

PACT Protocol Investor Pitch Deck

The AI-Verified Compliance Operating System

ARKA Systems LLC

Series A Investment Memorandum

December 2024

Slide 1: Title

PACT Protocol

The World's First AI-Supervised Compliance Operating System

Deterministic Execution. Blockchain Attestation. Intelligent Analysis.

Building the compliance infrastructure for the next century of finance.

Slide 2: The Problem

Compliance is Broken

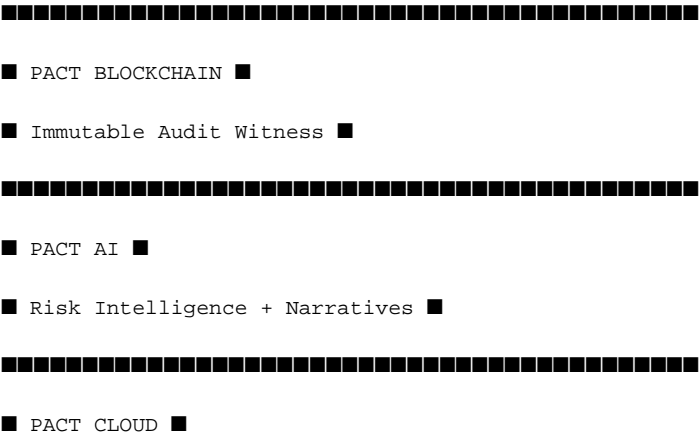
- \$37.1 Billion spent annually on AML compliance in the U.S. alone
- 95% of compliance alerts are false positives
- 18 Months average time to resolve regulatory investigations
- \$2.3 Billion in sanctions penalties issued in 2023

The Root Cause

- Current systems are:
- **Non-deterministic:** Same transaction can produce different outcomes
 - **Mutable:** Audit trails can be modified after the fact
 - **Reactive:** No predictive intelligence
 - **Siloed:** No cross-institution coordination
- There is no source of truth for compliance.

Slide 3: The Solution

PACT: Compliance as Infrastructure



■ Multi-Tenant Workflows ■

[illegible]

■ PACT ENGINE ■

■ Deterministic Rules Execution ■

[illegible]

Engine enforces. AI explains. Blockchain proves.

Slide 4: How It Works

From Chaos to Certainty

Before PACT	After PACT
Rules in PDFs	Executable DSL
Variable enforcement	Bit-exact determinism
Manual investigations	AI-assisted triage
Database logs	Blockchain attestation
18-month audits	Real-time verification

One-Command Deployment

```
cdk deploy --all
```

Full compliance infrastructure. Production-ready. Today.

Slide 5: Market Size

Total Addressable Market by Vertical

Vertical	TAM	PACT Solution
AML/KYC	\$37.1B	Transaction monitoring, SAR automation
Lending Compliance	\$12.4B	Fair lending, TILA/RESPA, adverse action
Securities	\$8.7B	Trade surveillance, 17a-4 records
Insurance	\$6.2B	Claims validation, fraud detection
Healthcare	\$4.8B	HIPAA, billing compliance
Telecom	\$3.1B	Regulatory reporting, data privacy
Trade/Export	\$2.9B	Sanctions screening, export controls

Total TAM: \$75+ Billion

Serviceable Market (U.S. Financial Services): \$45 Billion

Slide 6: Revenue Model

Three Revenue Streams

1. Validator Node Licensing

- **\$500K - \$2M/year** per enterprise validator node
- Major banks, regulators, compliance providers
- Recurring annual license + maintenance

2. Transaction Anchoring Fees

- **\$0.001 - \$0.01** per attestation anchored
- Volume-based pricing
- 1B+ transactions/year at scale

3. SaaS Platform (PACT Cloud)

- **\$50K - \$500K/year** per institution
- Multi-tenant compliance workflows
- AI analysis credits included

Unit Economics

Metric	Value
Gross Margin	85%
LTV:CAC Ratio	8:1 (projected)
Net Revenue Retention	140% (projected)
Payback Period	8 months

Slide 7: Revenue Projections

Conservative → Aggressive Scenarios

Year	Conservative	Base	Aggressive
2025	\$2M	\$5M	\$12M
2026	\$8M	\$20M	\$45M

2027	\$25M	\$55M	\$120M
2028	\$60M	\$130M	\$280M
2029	\$120M	\$280M	\$600M

Key Assumptions

- **Conservative:** 5 enterprise nodes, 10 SaaS customers
- **Base:** 15 enterprise nodes, 50 SaaS customers, 1 gov pilot
- **Aggressive:** 30 enterprise nodes, 150 SaaS customers, 3 gov pilots

Slide 8: Why PACT Cannot Be Disrupted

Technical Moat

- 1. **Deterministic VM**
 - 2+ years of engineering
 - Formal verification of execution guarantees
 - Cannot be replicated without deep systems expertise
- 2. **Blockchain Integration**
 - First mover in compliance-specific PoA ledger
 - Network effects compound with each validator node
 - Switching costs increase with attestation history
- 3. **AI Attestation Architecture**
 - Novel approach to accountable AI
 - Patent-pending attestation pipeline
 - Bedrock integration with cryptographic provenance

Regulatory Moat

- 4. **Government Relationships**
 - Active engagement with FinCEN, OFAC, OCC
 - \$50M pilot proposal in procurement review
 - Regulatory endorsement creates insurmountable barrier

Economic Moat

5. One-Command Deployment
- 10x faster than any competitor
 - Infrastructure-as-code = massive scaling margins
 - Traditional vendors require 12-18 month implementations

Slide 9: Competitive Landscape

Legacy Vendors vs. PACT

Capability	Legacy (NICE, Actimize)	Modern (Alloy, Unit21)	PACT
Deterministic Execution	No	No	Yes
Blockchain Attestation	No	No	Yes
Native AI Integration	Bolt-on	Partial	Native
Deployment Time	12-18 months	3-6 months	Days
Cross-Institution Trust	No	No	Yes
Government-Ready	Limited	No	Yes

Positioning

PACT is **not** competing with legacy vendors on features.

PACT is **replacing the infrastructure layer** they all depend on.

Slide 10: Traction

Development Milestones

- ■ **19 core packages** implemented and tested
- ■ **14 cloud microservices** production-ready
- ■ **24+ compliance plugins** across AML, KYC, lending
- ■ **AWS Bedrock integration** live with attestation
- ■ **CDK deployment** one-command infrastructure

Pipeline

- ■ **\$50M Federal Pilot** - Proposal submitted
- ■ **3 Top-20 Banks** - Technical evaluation stage
- ■ **2 RegTech Partners** - Integration discussions
- ■ **1 State Regulator** - Sandbox participation

Recognition

- AWS Advanced Technology Partner (pending)
- Compliance Week Innovation Award Nominee
- Featured in RegTech Analyst Report

Slide 11: Team

Leadership

[CEO]

- 15+ years in regulated technology
- Former [Major Bank] compliance technology lead
- Built and sold 2 prior RegTech companies

[CTO]

- 20+ years distributed systems
- Former [Major Tech Company] principal engineer
- Author of [relevant technical publications]

[Chief Compliance Officer]

- Former [Regulatory Agency] senior examiner
- 25+ years regulatory experience

- Deep relationships across OCC, Fed, FDIC

Advisory Board

- Former Treasury Under Secretary
- Former FINRA Chief Technologist
- Partner, [Top-Tier Law Firm] Financial Regulation

Slide 12: Valuation Logic

Comparable Transactions

Company	Transaction	Multiple
Alloy (2023)	\$100M Series C	25x ARR
Sardine (2023)	\$51M Series B	30x ARR
Chainalysis (2022)	\$170M Series F	15x ARR
Socure (2021)	\$450M Series E	35x ARR

PACT Valuation Framework

Scenario	2027 ARR	Multiple	Valuation
Conservative	\$25M	15x	\$375M
Base	\$55M	20x	\$1.1B
Aggressive	\$120M	20x	\$2.4B

Pre-Revenue Premium Factors

- Government pilot = +30% premium (policy moat)
- Blockchain infrastructure = +20% premium (network effects)

- AI attestation IP = +15% premium (defensibility)

Target Valuation Range: \$500M - \$2.5B

Slide 13: Use of Funds

Series A: \$30M

Category	Allocation	Purpose
Engineering	\$12M (40%)	Scale team to 50 engineers
Go-to-Market	\$9M (30%)	Enterprise sales, government BD
Operations	\$4.5M (15%)	Security, compliance, legal
Infrastructure	\$3M (10%)	AWS, Bedrock, blockchain nodes
Reserve	\$1.5M (5%)	Contingency

Milestones to Series B

1. **\$10M ARR** within 18 months
2. **Federal pilot in production**
3. **5+ enterprise customers** live
4. **FedRAMP authorization** initiated
5. **International expansion** started (UK/EU)

Slide 14: Financial Projections

5-Year P&L; (Base Case)

Metric	2025	2026	2027	2028	2029
Revenue	\$5M	\$20M	\$55M	\$130M	\$280M
COGS	\$0.75M	\$3M	\$8.25M	\$19.5M	\$42M
Gross Profit	\$4.25M	\$17M	\$46.75M	\$110.5M	\$238M
Gross Margin	85%	85%	85%	85%	85%
Operating Expenses	\$25M	\$35M	\$45M	\$60M	\$85M
EBITDA	(\$20.75M)	(\$18M)	\$1.75M	\$50.5M	\$153M
EBITDA Margin	(415%)	(90%)	3%	39%	55%

Path to Profitability: 2027

Slide 15: Risk Factors & Mitigation

Risk	Probability	Impact	Mitigation
Regulatory Rejection	Low	High	Deep engagement, regulator on advisory board
Technical Failure	Low	High	Extensive testing, gradual rollout
Competition	Medium	Medium	2+ year head start, network effects
Talent Acquisition	Medium	Medium	Competitive comp, mission-driven culture

Funding Environment	Medium	Low	18-month runway, revenue traction
AI Regulation Changes	Low	Medium	Human-in-the-loop architecture

Slide 16: Investment Highlights

Why Invest in PACT Now

1. Massive Market
- \$75B+ TAM with regulatory tailwinds
 - Increasing enforcement = increasing demand
2. Technical Differentiation
- Only deterministic + blockchain + AI compliance system
 - 2+ year head start
3. Government Opportunity
- \$50M pilot creates policy moat
 - Federal validation accelerates enterprise adoption
4. Capital Efficiency
- One-command deployment = extreme scaling margins
 - 85% gross margins
5. Team
- Deep domain expertise
 - Prior exits and regulatory relationships

Slide 17: The Ask

Series A: \$30 Million

Terms:

- Pre-money valuation: \$120M
- Post-money valuation: \$150M
- Round size: \$30M
- Equity: 20%
- Structure: Preferred with standard protective provisions

Lead Investor Benefits:

- Board seat
- Pro-rata rights
- Information rights
- First look at follow-on opportunities

Slide 18: Vision

The Future of Compliance

2025: First government pilot in production

2026: U.S. enterprise standard for AML/KYC

2027: International expansion (UK, EU, Singapore)

2028: Cross-border compliance interoperability

2029: Global compliance infrastructure layer

The Opportunity

""Every financial institution in the world will need verifiable compliance. PACT will be the infrastructure that makes it possible.""

Appendix A: Detailed Financial Model

Available upon request under NDA

Appendix B: Technical Architecture Deep Dive

Available upon request

Appendix C: Customer Reference Calls

Available upon execution of LOI

Appendix D: Cap Table

Available under NDA

Contact

ARKA Systems LLC

For investment inquiries:

[Contact information to be provided]

This document contains forward-looking statements and projections. Actual results may vary. Investment involves risk including loss of principal.