

# balehu

Powering Commerce

White Paper v2  
Overview

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SMBs (small to medium-sized businesses) are the foundation of every local economy. In the U.S. alone, they account for 46% of GDP. Yet due to major changes in the economic landscape over the last few decades (including and especially the rise of chain and online retailers), those businesses are struggling. It's no wonder that 50% of businesses fail in their first five years.

We already know cash flow is at the heart of this problem for SMBs. Improved cash flow would better equip businesses to meet many of the most significant challenges they face in today's market, from hiring and retaining employees, to managing healthcare costs, to growing their customer base. The problem, however, is that the economic incentives of consumers, SMBs and other actors in towns and cities around the world simply aren't aligned. Let's unpack the individual challenges inside this misalignment:

- Local consumer spending fuels infrastructure improvements, which in turn generate a 300% return on consumer spending.
- Consumers are unaware that transacting with chains, franchises, and online retailers cuts funding for local infrastructure by 50%. Without local consumer spending, economies shrink.
- SMBs know what goods and services consumers want and what price to charge for them, but they're unable to deliver a comparable shopping experience to chains and franchises.
- SMBs struggle to drive repeat business at scale.
- Technologies exist to help SMBs modernize and improve consumer experiences. However, SMBs cannot invest in switching solutions and training.
- The largest generation in U.S. history has as many as 30 loyalty programs at their disposal to incentivize spending; yet consumers are unable to use those programs with the more than half of U.S. small businesses that do not accept credit cards - a \$100 billion missed opportunity<sup>1</sup>.
- Without automation, SMBs are unable to scale customer service, resulting in negative consumer experiences (e.g. missed sales, customer education, etc.)

But what if it didn't have to be this way? What if we could create a new growth engine for these businesses? What would sustainable SMBs mean for economic growth? How would local communities benefit? Clearly, a new method of commerce is needed. That method is Balehu.

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<sup>1</sup> GoPayment Survey Estimates \$100 Billion in Missed Sales for Small Businesses that Deny Plastic: <https://investors.intuit.com/press-releases/press-release-details/2012/GoPayment-Survey-Estimates-100-Billion-in-Missed-Sales-for-Small-Businesses-that-Deny-Plastic/default.aspx>

Balehu aligns consumers, SMBs, and other actors to realize shared benefits for local communities. How do we create this alignment?

- Remove the middlemen in commerce and advertising. Allow network members to maintain privacy while transacting, and incentivize them to remain good actors.
- Create usage ubiquity by enabling various peer-to-peer transaction use cases.
- Give reputation a financial impact: the higher the score, the lower the transaction fees.
- Drive cash flow for merchants, so they can invest in growth.
- Give merchants control over consumer incentives: i.e., incentivize consumers to consume locally.
- Provide the same growth tools that chains and franchises use, including the ability to geo-target consumers based on behavior.
- Make growth marketing effective by targeting consumers on their mobile devices using their anonymized shared preferences and purchase history.
- Help SMBs provide mobile shopping experiences that consumers expect.
- Bring blockchain and cryptocurrency to consumer mobile devices using DAG.
- Let the most active users of a cryptocurrency determine its future utility.
- Incentivize consumers to invite friends and family to the network.
- Provide real-time feedback to consumers on their individual and collective impact on local communities.
- Provide a wallet with fiat and cryptocurrency, along with our own exchange to drive them.
- Create shared accountability for key existing commerce functions — reviews, reputation, notaries, escrow, etc. — through a protocol designed for ease of use and incentivized with rewards.

Individually, each of these challenges represents a billion-dollar opportunity in the U.S. alone. But the future of how commerce is done isn't about shifting individual behaviors, which won't address the root cause of SMBs' problems. Instead, it depends on overhauling the entire experience to correct the alignment between businesses and consumers. Balehu will accomplish this goal through distributed app experiences, powered via our new protocol and cryptocurrency incentives secured through blockchain technology.

How will we deliver a protocol that scales to take on a multi-trillion-dollar opportunity?

- Leverage consumer mobile devices via DAG to shard network transactions.
- Provide our own Wallet and Exchange, which allow for the use of both fiat currency and cryptocurrency.
- Open the protocol for innovation by third-party developers.
- Leverage existing infrastructure and projects while focusing on research and development of our future protocol.

- Ensure consumers have confidence in the buying power of the currency by creating a network model that exhibits low volatility without compromising the motivations of investors.
- Provide unified marketing templates and reporting to help SMBs across markets and industries understand opportunities for improvements.
- Reduce overhead for merchants by lowering transaction fees and making growth tools affordable.
- Provide our own distributed exchange, with greater security for the consumer.
- Give the most active token users the ability to prioritize the capabilities of the protocol.
- Ensure the network organically prevents bad actors.
- Implement viral and multiple network effects that draw actors to the network and make leaving undesirable.
- Ensure fast transaction speeds by leveraging and incentivizing a consumer's social graph to process them.
- Allow any actor to activate any other actor in real time.
- Integrate and partner with existing technology providers.

Balehu will create revenue by enabling commerce in order to drive transaction fees:

- Monetize premium software features based on tiered usage.
- Charge third-party developers based on tiered usage.
- Charge peer-to-peer and business-to-consumer transaction fees.
- Charge brokerage fees for moving in and out of network.