've also integrated a license management market, encrypted messenger and live stream functionality.

**We launched SocialX to solve many issues with mainstream, centralized social media: SocialX has 10 points traditional social networks lack.**

1. No success for fake accounts and fake likes/followers. The community decides what content is valuable
2. Can reach and produce a lot of high-quality content quickly
3. The value of the platform is passed on to the users
4. Achieves reliability of data with blockchain technology with lower costs than ever before
5. Decentralized photos & videos—you own your own content
6. Give every photo or video a monetized value
7. Manage licenses & rights of photos or videos
8. Reward the community with SocialX tokens
9. Build a great community around what we love the most, photos and videos
10. Rewarding the community means fair rewards for valuable content

Please refer for further explanation to <https://socialx.network>

## Social Media in the Current Ecosystem

*"Social media is reducing social barriers. It connects people on the strength of human values, not identities." - Narendra Modi | Indian Prime Minister*

Our goal at SocialX is to not only reduce social barriers, but all barriers caused as a result of online interaction and centralized censorship. Blockchain technology is a distributed database used to maintain a continuously growing list of records, called blocks. Each block contains a timestamp and a link to a previous block. A blockchain is typically managed by a peer-to-peer network collectively adhering to a protocol for validating new blocks. Decentralized systems and tokens are a revolutionary concept on the blockchain, allowing various types of DAOs (decentralized autonomous organizations) to create solutions to our current centralized problems.

Introducing a decentralized social media platform based on the blockchain as a foundation for developing an entire decentralized ecosystem; it will draw attention to the blockchain technology and its potential, with regulators and worldwide governments already taking note. There is an opportunity right now for a project that may disrupt major industries; with change comes a challenge, but SocialX is prepared to tackle it head-on.

## 2. Problems

### **Control your own data**

Centralized servers are currently sending your data from Europe to the US and vice versa and you don't *really* know who is actually able to read this data; it's possible that hosted data may be accessed with or without the approval or knowledge of the customer.

### **Take license management into your own hand**

Anyone can take your images and use them as their own on social media platforms, like Instagram. According to analysts, the global still image market will reach 4.46 billion USD by 2020<sup>[1]</sup>. SocialX wants to make sure you get rewarded for your creative content at the same time as making it easy for others to use it legally.

### **Centralized platforms are easy targets**

Have you ever thought about how many times the big social networks were attacked by cybercrime? Recent hacks were even possible at big corporations like [Yahoo](#); do you really want to put your privacy at risk just to remain part of a centralized system? Why not bring your identity offline, where you are the only one who can edit it? These days you can even store your cryptocurrency on a USB stick, so why not your identity?

### **Creative content, when compensated, is undervalued for content creators**

Livestreams and videos are huge these days, but the big 4 are just giving away a small percentage to content creators; maybe that is one of the reasons they [quit](#) making content for their audience? But do we really have to accept this? Why not hand it over to the community and let them decide how big the incentive should be for the content creator?

### **Better advertising experience with rewards**

Digital advertising is overrun by middlemen, trackers and fraud. Get a better advertising experience controlling the data you want to give to the platform and be very close with your brands which you wear, use or admire during the day. Engage with them and be rewarded.

### **Users are abused**

- Up to 50% of the average user's mobile data is for ads and trackers, costing as much as \$23 a month.
- Ads use about 5 seconds of mobile load time on average.
- Ads decrease phone battery life by as much as 21%.
- Privacy is violated when large media sites host up to 70 trackers.
- Malware (malvertisements, ransom-ware) is up 132% in one year.



### **Publishers are hurting**

- Google and Facebook take 73% of all ad dollars and 99% of all growth.
- Revenue is recently down 66%.
- Bots inflicted \$7.2 billion in fraud last year.
- Over 600 million phones and desktops run ad-blocking.
- Publishers cannot seamlessly monetize value-added services.

### **Advertisers are losing**

- Advertisers lack good information on what they are paying for.
- Marketers are often fooled by bogus websites and bots that commit fraud.
- Targeting is poor, making users more likely to ignore ads.

Source: <https://basicattentiontoken.org/index/>

### **Censorship**

[Turkey banned Facebook and Whatsapp](#), North Korea banned Facebook, Twitter and YouTube, or most recently, [Indonesia banned Telegram](#)? Welcome to 2017—the world has changed and big governments are able to censor like this as a result of centralized infrastructure. Our approach is different and unique - we strictly forbid child porn, human trafficking, drugs, terrorism and more. We will empower our community to forbid content if they think it is not following the SocialX community guidelines. Everyone who engages within the community to maintain this environment will also be rewarded, so that we set a healthy incentive for people to manage content. As SocialX will be decentralized, we are not able to fully forbid or prevent the above mentioned topics, but we will help our voted community managers with tools and algorithms to easily access NSFW content and flag it as inappropriate.

### **Fake followers and abusive influencer marketing**

Recent studies and experiments have shown that buying followers, likes and comments is easier than before, which brings abusive behaviour into the industry of [influencer marketing](#). We at SocialX believe there should be a better, safer mechanism to bring brands together with credible users within the platform. Through our algorithms we will be able to match marketers with credible users who identify themselves as brand ambassadors. The weight of likes for users with no content or low seniority within the system should be less than a senior user with lots of good content. Users should be not be able to purchase influence like at STEEMIT; we believe users should only be able to earn influence.

# 3. Opportunity

SocialX is an opportunity to express yourself without limitations to interact with your friends, family, and others who share similar interests. For those who have not familiar with the technology: blockchain will allow individuals to utilize a decentralized network to store images, videos, and data on a trustless service in which nobody can view, thus maintaining the privacy you need; it will also allow the exchange of cryptocurrencies and other FIAT currencies.

We also believe great developers are key as our platform can grow exponentially, together with developers, improving the value for our users on a daily basis. Soon we will publish how developers can interact with the community inside our platform.

SocialX is a great opportunity to be an early adopter, to learn alongside as it grows; there's even a great opportunity to build a business within the network through licensing and data distribution.

The user was at the forefront of our mind throughout the SocialX creation process. What can they benefit from the most? Our conclusion: freedom and self-governance.

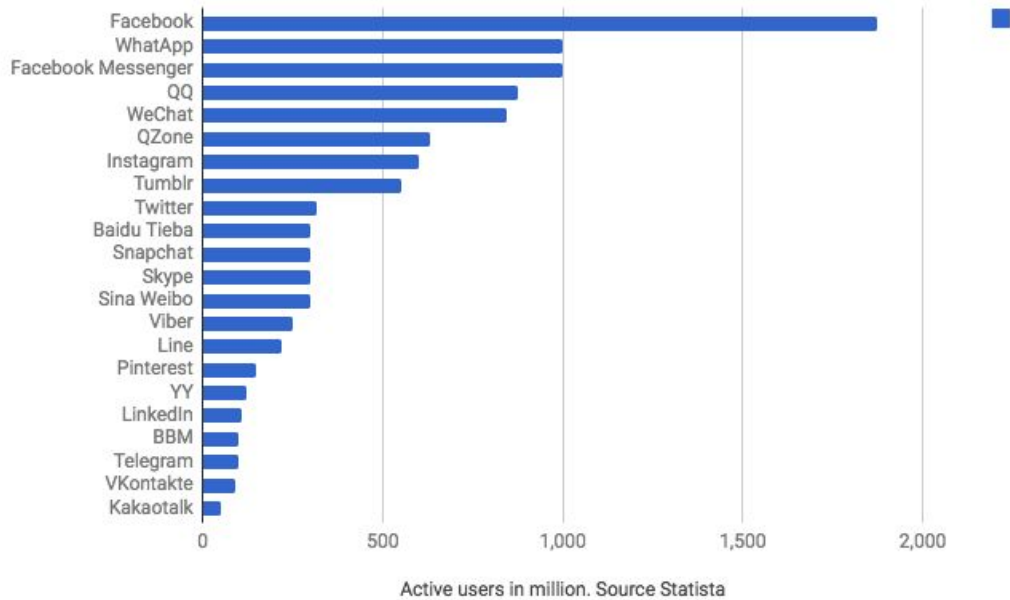
## Size of the Market

The long-term market we are aiming for is:

- SNS (Social Network Sites): 11.325 billion active social network users by January 2017
- Stock licenses for still photos and videos: an estimated 2.3 billion US \$ (the global still image market will exceed 4 billion US \$ by 2020.)
- Social Network Ad Spending: 25.98 billion US \$
- Influencer marketing 1.07 billion US \$ now which will reach 2.38 billion US \$ by 2019

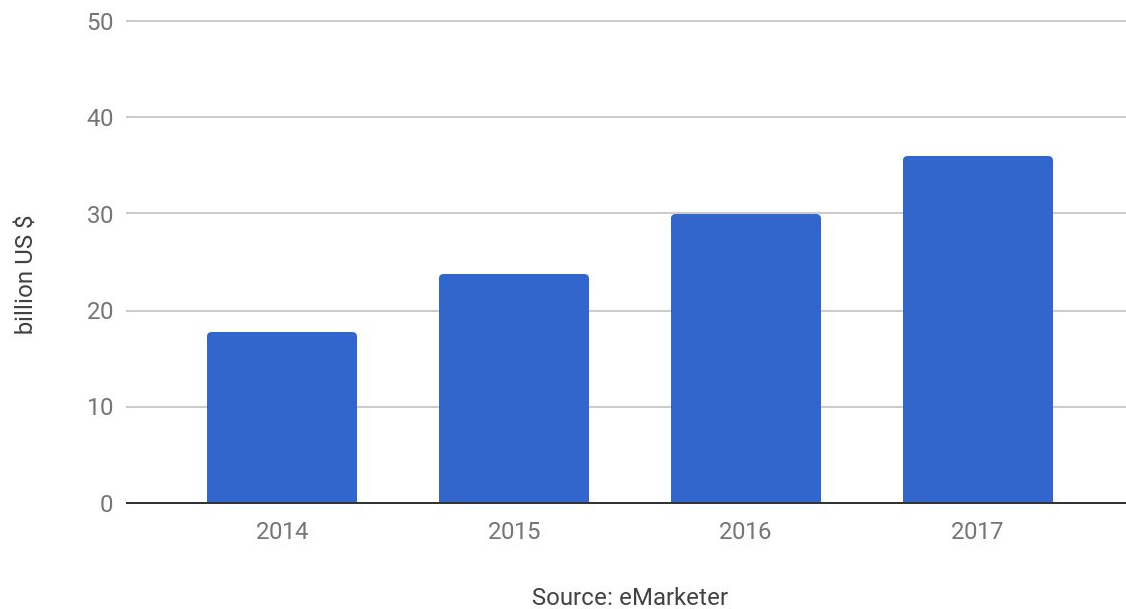
## Market Analysis: User

Social network sites ranked by number of active users



## Market Analysis: Social Network Advertising

Social Network Ad Spending Worldwide

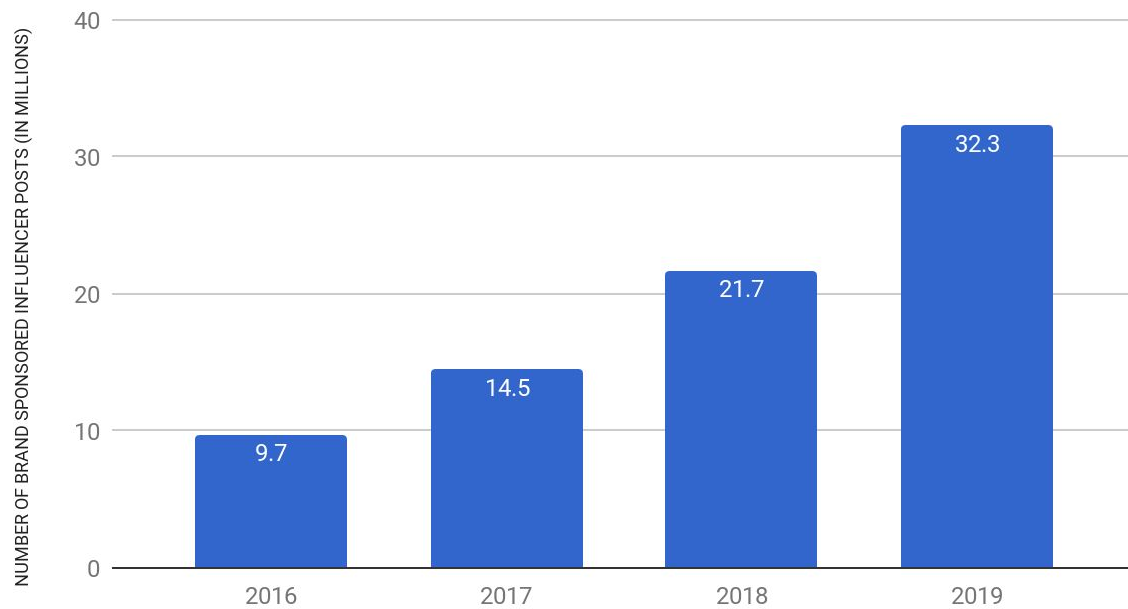


## Market Analysis: Still Photos and Video Stock Market

We are currently conducting a thorough market analysis; it will be published in the next update of this whitepaper.

## Market Analysis: Influencer Marketing

Brand-sponsored influencer post growth



## Advantage Matrix

	SocialX	Steemit	Instagram
Token	SOCX	STEEM	N / A
Focus	Photos & Videos	Blogging	Photos & Videos
Decentralized	YES	YES	NO
License Management	YES	NO	NO (even give some license rights to Instagram)
Status	In Development	Live	Live
Reward System	YES	YES	NO
Self-Governance	YES	PARTLY	NO

## SocialX Advantage-Earning Matrix

	SocialX	Steemit	Facebook	YouTube
Requirement	TBA	TBA	TBA	TBA

We are processing internal data; this section will be updated in the next version of the whitepaper.

## 4. The Challenge

How will we achieve a healthy ecosystem and a sustainable company? We tried to answer as many questions as possible in this section.

### **How can SocialX grow long-term?**

SocialX grows with its users. Active users are the catalysator for any social media. Our reward system will attract new users with its perks, including: no censorship, self-governance, license management and a great community.

### **How SOCX token is created and distributed**

SocialX will hold an Initial Coin Offering (ICO) to raise the necessary funds to scale our platform. In total, 90 million SOCX tokens will be generated: half of all tokens will be offered to contributors during our ICO, the other half will be distributed based on the diagram under the [ICO](#) section. We will plan to offer an estimated 16% as a reward pool distributed to the following:

1. Those who create great content
2. Those who evaluated content deemed great

With regard to the magnitude of the distribution, we are building a logic where the reward received is proportional to the amount of SOCX owned per user ; in other words, users will benefit from their long-term support of the SocialX platform. We strongly believe it is one of the most important factors contributing to user loyalty.

In order to prevent the manipulation of the SOCX token value by large holders, we have integrated a system which artificially slows down the time it takes for the token to be active on the platform. This prevents large token holders from doing wrong to the platform, and incentivizes smaller holders to keep their tokens in SocialX.

### **Attract high-quality content**

At SocialX, great content is financially rewarded by other users. This not only creates a healthy community, but also attracts high-quality content publishers. Celebrities will likely be among the early adopters of our platform due to the opportunity to establish a new source of income from their audience.

### **Value Increase**

Our token increases in value proportionally to the number of active users on the platform, mainly due to our integrated stacking mechanism. Every time a user creates an account, they will receive a certain amount of SOCX tokens which can be used to Superlike content; however, in order to activate the withdrawal mechanism, a user needs to have over \$10 worth of SOCX in their wallet. The initial \$10 will be permanently locked up in the platform and, as such, taken out of circulation. This reduces the token supply available to the public as our user base grows. We will have an activatewallet system, which means that after a certain amount of time (months), wallets will be deactivated and after another set amount of time, destroyed if there is no activity. The locked up coins will then be released to the community reward pool.

### **How is fraud prevented?**

The previously mentioned distribution logic opens the possibility of fraud in our system. Users may try to game the reward mechanism by creating multiple dummy accounts and giving likes to their own posts. In order to prevent this type of destructive behaviour, users must verify their phone via SMS, and a user can only create one account per phone number. This added layer of difficulty makes fraudulent behaviour pointless from an economic standpoint.

*Please also refer to our more detailed [Governance](#) section.*

## 5. User Interface

In this section, we introduce specific screen images and functions of SocialX. This will be completed over time and the prototype will be updated weekly.

To see the complete prototype, [click here](#).





## 6. Ecosystem / Technology

### SocialX Ecosystem

a self-governed social network



#### Blockchain

Blockchain makes it possible to record ownership publicly on a distributed ledger. That's why we decided to use this technology for the foundation of the SocialX platform. We will use blockchain technology for our reward mechanism and to decentralize our social network as much as we possibly can.

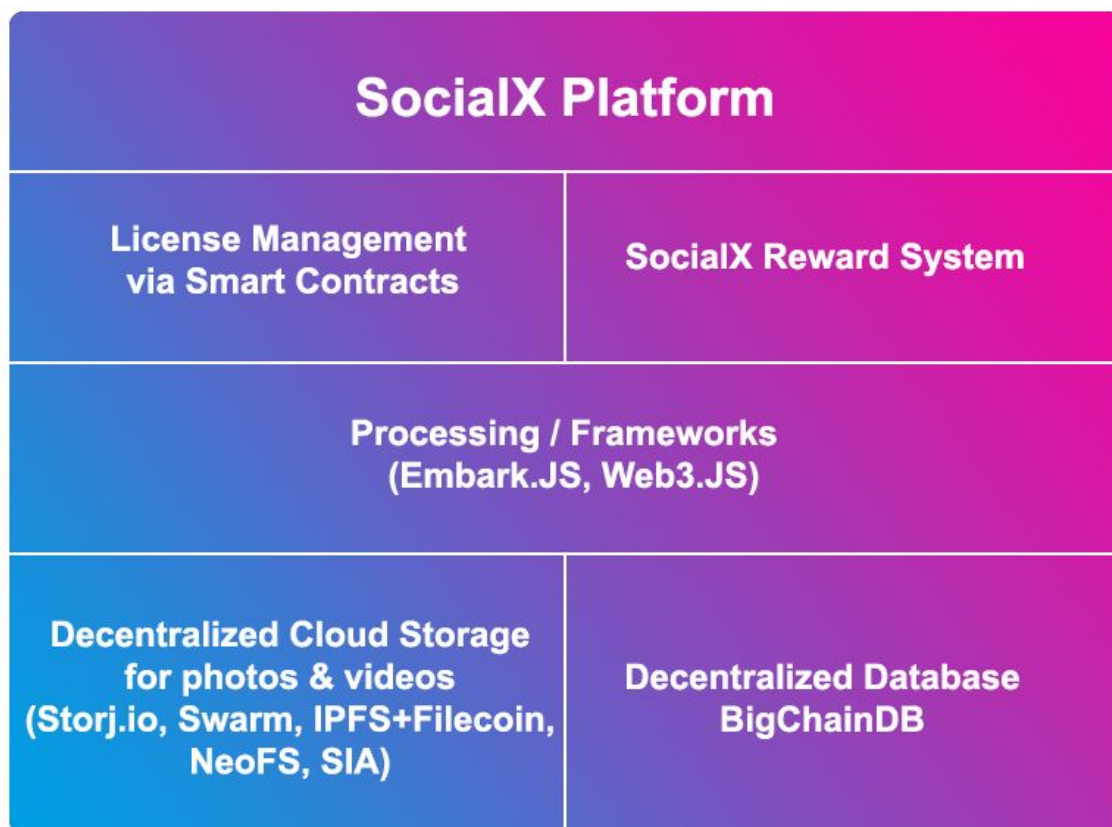
We decided to use Ethereum for the generation of our tokens, the SOCX. Why? Well, we did this because ERC-20 tokens are easy to store and trade, and because of the added smart contract

functionality and increased adoption rates of ERC-20 tokens at major exchanges.

### **Tech Stack**

The SocialX ecosystem will be built on the best technologies for production – we believe in choosing the best tech stack available at moment. Most of the blockchain technology is still in an early stage, but some is production ready and some will be production ready over the next 12 months. Regardless, each individual project will be monitored closely.

Speed and performance is important for users so, we have to use a hybrid solution which will combine the fastest client server architecture with the newest blockchain technology. We want users to have an ecosystem solution they will love for the many benefits we described. Nevertheless, the ultimate long-term goal is to have a fully decentralized app on the blockchain, going from hybrid to 100% decentralized over a period of 6-12 months.



### **Frontend**

React is a declarative, efficient, and flexible JavaScript library for building user interfaces. Your components tell React what you want to render, then React efficiently updates and renders accordingly when your data changes. React has proven itself in web and mobile applications, so our advanced knowledge with React made this an easy decision.

## Database

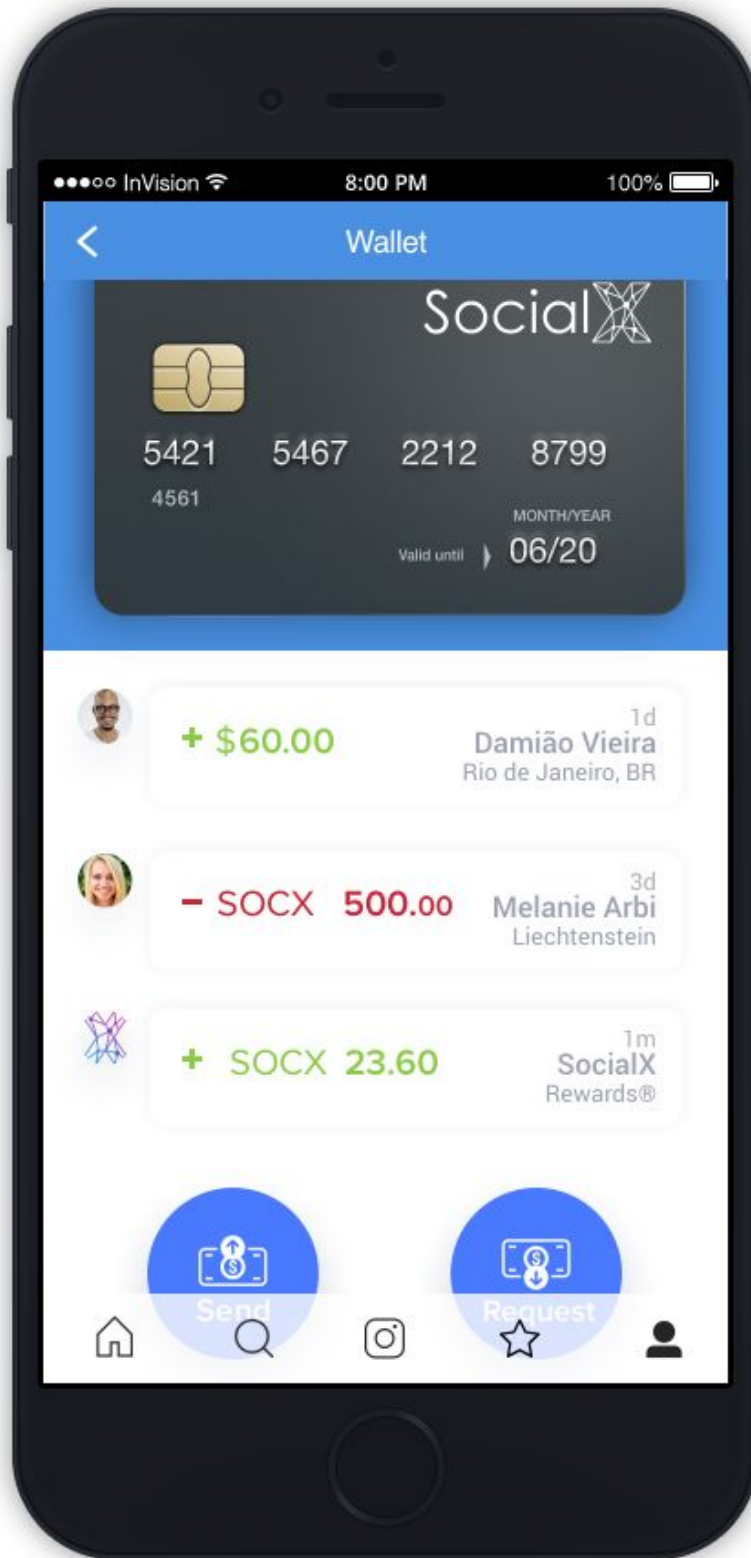
BigchainDB fills a gap in the decentralization ecosystem: a decentralized database, at scale. It points to performance of 1 million writes per second throughput, storing petabytes of data, with sub-second latency.

The BigchainDB design starts with a distributed database (DB), and adds blockchain characteristics through a set of invocations including decentralized control, immutability, and the creation & movement of digital assets. BigchainDB inherits characteristics of modern distributed databases: linear scaling in throughput and capacity with the number of nodes, a full-featured NoSQL query language, efficient querying, and permissioning. Being built on an existing distributed DB, it also inherits enterprise-hardened code for most of its codebase.

Scalable capacity means that legally binding contracts and certificates may be stored directly on the blockchain database. The permissioning system enables configurations ranging from private enterprise blockchain databases to open, public blockchain databases. BigchainDB is complementary to decentralized processing platforms such as [Ethereum](#) and decentralized file systems like InterPlanetary File System ([IPFS](#)).

## Wallet / Exchange

We are planning to integrate a wallet system within the SocialX ecosystem. This wallet will receive SOCX tokens from the **SocialX Reward System** and can be used to deposit and withdraw SOCX tokens. In the long-term, we want to develop a possibility for users to buy SOCX tokens in our app via fiat currencies to make the ecosystem available to the mass market. We are also looking closely into partnerships with payment acquirers, credit card companies and projects like [TenX](#).



## User Registration / Login

We believe in a self-regulating system of governance and user registration. New users have to register with an email, username and password. After that, we will have a SMS verification in place to filter people with less than genuine interest in contributing to our community (i.e. fake accounts, duplicate accounts, fraud, etc.). In and of itself, this will be not enough. We hope that we built a healthy community which enables us to have healthy self-governance in place. Users will be able to report a profile/person. If a certain threshold of reports is reached for a specific user, the user will go into our governance system where people can confirm the report or decline the report. A sensitive algorithm will then figure out if the reports are right. Users with less than 100 followers are more likely to get into the governance system than users with 1000 followers.

Every registration will be confirmed after the phone verification via the blockchain. We are looking closely into potential partnerships with projects like [Civic](#).



## Storage Media (Photo, Videos)

One major key to a decentralized social media is the storage of rich media as photos and videos. Our research concluded there is not only one, but several solutions on the market in different development stages. IPFS combined with Filecoin is one solution in an early stage (re: Filecoin), as well as the Swarm distribution platform. NeoFS was also announced/mentioned in the latest developer AMA from NEO in August 2017. Lastly we have Storj, a blockchain-based, end-to-end encrypted, distributed object storage and SIA as a decentralized private cloud. We are internally testing the performance of each is beta or production ready solution. Our main goal in choosing the right decentralised storage is affordability and fast loading for the end user—no one will use a decentralized app if it takes several seconds to load an image or a minute to load a video. Nevertheless, the user media o be stored safely, redundant and decentralized on the storage solution.

## The conclusion so far:

TBA  
Table: pros and cons  
Conclusion

Please note we will use the best, fastest technology on the market. In order to consistently do so, we may switch technologies as they evolve.

## Messaging

We will address this section more in future updates; we are still screening Whisper and other end-to-end chat solutions.

## Followers System

Each user can be followed by an unlimited amount of users. The amount of followers are not relevant to the earnings of a person; however, if a user gains more trust via followers they will be able to use more Superlikes, which in turn will give them more “power” inside the SocialX ecosystem. All Superlikes will have the same worth. Over time, as the ecosystem evolves, we will make monthly checks on how fair the system is and ask the community for feedback. If a change in this system is required, we will let the community vote about changes, as per our governance system.

## Wallet

Users will be able to payout SOCX tokens out from their wallet after a threshold of \$10. Users will get \$5 of free SOCX when they join the community by completing reward tasks (e.g. posting the first photo). This way, we can motivate users to join our community and at the same time explain all the features and what SocialX offers.

Once a user reaches over 10 USD worth of SOCX in their wallet, the withdrawal mechanism will be activated. These first 10 USD will be permanently locked in the wallet with the purpose of keeping the withdrawal function active.

## Example:

If a user has \$40 worth of SOCX in his wallet, he will be able to withdraw \$30.

We decided to implement this mechanism for three main reasons:

- 1) **Incentivize users to produce high-quality content.** Newcomers will be especially encouraged to actively share content to surpass the 10\$ milestone and activate the withdrawal system. We want to prevent spam and low-quality content just to receive the welcome tokens.
- 2) **Organic growth for the SOCX token.** By locking a certain amount of SOCX in the account for every user, our token will linearly increase in value as we get more users on our platform. Moreover, with enough tokens circulating in the community, we are able to stay liquid inside our app.
- 3) **Usage of SOCX tokens inside the APP.** We encourage users to use their SOCX tokens inside our app for licenses and other purchasable items.

With potential cooperation with major payment acquirers, we will also introduce a debit card which can be used to spend SOCX for physical purchases in real life.

## 6.1. SocialX Reward System

First of all, designing a reward system for a social community will never be easy or fair for everyone. We will try to find the best parameters to start and we will end up with different parameters as the community grows and evolves. The difference between us and other reward systems is that our community can decide: they can suggest changes and can also vote for proposed changes; this way, we can provide the community with scenarios on how the changes could influence the reward system in a good and bad way.

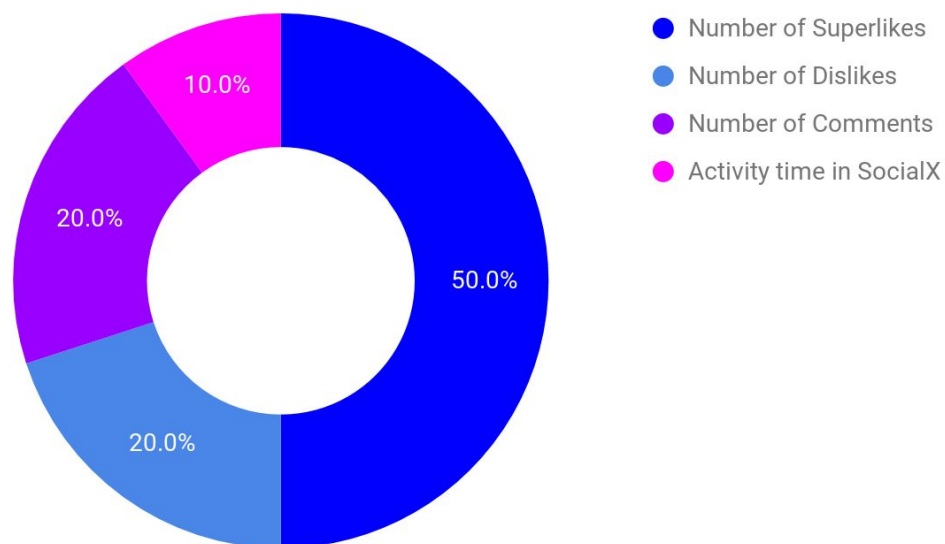
We decided to give the user the choice of a normal like, a Superlike and Dislikes. We name them for the beginning, so there may be a more creative renaming in the future. The functionality behind these will be as following: users can like as many photos and videos they want, but they have only a limited amount of Superlikes and Dislikes. We want to increase the number of Superlikes and Dislikes based on the amount of followers an individual user has as this is a good indicator how well a user is connected in the SocialX community. The amount of Superlikes and Dislikes is reset daily with no rollover. Every Superlike will have the same weight, which means it is equal in terms of shares of the reward system. It is important to note: only Superlikes and Dislikes count into the reward system; normal likes will only show appreciation to the user. The Dislike function is to identify spamming, low-quality content, license abuses or inappropriate content.

With a self-governance system we need the users to decide if photos & videos are accepted in the community or not. An algorithm will decide whether people will see a photo/video under the governance tab or not.

To generate a healthy user community, it requires more than just likes, Superlikes and Dislikes. We also believe that daily active time and comments should be integrated into the algorithm to calculate the share of the reward system per picture or video. When users are more active in the community as contributors—in any terms—they will have benefits. That is also including being active in the governance system / tabs.



Factors for Payout



The community actions in the rewards system and the governance system need to be confirmed via the blockchain. To lower transaction fees, we need to use a private blockchain which confirms all non-monetizing processes as required. All monetary processes will be handled by SOCX Tokens.

Important: We connect the interests of our contributors and of our users with ONE SOCX Token. Our own blockchain asset will most certainly have also a value on the free market, but we are not planning to let people exchange these assets into SOCX Tokens anywhere in the SocialX ecosystem.

#### Examples for non-monetizing processes:

- Registration
- Comments
- Likes
- Superlikes
- Dislikes
- Small governance tasks (e.g. checking images regarding license abuse)
- To be enhanced with the development of this whitepaper...

### Examples for monetizing processes:

- Send SOCX tokens to another user
- Receive rewards
- Buy a license for a photo (+ Smart Contract)
- Exchange SOCX against FIAT
- To be enhanced with the development of this whitepaper ...

\*Please note, these are all examples which can be implemented and will be visible on our Roadmap. 2.0

### 6.2. License Management - Fees & Rights

All SocialX users will be able to upload photos and videos through our platform. After finishing the upload, the user will be able to choose if his photo is free to use (no license applies for the photo) or if he wants to set a fee to use the photo under the U.S. Code › Title 17 › Chapter 5 › § 504 [\[3\]](#). The user will be able to input the license fee in USD, which will automatically be calculated into an amount of SOCX Tokens. The exchange rate will be updated daily via coinmarketcap and will always be set to the USD amount the user wants to charge for the photo or video. The platform also suggests the typical market value for the photo or video for different publishing channels.

Users who want to buy a photo or video can purchase a license for this object by clicking on the details of each photo. The user needs to have SOCX Tokens which he can exchange for fiat in his/her wallet.

### Who decides what an image is worth?

In the end, with the SocialX licence management, you will decide what content you created is worth to you. SocialX will always help you understand not only the fair market value for your content, but also allows respects your “emotional value” for such content.; then you can decide if you will stick your emotional estimation or will adjust the usual market value.

Below the table shows you the average fee for a copyright infringement:

<b>Example of Use (Standings as of 2016)</b>	<b>Fee</b>
3 months on homepage, size of longest side up to 1500px	225 €
1 month on social media platform	179 €
6 months on social media platform	321 €
travel brochure (print/PDF) circulation up to 50,000 (image size DIN A5)	145 €
flyer (print/PDF) circulation up to 100,000 (image size DIN A6)	350 €

**All fees are to be doubled if the author was not mentioned.**

Source: <http://photoclaim.com/en/damages-for-copyright-infringement-according-to-mfm-calculation/>

### **Why should I make sure I buy a license for a photo and video I use?**

Three months after the post was initially published, the author received an email from an attorney. This particular lawyer is focused on just one thing: image copyright infringement. The long-forgotten blog post that was published months ago and didn't even bring many visits to the site had become a great liability. The attorney sent the author a formal complaint letter, saying that he was being sued for \$8,000 for using his client's copyrighted photo without consent.

Source: <https://www.contentfac.com/copyright-infringement-penalties-are-scary/>

To find license abuses for you we will use different approaches: one will be a Google reverse search system which is accessible via an API. In our previous jobs, some of our team members worked together with platforms like [plaghunter.com](http://plaghunter.com) to help users find these license breaches. Our penalty system for those who publish unauthorized images as their own will make sure that if ever claim is made and proven that a user has violated licensing, that user would be penalized and their reputation lowered. We believe this would be an effective deterrent.

## Referral System

A main part of our success will be the community. If we can grow a big community, we can be successful; therefore we are planning to build a referral system which invites friends of friends into the community. We are allocating several SOCX Tokens to this affiliate system to grow the community. Each SOCX Token will have a value to people in our community so they will have a benefit of inviting their friends. We will limit the number invitations allowed per week or month to have a healthy growth rate. We like the way [Uber](#) grew their user base over the years and we believe in a healthy growing community. Note: we will be able to scale up more quickly if needed at some point, with this mechanism..

This chapter will be enhanced with the next update of the whitepaper.

## Ecommerce Integrations

One missing piece in Instagram and Co. is in our opinion the missing possibility to buy a loved product inside the app. For example, when you see a person wearing a nice t-shirt and you think I need that too, you need to buy it mostly via third-party solutions. As SocialX wants to improve the lives of everyday users, we strongly believe that we can solve this problem in the long-term. This does not mean we want to have a platform where everyone (including brands) can advertise their products, but we do believe in a healthy and convenient way of shopping.

Just imagine if your friend wears a nice t-shirt and our platform would be able to track down this article and make a seamless checkout possible, without ever leaving the SocialX app! These ideas need more research over time, but we want to share our long-term goals as well.

## Governance & Incentive

The system will automatically decide which users are active enough to become moderators. Moderators will then get an overview of all entries reported by the community. If a mod approves a reported entry, the user who reported the entry will be rewarded as soon as at least 50% of other moderators come to the same conclusion as the first moderator

If the mod denies the entry reported by a user, the user will be officially warned and informed about false flagging entries. Warnings for false flagging will expire after two months without receiving another warning. After three standing warnings a user might face a temporary ban from SocialX and the user's wallet will be frozen. After the ban expires, the user gets one more chance to prove that he will be a viable part of the SocialX community. If a user is banned once, and receives two more warnings, the user's account will be permanently banned and his tokens will be added to the Rewards Pool.

We don't believe in hiring community managers—at this stage, we believe with a healthy reward incentive, we can work towards the goal that SocialX users and its community will govern themselves.

SocialX believes that economic incentives built in to the cryptocurrency model can help with mass adoption of the platform.

SocialX is designed to serve its community and reward its members in a fair and reasonable fashion for their contributions. The question remains: what is fair and how will the platform defend itself from malicious users, sybil attacks and other yet unknown methods of manipulation? It is very obvious that existing platforms like reddit, Facebook, and YouTube employ swarms of editors (censors) who determine whether or not content is applicable, if there is no abuse against the community's members and if votes are not artificially inflated. We all know from our own experience: not everything is fair and editors can't stay on top of all new manipulation ideas, which some influencer will attempt. There are hundreds of thousands of fake accounts on Facebook, YouTube and other platforms which are used to sway public towards one or the other point of view or to sell likes, clicks and opinions, even if the reward is just higher ratings and more traffic.

Since SocialX will reward its members with exchangeable tokens, the motivation to abuse the system will be much higher. If this abuse grows uncontrollably, community would lose faith in the platform and abandon it quickly. The platform would then be infested with scammers and fraudsters and eventually would vanish. The only way to stop it would be by hiring human editors and remove fraudster accounts and automated content.

This in turn, could be another source of abuse by the editors themselves. Editors could easily approve the content—which would fall loosely into acceptable ranges and get into arranged deals with some malicious actors.

To solve these issues and create a fair reward system, SocialX has defined the following set of principles:

1. Everyone's useful contributions to the community should be recognized and rewarded
2. When people feel like a part of the platform and their contribution is recognized, they continue contributing and the platform grows and everyone feels that they own piece of it
3. In order to keep the reward system balanced, proper algorithms have to be designed, which will not only correct imbalances, but will provide metrics and alerts to the community before the system is corrupted to the point of no return
4. Community should be equipped in our governance module, which will allow it to vote on important decision in regards to corrective measures and new ideas to grow and evolve the system
5. Community should be equipped in reputation system which will encourage positive contributions and discourage malicious ones
6. Community should be able to identify which activities are useful for the growth of community and adjust them as the platform grows

7. Algorithms rewarding activity should act like a free market economy: when certain activities are in short supply, systems should either adjust its rewards levels automatically or the community should be given tools to approve those levels when the need arises
8. SocialX is equipped with a micropayment system and can reward users for positive activity, as well as take away for negative activity—e.g. Superlikes, Dislikes, credits for referring new users or time spent on activities supporting community-like moderators
9. Platform is equipped with an algorithmic weight system which is capable of detecting wasting/fraudulent activity in an attempt to gain earnings— e.g. if a member is continually referring new members who never provide meaningful or positive activity, the user accumulates negative credits despite having a large number of referrals. This approach encourages new members to be thoughtful, following the principle of “quality over quantity”
10. The platform will use algorithms to determine spamming activities
11. SocialX will use advanced authentication systems including a phone number verification and is watching growing identity protection systems such as [Civic](#).

## **KYC & AML**

Governance and censorship will be monitored and managed internally in full compliance with KYC and Anti-Money Laundering (AML) requirements in Singapore. This additional step needs to be done when, for some reason, the self-governance system of the community will fail.

Once the membership size increases, SocialX will consider hiring additional resources to track and monitor KYC and AML compliance.

To main objectivity/arms-length transactions on this review, reasonable compensation (% fees based on membership) can be awarded to the individuals.

## **Partnerpool**

In 1 - 3 years, SocialX intends to acquire a pool of partners which will bring new contributions into the Rewards Pool. It is the our plan to continuously obtain new partners with fresh ideas, contributions and attitude.

The funds acquired from the Rewards Pool will flow into the community and be utilized as appropriate by SocialX Management together with the community. Currently, we are planning to give 90% of the new acquired partner contributions to the community and 10% to SOCX token holders.

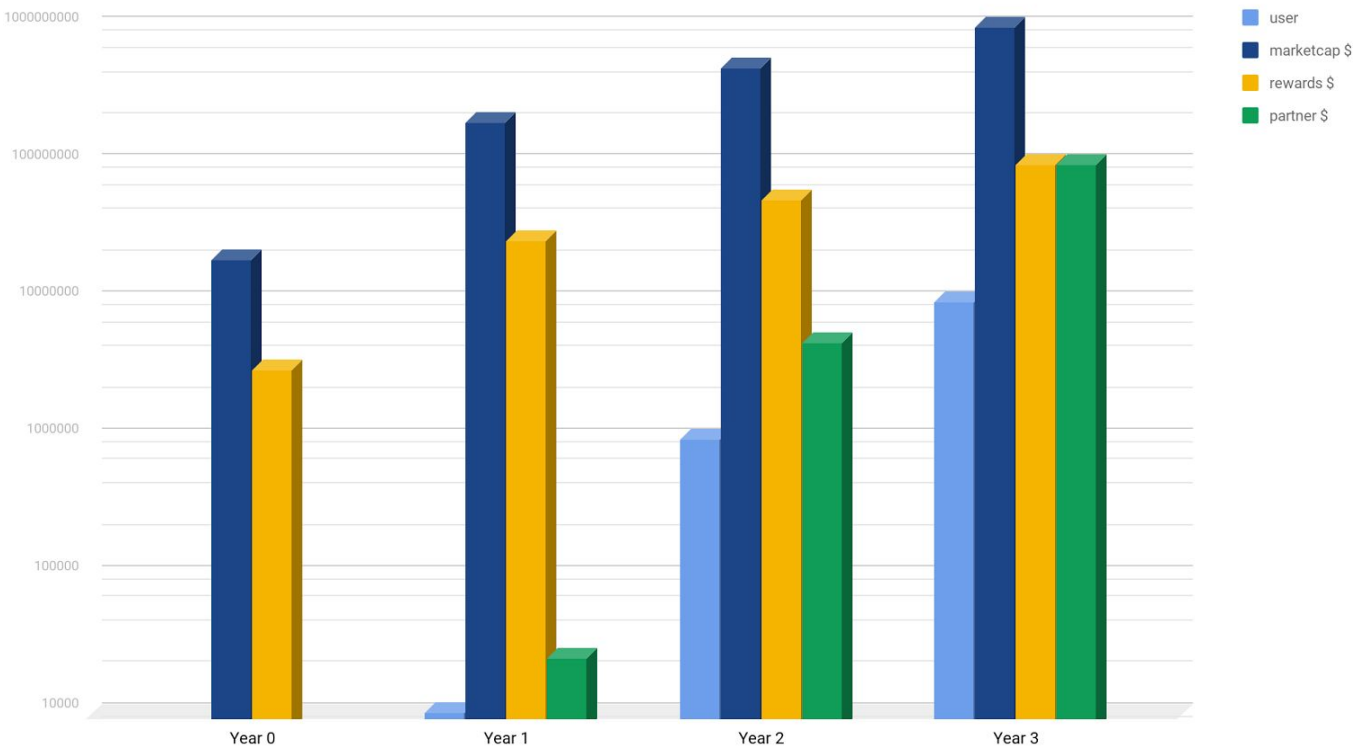
The community has a voting system and can decide which partner offers (which are acquired by the SocialX team) should become part of the ecosystem. Votes for short-term partners will occur once, while votes for long-term partners will be voted again every year. The community

can vote to terminate partner programs on special occasions (to be defined), which will result in the loss of the partners reward contribution.

The community also has a voting system to decide which partners' offer (which are acquired by the SocialX incorporation) should become part of the ecosystem. There will be votes for short-term and long-term partners every year. On special occasions (to be defined), there can be community votes to terminate partners' programs. This will result in the loss of partners' contribution, if not other specified. The community can also participate in the acquisition and choosing process of new partners.

**The following could be used as a chart to show how the reward pool can keep up with more active users in the future.**

Increasing reward pool for the community



# 7. Roadmaps

We divided our roadmaps into three parts:

First, development will show the technical development of SocialX.

Second, our marketing as we believe good branding and smart marketing activities are essential for a start-up.

Third, we want to develop our business further; we believe in the importance of good business development in terms of networking and business partnerships with the best of the best in the industry.

You can access our roadmaps directly via our website <https://socialx.network/roadmap/>

(Please note: we are working on our Roadmaps 2.0 right now to display further whitepaper results in them)

Many people ask us “how do you make money in the long-run?” The simple answer is: we don’t know yet. In our opinion, a lot of tech start-ups have to focus on user growth first, especially as a social media. We have several scenarios in our head “to make money” in the future. One is via advertising or sponsored content. Another one is to develop partnerships with brands. Also, we could take a small fee on every photo sold via one of our licenses. These are all ideas and theories—nothing is written in stone, as of yet. Please refer to our SocialX Reward System for calculations with potential partner pools, which would give SocialX a greater liquidity.



## 8. Finance

Our projections of the SOCX token will be provided with three scenarios: optimistic, middle, and pessimistic.

Based on our assumptions, you can see an estimated value increase for the next 4 years, based on the table below.

Total Value of SOCX token in USD		Year 0	Year 1	Year 2	Year 3	Year 4
optimistic	total value of SOCX token	20,000,000	200,000,000	500,000,000	1,000,000,000	4,000,000,000
	number of users	0	10,000	1,000,000	10,000,000	100,000,000
	value per 1 SOCX token	0.22	2.22	5.56	11.11	44.44
conservative	total value of SOCX token	10,000,000	50,000,000	100,000,000	300,000,000	900,000,000
	number of users	0	7,000	700,000	7,000,000	70,000,000
	value per 1 SOCX token	0.11	0.56	1.11	3.33	10.00
pessimistic	total value of SOCX token	5,000,000	20,000,000	50,000,000	100,000,000	500,000,000
	number of users	0	5,000	500,000	5,000,000	50,000,000
	value per 1 SOCX token	0.06	0.22	0.56	1.11	5.56

## ICO Launch Summary

This section will be released before the ICO starts.

### Bonus Tiers during ICO

Stage	Hours	Bonus
Tier 1	1 hour	50%
Tier 2	24 hours	25%
Tier 3	48 hours	10%
Tier 4	3 days	5%
Tier 5	7 days	0%

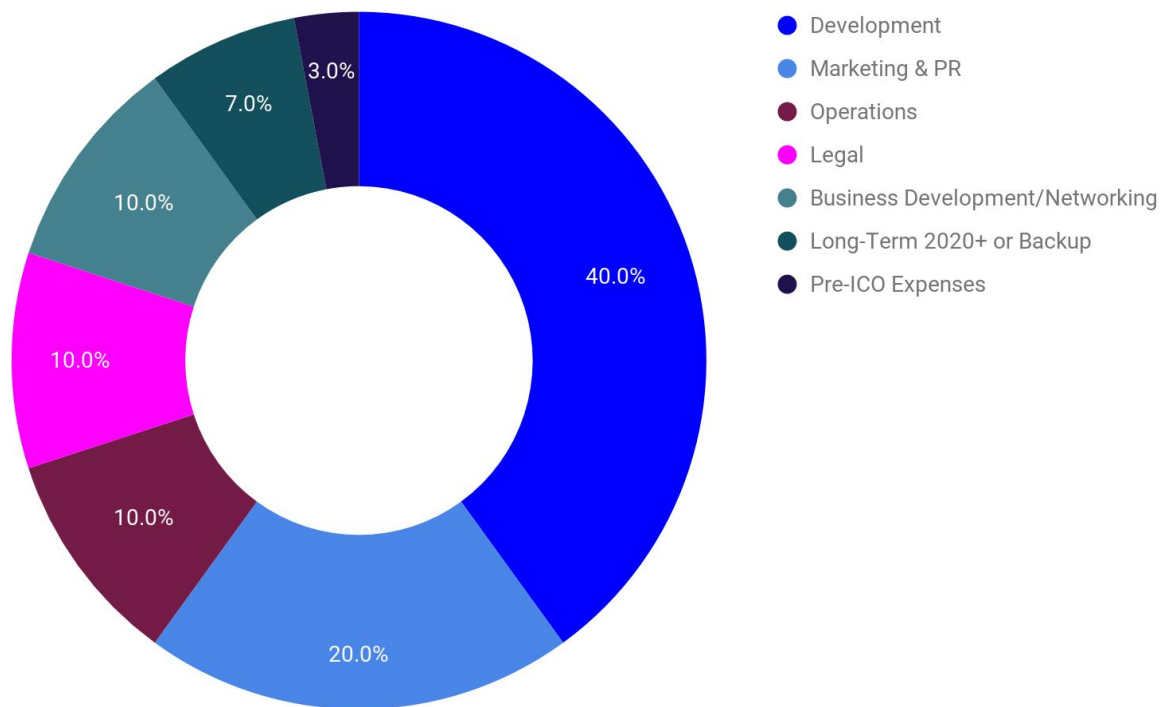
### Why raise the funds through an ICO?

We know that an ICO these days is a double-edged sword: You either love the technology and opportunity, or you dislike it because it is often abused. We see the ICO as great chance for SocialX and the ecosystem to develop value for users, content creators and company to engage on a more personal, more direct level, all connected through our platform and our SOCX token.

### Why ICO in Singapore?

Even after the latest statement by the Monetary Authority of Singapore ([MAS](#)), we are super proud of the ecosystem in which we are able to establish a great company with transparent, honest core values. We will work diligently, together with the MAS, to make sure they fully understand the concept of our ICO and the vision behind SocialX: w will not sell any securities nor promise a return on the contributions of our early adopters.

## How the raised funds will be used:



## Funds Management

All funds will be held safely in multi-signature, hard wallets. Some of the funds will also be stored in fiat to pay expenses which can't be paid in Bitcoin or Ethereum. All accounts will be made transparent once the ICO finishes for all participants to monitor and audit at any time.

Management & team funds will be paid out over a period of 24 months, according to the pre-defined work packages. Work packages can be adjusted according to new circumstances in development of SocialX.

## Funds Marketing

The marketing budget will depend on how much total budget SocialX can generate as a company. Obviously, higher % will be allocated to marketing given our effort prior to ICO.

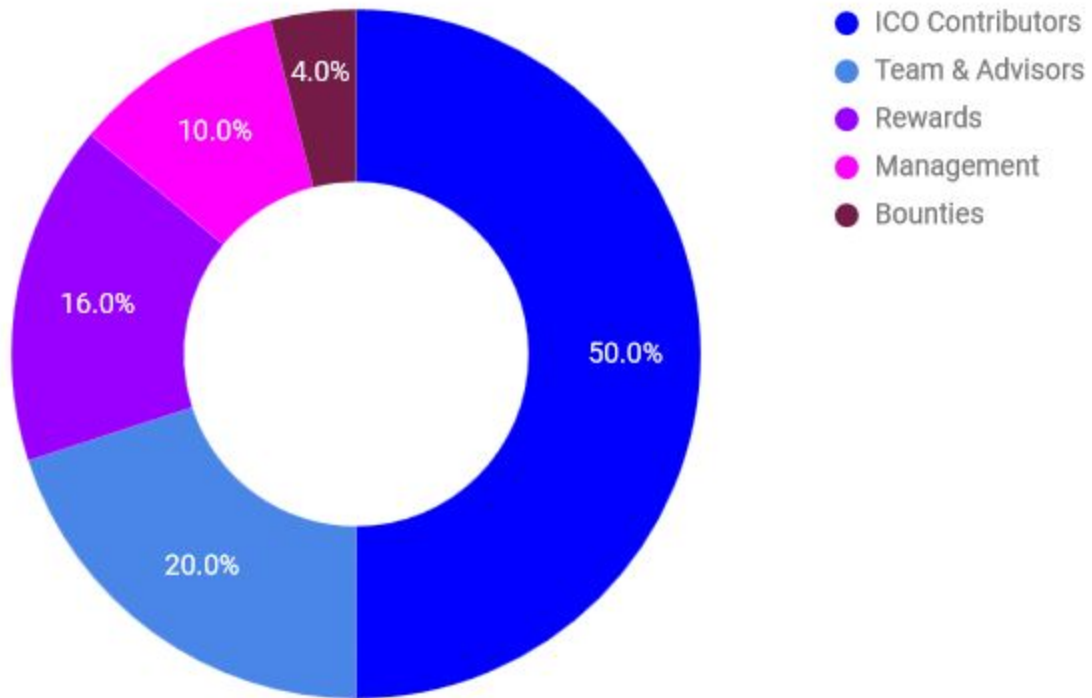
## Funds Operations

Here we will list an overview of variable operation costs to give a better understanding of our internal studies for this project.

## Funds IT

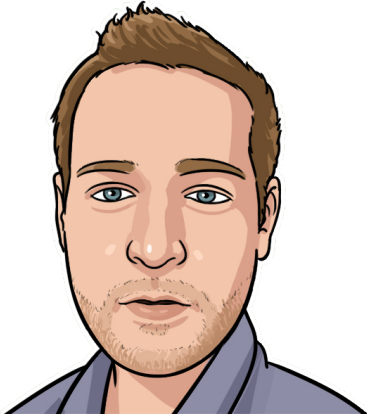
Here we will list an overview of variable IT costs to give a better understanding of our internal studies for this project and its deliverables.

### How Tokens Will be Allocated



## 9. Key Team Members

SocialX is built by the community. Together, we're shaping the future of SocialX and creating a new type of social network, governed by its own users.



### [Marcel Füssinger](#)

Co-founder & CEO



Switching from being a spray painter in 2010 to co-founding several tech companies within 7 years. Now it's his mission to give content creators back the right value they deserve, along with a great and easy-to-use social network with the blockchain technology.



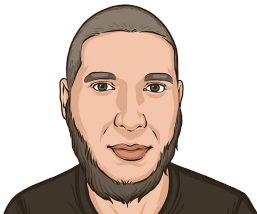



### [Christian Josephps](#)








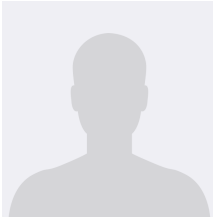


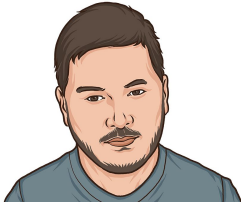
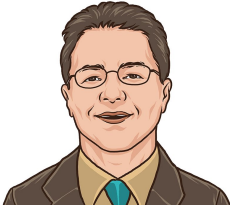

Co-founder & CMO

During his Master in Business Administration, Christian gained his first experience as CMO of Rabbit Finance in Thailand. After leaving the company, he consulted for over 50 businesses in Marketing & IT around the world. He founded No Limit with Marcel in 2016. Christian has invested in crypto since 2014, following the market closely. SocialX will be his next chapter on the #Blockchain.

	<p><b><u>Philip Hendry</u></b> Co-Founder &amp; CFO</p> <p>Having worked in a few MNCs and start-up businesses, Philip has extensive financial and commercial experience. He has served as a consultant, controller and director in diverse industries. Together with Marcel and Christian, he is looking forward to establishing successful venture in the blockchain industry.</p>
	<p><b><u>Theodor Diaconu</u></b> Co-founder &amp; CTO</p> <p>He started coding at 9 years old, now people say that Theo is a highly-skilled senior and CTO with the React, JS, Meteor and Scalable web apps. He always loved to code. Inside SocialX he is responsible for the long-term success of SocialX and the guidance of the complete development team.</p>


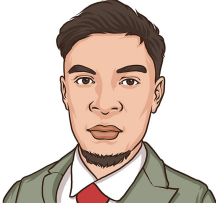


## Team

			
<p><b><u>Cihan Topal</u></b> Community Manager</p>	<p><b><u>Oliver Nedved</u></b> Head of Design</p>	<p><b><u>Dennis Henke</u></b> Management Assistant</p>	<p><b><u>Pascal Thellmann</u></b> Marketing &amp; Content Creator</p>

			
<a href="#"><u>Alberto Gareppe</u></a> Designer	<a href="#"><u>Rosary Muana</u></a> Finance	<a href="#"><u>Robin Salot</u></a> Software Developer	<a href="#"><u>Roman Vinogradov</u></a> Exchange Developer
			
<a href="#"><u>Ciprian Tanana</u></a> Developer	<a href="#"><u>Robert Corolea</u></a> Developer	<a href="#"><u>Mircea Badragan</u></a> Developer	<a href="#"><u>Maxim Bureac</u></a> Senior Developer
			
<a href="#"><u>Manolache Silviu</u></a> Developer	<a href="#"><u>Claudiu Roman</u></a> Lead Developer	<a href="#"><u>Catalin Mirza</u></a> Developer	<a href="#"><u>Andrei Siminic</u></a> Developer
			
<a href="#"><u>Andrei Ciocan</u></a> Developer	<a href="#"><u>Bogdan Fiedur</u></a> Architecture Lead Blockchain	<a href="#"><u>Basit Raza</u></a> Smart Contract Developer	

## Advisors

No big names? Maybe. We are choosing our advisors in terms of trust and knowledge. We have known and worked alongside most of our advisors for years. We believe in their skills to advise our project to be successful. We will most likely add more advisors to our team in key project positions as we evolve.

			
<a href="#"><u>Martin Zinn</u></a> Financial Advisor	<a href="#"><u>Connor Benoit-Milner</u></a> ICO Advisor	<a href="#"><u>Konstantin Raldugin</u></a> Security Advisor	<a href="#"><u>Serkan Durusoy</u></a> Security Audit



# 10. Conclusion

The SocialX platform is being built for the mass market to introduce them to a familiar world of social media combined with a new decentralized environment in which creativity thrives. Throughout this whitepaper, we have tried to show the potential of the SocialX project and blockchain technology in which it will operate. This is the beginning of mass adoption of decentralized rich media. SocialX is for the community.

# 11. Q&A

In this section, you will be guided through our whitepaper in AMA style—we incorporated most of the questions we received in communication with our community. We will continually enhance this section from update to update of this whitepaper. To submit questions, write us at [support@socialx.network](mailto:support@socialx.network) or just join our [Slack](#).

<b>Black</b> = Addressed, done	<b>Orange</b> = Work in progress	<b>Red</b> = not yet started
--------------------------------	----------------------------------	------------------------------

1. What will be the bonus tiers during ICO?
  - a. [See the ICO chapter please](#)
2. Do we need our own blockchain?
  - a. How to verify transactions?
  - b. What has to be verified on the blockchain?
3. Will we host our own nodes?
  - a. Do we need it?
  - b. How long do we need it?
4. How will you manage [governance](#)?
  - a. How will you do censorship?
  - b. Moderators will manage the platform and be rewarded for it
  - c. Who will be a moderator to manage governance?
    - i. Who votes for moderators?
    - ii. How will they be compensated?
5. How will we protect the privacy of our customers?
  - a. Anonymous algorithm?
6. Will we run on a own hyper ledger?
  - a. What is a hyper ledger?
  - b. How is it different to the Brave Ledger System?
7. Is there a mechanism to reward token holders?
  - a. Like charging certain fee for some service
8. How many followers can I have?
  - a. Will it affect my earnings if I have more followers?
9. What if some of your assumptions or plans don't work out?
  - a. We will always stay very close to the community where it can be voted if there are hard decisions to be made - so at least valuable feedback can be gathered within minutes via smart contracts.
10. What are the community and user [benefits](#)?
  - a. We expect the user to benefit from what industries or companies SocialX expects to disrupt: social media platforms, Instagram, Fotolia, 123rf, (Photo Licensing)—all combined under one platform. The user can secure his photos &

videos with a license; no one expects the owner of the photo owns the photo on a centralized server.

- b. Own their own data
- c. Be rewarded for creative content
  - i. For commercial use
  - ii. For editorial use (CNN, etc.)
- d. Be rewarded for your profile
  - i. Open and transparent for advertisers -> good for transparent ads
  - ii. Not open -> not able to have personalized ads

11. Cost

- a. What will the marketing spending be for User Acquisition?
- b. What will a user cost us to store videos and photos?
- c. Will the funds be enough for an application of this scale?

12. Show value increase of SOCX Token

- a. We can create a growth chart comparing SocialX with a few other companies comparable with SocialX. The growth chart will show the value/market cap growth of SocialX in comparison to the other companies.

13. Is there a registration bonus?

14. License management

- a. Is there a transaction fee for a license?
- b. Can i also license videos?
- c. Who can purchase a license?
- d. Will I be informed if someone purchases a license of my photo or video?
- e. Can I earn SocialX reward from license payments?
- f. How can I check who uses my content without my knowledge?

15. How much does it take for someone to earn rewards?

- a. How is that different to Instagram or YouTube?
- b. Can I achieve faster financial independence with SocialX than others?

16. When do we have to bring in partners so that we don't run out of 16% rewards?

- a. What could be a potential revenue with partners? -
- b. Why do we need them?
- c. How will that affect current influencers?
  - i. What is good? What is bad?
- d. Why are they valuable?
- e. How the community can use them
  - i. Product voting, others
- f. Should the payout be in SOCX and also in USD? Pros? Cons?

17. How is the payout of the 16% rewards planned?

18. What should be the threshold for each user?

- a. What will be the cumulated threshold used for?
- b. Why is it good?
- c. Registration welcome bonus in SOCX von \$5 withdrawal minimum of \$10

- d. You have to earn 5 USD in SOCX to be able to engage with the community, after this is achieved, you can exchange everything over 10 USD
19. Calculation of a Superlike in SOCX
- a. How should the payout be influenced by number of Dislikes, number of comments, number of Superlikes?
  - b. Show a real life example by a YouTuber
  - c. Show a real life example by a photographer
  - d. Compare table of potential earn outs
20. Inactive wallets: how long will they be inactive?
- a. What happens with the amount in the wallet itself?
21. Can I pay my Uber with my SOCX wallet?
- a. If yes, how the exchange rate will be?
  - b. What will be the fees?
22. How to store the data images, videos? [\(See Tech chapter\)](#)
- a. We will store our data in a distributed way. See the technical part in the whitepaper. Bigchain DB, IPFS
23. What will you and will you not use blockchain for? [\(See Tech chapter\)](#)
- a. We will use it for: license management (Smart Contracts)
  - b. Exchange of SOCX tokens to other currencies (Smart Contracts with APIs)
  - c. Voting system (Smart Contracts)
  - d. Registration - storing user data (Offline)
  - e. Governance Functions
24. Is SocialX going to be releasing a mobile and desktop app?
- a. We plan to release a mobile app for Android and iOS
  - b. We are also evaluating the value add to release a desktop app

# IMPORTANT

SOCX tokens are not intended to constitute securities in any jurisdiction. This whitepaper does not constitute a prospectus or offer document of any sort and is not intended to constitute an offer of securities or a solicitation for investment in securities in any jurisdiction.

This whitepaper does not constitute or form part of any opinion on any advice to sell, or any solicitation of any offer by the distributor/vendor of the SOCX tokens to purchase any SOCX token,s nor shall it or any part of it nor the fact of its presentation form the basis of, or be relied upon in connection with, any contract or investment decision.

No person is bound to enter into any contract or binding legal commitment in relation to the sale and purchase of the SOCX tokens.

There are risks and uncertainties associated with SocialX and their respective businesses and operations, the SOCX tokens, the SOCX Initial Coin Offering and the SOCX Wallet (each as referred to in this whitepaper).

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISOR(S).

## **DISCLAIMER OF LIABILITY**

To the maximum extent permitted by the applicable laws, regulations and rules, SocialX shall not be liable for any indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with any acceptance of or reliance on this whitepaper or any part thereof by you.

## **NO REPRESENTATIONS AND WARRANTIES**

SocialX does not make or purport to make, and hereby disclaims, any representation, warranty or undertaking in any form whatsoever to any entity or person, including any representation, warranty or undertaking in relation to the truth, accuracy and completeness of any of the information set out in this whitepaper.

## **REPRESENTATIONS AND WARRANTIES BY YOU**

By accessing and/or accepting possession of any information in this whitepaper or such part thereof (as the case may be), you represent and warrant to SocialX as follows:

- a. you agree and acknowledge that the SOCX tokens do not constitute securities in any form in any jurisdiction;
- b. you agree and acknowledge that this whitepaper does not constitute a prospectus or offer document of any sort, and is not intended to constitute an offer of securities in any jurisdiction or a solicitation for investment in securities and you are not bound to enter into any contract or binding legal commitment and no cryptocurrency or other form of payment is to be accepted on the basis of this whitepaper;
- c. you agree and acknowledge that no regulatory authority has examined or approved of the information set out in this Whitepaper, no action has been or will be taken under the laws, regulatory requirements or rules of any jurisdiction and the publication, distribution or dissemination of this whitepaper to you does not imply that the applicable laws, regulatory requirements or rules have been complied with;
- d. you agree and acknowledge that this Whitepaper, the undertaking and/or the completion of the SocialX Initial Coin Offering (ICO), or future trading of the SOCX tokens on any cryptocurrency exchange, shall not be construed, interpreted or deemed by you as an indication of the merits of the SocialX, the SOCX tokens, the SOCX Initial Coin Offering and the SOCX Wallet (each as referred to in this whitepaper);
- e. the distribution or dissemination of this Whitepaper, any part thereof or any copy thereof, or acceptance of the same by you, is not prohibited or restricted by the applicable laws, regulations or rules in your jurisdiction, and where any restrictions in relation to possession are applicable, you have observed and complied with all such restrictions at your own expense and without liability to SocialX;
- f. you agree and acknowledge that in the case where you wish to purchase any SOCX tokens, the SOCX tokens are not to be construed, interpreted, classified or treated as:
  - i. any kind of currency other than cryptocurrency;
  - ii. debentures, stocks or shares issued by any person or entity
  - iii. rights, options or derivatives in respect of such debentures, stocks or shares;
  - iv. rights under a contract for differences or under any other contract the purpose or pretended purpose of which is to secure a profit or avoid a loss;
  - v. units in a collective investment scheme;
  - vi. units in a business trust;
  - vii. derivatives of units in a business trust; or

- viii. any other security or class of securities
- h. you have a basic degree of understanding of the operation, functionality, usage, storage, transmission mechanisms and other material characteristics of cryptocurrencies, blockchain-based software systems, cryptocurrency wallets or other related token storage mechanisms, blockchain technology and smart contract technology;
- i. you are fully aware and understand that in the case where you wish to purchase any SOCX tokens, there are risks associated with SocialX and their respective business and operations, the SOCX tokens, the SocialX Initial Coin Offering and the SocialX Wallet (each as referred to in the whitepaper);
- j. you agree and acknowledge that SocialX is not liable for any indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with any acceptance of or reliance on this Whitepaper or any part thereof by you; and,
- k. all of the above representations and warranties are true, complete, accurate and non-misleading from the time of your access to and/or acceptance of possession this whitepaper or such part thereof (as the case may be).

#### **CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS**

All statements contained in this Whitepaper, statements made in press releases or in any place accessible by the public and oral statements that may be made by SocialX constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “aim”, “target”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “would”, “will” or other similar terms; however, these terms are not the exclusive means of identifying forward-looking statements. All statements regarding SocialX’s financial position, business strategies, plans and prospects and the future prospects of the industry which SocialX is in are forward-looking statements. These forward-looking statements, including but not limited to statements as to SocialX’s revenue and profitability, prospects, future plans, other expected industry trends and other matters discussed in this whitepaper regarding SocialX are matters that are not historical facts, but only predictions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual future results, performance or achievements of SocialX to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements.

Nothing contained in this Whitepaper is or may be relied upon as a promise, representation or undertaking as to the future performance or policies of SocialX.

Further, SocialX disclaim any responsibility to update any of those forward- looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future.

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No information in this whitepaper should be considered to be business, legal, financial or tax advice regarding SocialX, the SOCX tokens, the SocialX Initial Coin Offering and the SocialX Wallet (each as referred to in the Whitepaper). You should consult your own legal, financial, tax or other professional adviser regarding SocialX and their respective businesses and operations, the SOCX tokens, the SocialX Initial Coin Offering and the SocialX Wallet (each as referred to in the whitepaper). You should be aware that you may be required to bear the financial risk of any purchase of SOCX tokens for an indefinite period of time.

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