

The reputation value.

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1. Executive summary

The current labor relations are not enough to promote happiness and trust between people, generating friction and, consequently, waste of resources.

Information asymmetry is the root of most of the waste of wealth, which is paid by all of us from the higher transaction costs and additional energy expenditure.

To tackle these problems, we created the Crafty, which is the best tool for:

- turning workers into skilled entrepreneurs professionals, fully informed, integrated and tuned into the market and
- allow the contractors know their best options to hire people genuinely evaluated and qualified, suitable for a specific task.

The social network provides confidence, blockchain provides transparency and augmented intelligence amplifies the possibility of better choices for the parties involved.

Crafty is a platform that connects the various specialties service providers with their contractors, without charging any intermediation fee or centralized intervention.

Operationally is structured as a marketplace with several advantages as:

- works in a market that, in Brazil (not to mention worldwide numbers), is officially evaluated over BRL 200 billion formal and at least twice such amount that acting informally (which means almost USD 200 billion in total);
- the reorganization of the market to reduce its imperfections, especially with regard to intermediation, expanding the potential remuneration of the service provider, while enabling a reduction the cost of service;
- the proposal of democratizing access to the market by reducing the asymmetry of information from the spread of reputation value as "collective currency";
- it's totally free;
- users (network nodes) are remunerated, ensuring the circulation of generated tokens;
- scalability, as result of decentralization;
- the possibility to be worldwide applied.

The application will replace other, called Diarissima, already in operation for almost two years, ensuring to the project the technical requirements and the necessary market for successful expansion.



2. The market

According to the ILO - International Labor Organization, more than 50 million people worldwide are employed in domestic service¹.

In Latin America and Caribbean such segment responds for more than 7% of jobs (19.6 million workers), which puts the region in 2nd place, with the largest contingent in the Asia Pacific, with 11.9% of employment wage. Brazil has 7.2 million domestic workers.

The ILO considers domestic workers employees who perform cleaning functions, elderly caregivers or children, home guards, drivers driving children to school, gardeners, cooks, and others. Therefore, rather than the function itself, the domestic worker is one that performs its functions in third houses.

Some categories are domestic, cleaners, cooks, waiters, valets, butlers, gardeners, cleaners, porters, drivers, caregivers, housekeepers, nannies, tutors, custodians and secretaries.

3. Problems

In general domestic workers complain of the lack of labor rights, while contractors complain about the lack of training and the difficulty in finding good professionals who, depending on the characteristics of work, require an essential component and hard to find, especially in major cities: the "trust".

3.1. The ILO view

The home environment provides a more informal relationship and, worldwide, less protected than those that develop in companies.

The ILO has promoted several actions aimed at ensuring rights to these workers, considering their large representation in the contingent.

3.2. The vision of the Brazilian government

In Brazil, the attempt of the State to tackle the problem was a law enacted in 2013 and which entered into force in May 2015 (LC 150/2015) which introduced many changes in the relationships that due to the fact they increased the cost of hiring, carried out jobs, showing that centralized intervention, contrary to the expectation of increased security and expansion of rights, can lead to further problems.

¹ <http://goo.gl/yJm6Y>

3.3. The vision of the World Bank

As noted by the World Development Report "Knowledge for Development - 1998/1999²", development assurance can only be achieved by reducing "knowledge gaps" and granting access to information.

In other words, the World Bank established that information asymmetry creates inefficiency, from which derives the following statement in the report:

"Although information failures can never be eliminated, recognizing and addressing them are crucial to effective markets and therefore fundamental to rapid, equitable, and sustainable growth".

3.4. Information asymmetry and inefficiency of relations

The provision of domestic services is traditionally based on a two pillar: personal ties or economic capacity of service providers.

In the first case, the traditional word-of-mouth, inefficiency is the need of personal knowledge, which is very likely will result in imperfect choices due to the asymmetry of information, that is, the lack of offer.

In the second, small companies or individual entrepreneurs don't have the chance to compete with corporations, whose ability to invest in advertising is unmatched, resulting again in inefficiency because in addition the same information asymmetry, the additional cost of the publicity will be obviously paid by the contractor.

4. The Crafty Solutions

Interventionist views of the ILO and the Brazilian government have shown that this is not the most productive way to solve the problem.

On the other hand, the World Bank's view seems to be much more consistent. If the problem of "knowledge gaps" is closely connected with information deficiencies, then it stands to reason that we should seek solutions to correct it.

Eliminate such "knowledge gaps", may not be feasible, especially in developing countries, however, may minimize them, without incurring the centralization, in order to avoid the additional transaction costs³.

To solve this, we use the "blockchain" which enables the reduction of these costs in relation to centralized systems, ensuring the audit and immutability, transparently.

² Knowledge for Development (english): <http://bit.ly/2ywLHgk>

³ Companies have not only production costs but also "transaction costs". As examples we have the costs of negotiating, writing and guaranteeing the fulfillment of a contract. According to Oliver Williamson, transactions between parties face two difficulties:

1) behavior of individuals (people have limited rationality);
2) people do not have full knowledge of the environment (therefore they cannot maximize efficiency).

The criticisms of the transactional structure of blockchain have focused on alleged fraud possibilities since there is no explicit record of the parties that transact.

Although this argument disregards the obvious ease of fraud from the use of cash, Crafty has a special concern with the legality of operations that promotes and with the treatment given to its members and supporters. Accordingly, have adopted strict criteria that make up the company's policy.

At Crafty there is no employees or employers, but users (network nodes). We promote entrepreneurship and there's nothing better for an entrepreneur than have increasingly reliable information, which is the basis of the entire system.

4.1. KYC - Know your customer

Consists in adopting policies and business rules to ensure that the system holds basic customer data.

While this concept has been spread with the intention of reducing the possibility of fraud, the intention of Crafty's policy adopting the AML - Anti Money-Laundering⁴ is the dual function of inhibiting the use of the system for operations for which it has not been prepared and simultaneously to provide more suitable tools of reputation check, which can only be achieved if mitigated the possibilities of fraud.

Although these data are private, to use the platform, the user must necessarily authorize registration.

The mutual and remunerated evaluation system serves also as a way to provide increased reliability, that is, information is recorded historically, which determines that the databases are dynamic and constantly updated.

4.2. Reputation as value and currency

At Crafty, reputation is the main value, regardless of the type of user, worker or contractor. The concern with this aspect of the system is such that all transactions and valuations are recorded in the blockchain, avoiding changes or fraud.

As in social relations, the greater the degree of interaction between network nodes (users), greater the degree of trust, which is objectively recognized by the system, including the possibility of differentiated remuneration.

Thus users benefit from reputations built into the system as well as the system benefits itself by self-regulating, promoting a decentralized curatorship.

⁴ Set of procedures that aim to verify the origin of the resources that are being transacted in order to avoid that they are regularized those obtained illegally.

4.3. Social Concern

The United Nations defined the Sustainable Development Goals (SDGs) as part of a new agenda for sustainable development that should finalize the work of the MDGs.

This agenda, launched in September 2015 during the Summit on Sustainable Development, was discussed at the UN General Assembly, where Member States and civil society negotiated their contributions.

The process towards post-2015 development agenda has been led by the United States with the participation of major groups and stakeholders of civil society. The agenda reflects the new challenges of development and is linked to the outcome of Rio + 20 - the UN Conference on Sustainable Development - which was held in June 2012 in Rio de Janeiro, Brazil.

In December 2014, the UN Secretary-General Ban Ki-moon released its Synthesis Report summarizing these contributions and presents his vision for the post-2015 sustainable development agenda.

Based on the experience of two development decades of practice and from contributions obtained through an open and inclusive process, the report "The Dignity Road to 2030" presented a map with the goal of achieving dignity in the next 15 years.

According to the then special advisor the Secretary-General on the Post-2015 Development Plan, Amina J. Mohammed, the center point of the document "is that by 2030 we can end poverty, we can transform lives and we can find ways to protect the planet while we do it."

From seventeen of Sustainable Development Goals - SDG, Crafty proposes to tackle solutions to five.

- SDG 1. Ending poverty in all its forms, everywhere**

Our proposal offers decent working conditions anywhere, reducing hiring costs and, thus, enabling a higher frequency of use and greater discretion between the parties.

With no intention to regulate relations between the parties, by offering a wide range of contractors and service providers, by spreading offers without any additional costs, the system reduces the power of those who could, in traditional conditions, to control prices.



- **SDG 3. Ensure a healthy life and promote well-being for everyone, all ages**

People with higher incomes have better possibilities to feed themselves and create healthy habits.

Crafty combines promotion of professional activity with the flexibility of working hours, which allows the service provider, of any age, set at what time wants to devote to other tasks than those professional.

- **SDG 4. Ensure inclusive and equitable education and quality, and promote learning opportunities throughout life for all**

Although public education, "inclusive and equitable" is not on the scope of the platform, the identification of market potential for certain activities, fosters the emergence of training structures to meet the public.

We have a clear example in Diaríssima from an agreement with SENAC⁵ in São Paulo, which offered free short courses for professionals registered on the platform. The initiative's main objective was to bring basic knowledge to autonomous professional so that it is interested in improving their skills.

Many professionals who have done the basic course, began to take an interest in specializations, resulting in better results and higher pay.

- **SDG 8. Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

Sustained economic growth is necessarily based on reducing costs and waste, improving inclusive welfare. That's exactly what Crafty promotes.

By identifying the intermediation costs and shifting the market inefficiencies, the system address the roots of the problem, promoting the best possible matching of the contracting parties.

Crafty has yet among their concerns, the promotion of financial inclusion of its members, since 55 million Brazilians (almost 40% of the population over 18 years) is unbancarized⁶, which means they don't have checking or savings account and according to a survey of the Data Popular Institute, the population moved around BRL 655 billion per year.

Developed payment tools enable users to create virtual accounts and use them for paying and receiving, including credit cards.

⁵ National social service of commerce (in portuguese acronym), a Brazilian entity in charge of improving services sector quality nationwide
⁶<http://bit.ly/2o4oAoM>

- **SDG 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development**

The system was not developed only for Brazil but at this stage will have a restricted operation to that country. The system also solves a problem that is not related solely to the one specific country, but worldwide, as identified by the ILO itself.

4.4. Valuing the reputation

Crafty registers confidence degree of the user's reputation, reproducing, in a certain way in the digital environment, which already occurs in conventional human relations taking advantage of social network analysis tools, including but not restricted to social media, establish relationships between nodes⁷ according to different metrics (connection, distribution or segmentation).

4.5. Direct relations assisted by AI

While personal relationships establish organic methods of assessment, including the reputation of individuals, corporate structures can mask undesirable aspects because of their advertising possibilities.

Massive advertisements have the power to increase the demand for goods and services, even though they are not really suited to consumer needs, which increases the inefficiency of relations since resources may be applied not in the best way, but according to the appeal of advertising.

The response of Crafty to such distortion is the direct and a free presentation of service providers to respective contractors, stressing the reputation of the network nodes, constructed to reproduce as much as possible the organic appraisal methods.

The structure of this reputation is based on algorithms that support shared curation, registered in blockchain, auditable and without the possibility of external interference.



⁷For additional technical info, please refer to: <http://bit.ly/2j7wWXv>

5. A Brief History

5.1. Where it all began: Diaríssima

Since mid-2015, when the business model was developed and written the first line of code, the goal was offering the system to all autonomous workers. But before it was necessary to understand the business and its peculiarities.

We quickly realized that it would not enough to keep limited to market research, so it would be essential to quickly move to the field.

Such goal was achieved by launching an MVP restricted to only one profession, the self-employed household cleaner, the day workers.

And so it was launched Diaríssima, whose name would have potential to be used only in Brazil.

Today, with thousands of users and tens of thousands of services rendered, we can say that we learned a lot and made a lot of mistakes too.

5.2. Many errors and problems

We were wrong (which had cost time and money) mainly in establishing an initial team greater than we needed, for not having understood that this would be a repetition of existing structures (shouldn't us be disruptive?).

Today we serve all of Brazil with an extremely lean, but efficient structure because we empowered the network and it takes care of almost everything. After all, we can't fight against the inefficiency of value chains being inefficient.

Also we initially tried to organize the way the relations took place, establishing price ranges and time slots. Over the time we had to learn to take seriously the claim that reputation is the centerpiece of the model. As soon as the users realized that power was really in their hands, everything got easier, light and clear.

They define who to hire, when and how much to pay for services; and also to whom the service will be rendered, when and how much to charge for it. So simple!

It was this finding that allowed us to focus on offering a platform extremely reliable for people to relate to and so we can deliver increasing convenience as new versions of the platforms are launched, rather than trying to control what users should or should not do.

5.3. Positive results

The product, though still in its first phase, has shown the potential to improve lives and change habits.

Some of the most remarkable experiences were recorded on video and can be accessed by the address <https://www.facebook.com/pg/Diarissima/videos/> which registered recorded real testimonials from contractors and service providers. We here highlight a few:

- Mrs. Eunice (<http://bit.ly/2m4BmBm>) from São Paulo, don't read or write, but works every day and operates the system by phone and had her life changed for better when she decided to use the app;
- In Campo Grande, MS, Mrs. Sandra (<http://bit.ly/2m4ARrd>) got a depression because she could not work and her retired husband had no way to support the family by himself. Her day-by-day has changed and now she walks around all over town spreading her peculiar joy to the people;
- Meire (<http://bit.ly/2m4xUGV>) would leave college but then joined the Diarissima, working from Tuesday to Saturday. She managed to reconcile her commitments and increased revenue to continue her studies and even moved to a bigger house;
- Vanilda, the most contracted professional in São Paulo, like so much the app that decided not to render services to who does not use it because evaluates that Diaríssima offers more security to her (<http://bit.ly/2m4KEgQ>). She finished the renovation of her home and is planning to buy a car;
- Bianca is a contractor. She needed to find a reliable person to provide services for their elderly parents and realized the application would be the answer to her needs. Her testimony brought interesting observations about the system and its differences from traditional hiring means (<http://bit.ly/2m4D9q6>).

In practice, the application has established a more balanced relationship between the agents. People feel free and safer and because of this decides what they want and can do, with no sacrifice of their private life.

That contributed to the development of the concept of reputation: the Diaríssima never had a single case of theft registered with the competent bodies. Became clear that in most cases, providers, as well as contractors, are correct people who just want to respectively have decent working conditions and convenience for hire.

Another important achievement was the considerable reduction in our cost of user acquisition (CAC), concomitantly with the increase the number of new users.

Based exclusively on online advertising platforms of Google (Adwords and YouTube) and Facebook / Instagram, we established our strategies internally without the need for hiring an agency or another third party.

It took months of tweaking and testing but we achieved important marks on download costs and new users which allow the team to better invest each penny with the most effective result.

In short, as the Diaríssima was, until today, fully borne with resources of the founders also become experts in doing more with our limited resources.

6. Crowdfunding, Product & Roadmap

6.1. Crowdfunding

6.1.1. Why Crowdfunding?

The proposed development of a decentralized platform with such scope and impact requires also the decentralization of investment.

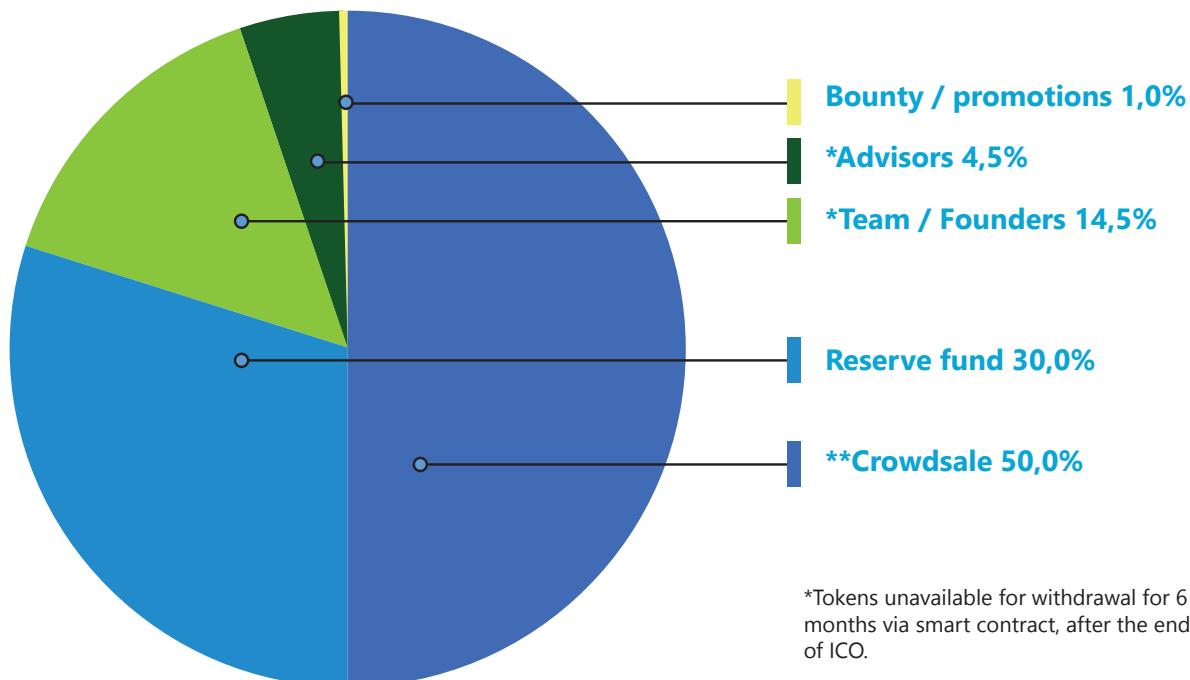
More than the need for resources that could be raised in various ways, that's the reason why Crafty can only exist within the crowdfunding context since its value will be greater the more distributed is its funding.

Each network node, because is actively participating in the improvement of reputation system, need to be rewarded and nothing better than by internal money.

The period for fundraising by crowdfunding will be 45 days. In the first two weeks, contributions will be bonified up to 20%.



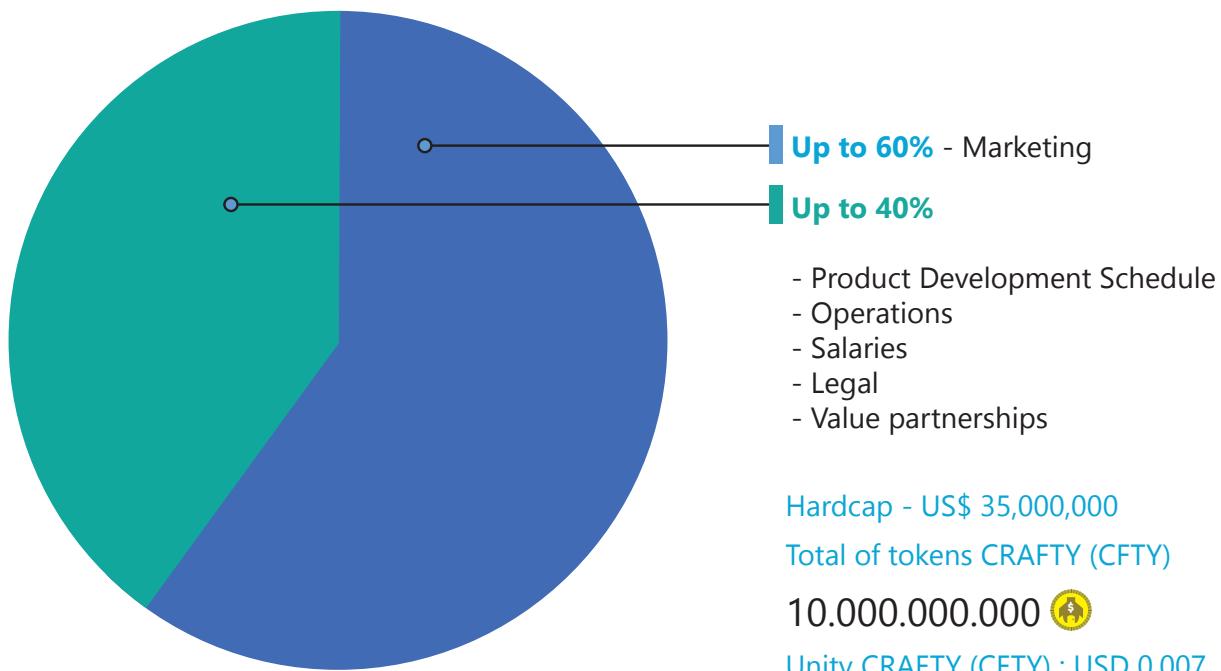
6.1.2. Crowdsale



*Tokens unavailable for withdrawal for 6 months via smart contract, after the end of ICO.

**Tokens destined for crowdsale that are not sold will be reverted to the reserve fund after the end of ICO.

6.1.3. Funding



PRE-SALE BONUS DETAILS - STARTING JAN/2018

ETH	12.5 ~15	15~17.5	17.5 ~20	20 ~22.5	22.5 ~25	25 ~50	>50
% Bonuses	5%	5,5%	6,5%	8%	10%	13%	20%

6.2. Blockchain and smart contracts

The blockchain chosen to support crowdfunding and the issuance and operation of CFTY tokens⁸ was Ethereum, for its robustness, capillarity and responsibility already demonstrated by Ethereum Foundation.

Smart contracts are the rules governing the relationship between users and the relations of the users with the system, automatically, without the centralized intervention.

Smart contracts ensure, therefore, respect to the principles established between the parties without the need for arbitration or other dispute resolution mechanisms, which also contributes to reducing the transaction costs.

Crafty's smart contracts were written according to the standard ERC20⁹. Both contracts have stamp "Contract Source Code Verified" verifiable in Etherscan¹⁰, assuring to the supporters transparency of operations, in accordance with the described proposal, reinforcing our vision and commitment to transparency and accountability.

Crafty's crowdfunding contract includes functions of refunding contributions if the minimum funding (soft cap) is not achieved, as well as "contingency function", which allows developers to pause the process of distributing tokens if any incidents occur, ensuring system reliability. The transfer of tokens is blocked during the ICO.

6.3. Product Architecture

6.3.1. Format

The front end of Crafty is a P2P electronic catalog of professionals who offer their skills to users who are looking for such work. It's on the back end that the differences are evident.

Crafty uses more efficiently and with more effective results, the stock of technological knowledge available in their network users, typifying the environment in which hiring occurs, turning them into wealth and producing well-being.

Knowing the characteristics and peculiarities of this market, which includes value chain activities, as well as the characteristics of workers involved in the process, Crafty proposes ways able to accelerate and enhance the economic and social benefits from the transformation of knowledge into innovation.

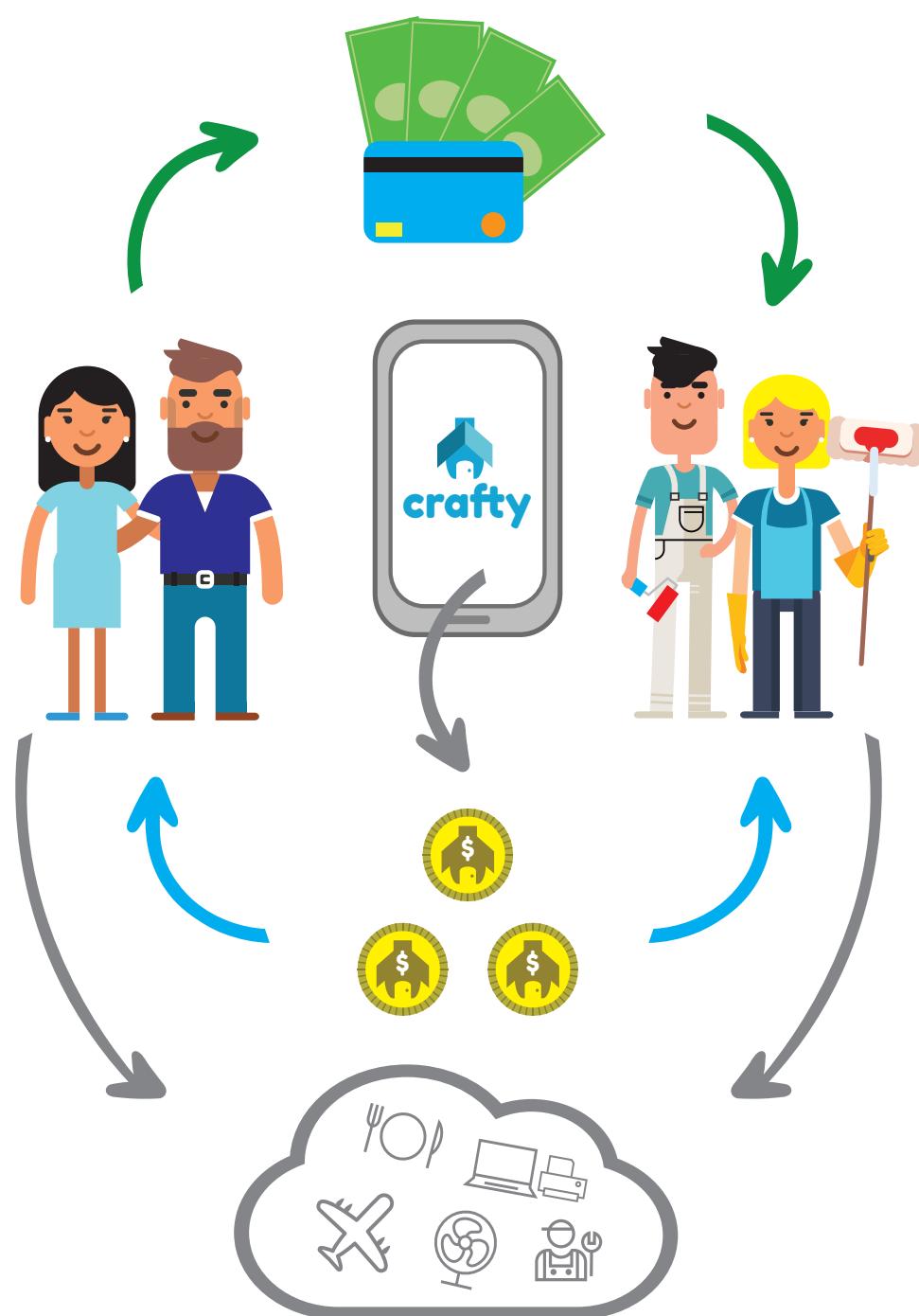
⁸Tokens are a representation of a particular asset or utility and can represent basically any assets that are fungible and tradeable, from commodities to loyalty points. For detailed info, please refer to Tokenomics – A Business Guide to Token Usage, Utility and Value at <http://bit.ly/2CSBgIT>

⁹https://theethereum.wiki/w/index.php/ERC20_Token_Standard

¹⁰<https://etherscan.io/>

6.3.2. Workflow

1. Contractors choose, hire professionals and pay them directly (without intermediation fee)
2. After services rendered, both parties evaluate the counterpart and receive CFTY
3. CFTY may be used to pay services and products of partners



6.3.3. Operation

Services of the platform are offered both via a mobile application and via web, from tools supporting the relationships between autonomous professionals from varied specialties and their clients, promoting the integration between them.

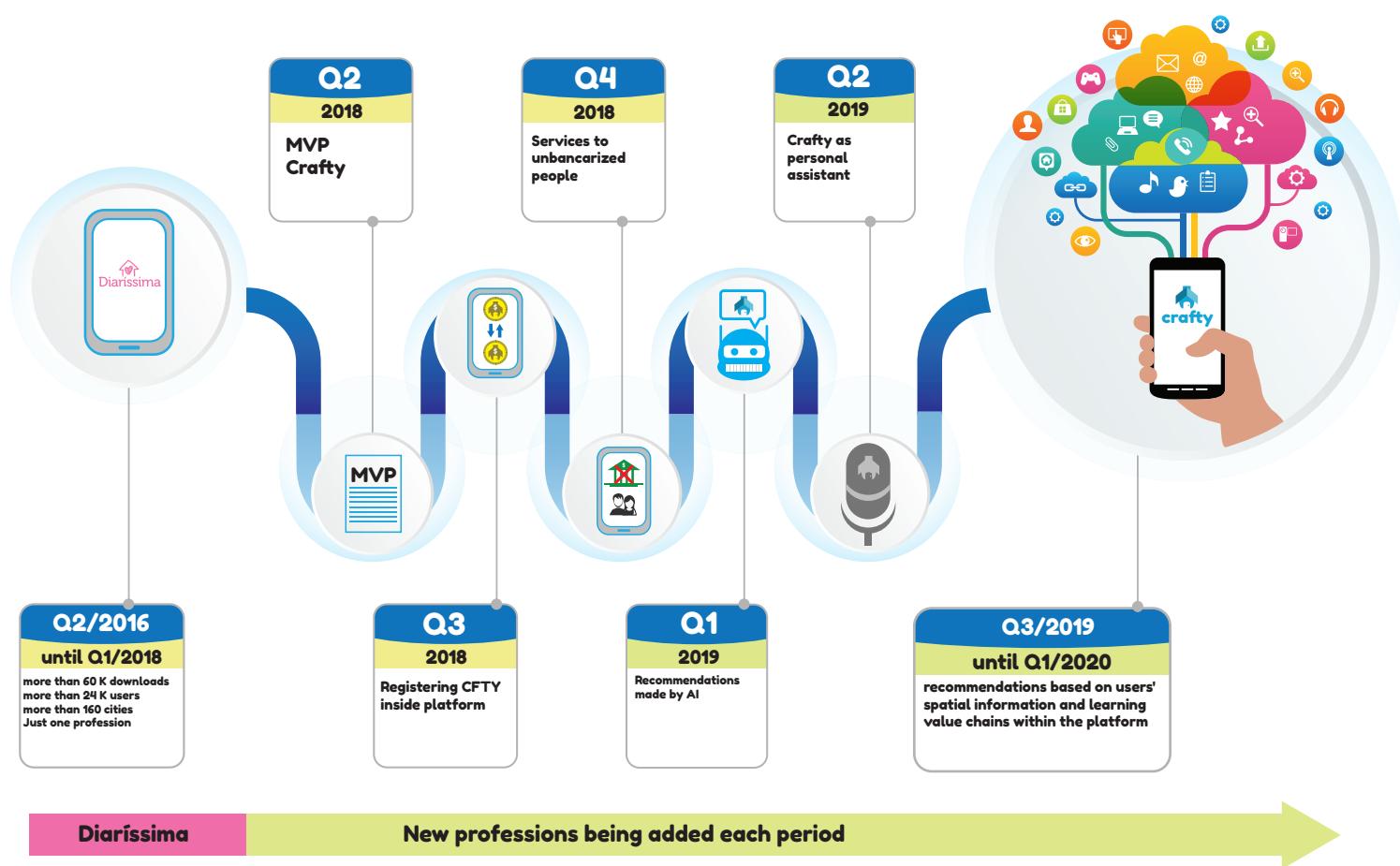
Initially written in Portuguese, the system structure is designed to allow easy translation to other languages, as well as the inclusion of new services and professions.

6.3.4. CFTY Utility tokens

Crafties (CFTY) are tokens with several utilities in the system. The adoption of such utilities was a primary consideration to lay the foundation for the success of the model.

- **Exchange value:** as a basic unit of exchange within the Crafty market, CFTY result in the creation of a transactional economy buyers/contractors and vendors/service providers. This consists of features that allow users to receive amounts and spend them on services that are inherent in the system or available through it. Crafty's users can receive CFTY as payment for services if they wish, and/or activities related to tasks that enhance the ecosystem, for example, evaluations. Over time, Crafty's ecosystem will be sustainable because of these exchanges.
- **Engagement:** the CFTY will be used in order to enrich the user experience by creating alternatives for gamification and interaction with external products to the ecosystem, serving therefore to promote engagement.
- **Currency:** The CFTY is an efficient method of payment, with very low transaction costs, which promotes its use in a simple way, point to point, creating more exchanges and thus increasing their purchasing power. Alternative uses such as transfers between users can generate various subsystems as social loans, grants or group buying.
- **Earnings:** The adopted decentralized model, provided by the blockchain, enables an equitable redistribution of additional ecosystem values as well as the sharing of benefits either generated due to the use of own currency, or by administration of resources that may provide increases in their relative value (deflation).
- **Participation:** Users may participate, from the full operation of the application, as far as the CFTY are transacted in their accounts and considering their reputation in the system, of decisions about new implementations and developments.

6.4. Roadmap development



7. Business model

The model is based on the reputation of its members and the optimization of the system itself reputation as well as its members.

The importance of this aspect is such that the evaluations between the parties will be registered in blockchain along with the transaction itself, in addition to that, it will be paid in CFTY.

Better explaining:

- The remuneration and therefore the economic balance of the system, are built mainly by **charging a given percentage of adjacent transactions**¹¹ carried out under the Crafty ecosystem, with no impact on transaction costs made under the system;
- The gains from the efficiency of the contracting process between users, allow the work "**curation chain**"¹² be paid in the currency system (CFTY);
- By being paid, users realize the value of their participation, improves the degree of **data reliability**, valuing **database quality** and therefore the **value of the currency** (CFTY);
- The **curation chain** guarantees the **quality of data**, without incurring in back-office costs. Maintenance costs are reduced, since there is no need for human intervention or creation of physical infrastructure, ensuring scalability;
- With low operating costs and users carrying valued currency, exogenous adjacent transactions become feasible within the ecosystem. Access to this ecosystem occurs in terms of cooperation that still generate more value for money, increasing traction of users and their retention.

7.1. Fighting inefficiency

Our society is so used to waste that no longer care for him, despite having all the tools for it. We decided to develop different and truly innovative concepts to facilitate this task, network-based and intelligence.

We are unhappy with the amount of financial, physical and human resources wasted daily in virtually all human activities. Crafty has shown that it is possible to reward those who work better, without transferring additional costs for those who hire or purchase.

¹¹ "Adjacent transactions" are those that, while related to system users and value chain components, are not directly related to the object of the re-intermediated contract.

¹² "Curation chain" is the process by which user ratings and opinions, recorded in the system, are validated by the following transactions, creating a human curation chain and guaranteeing data reliability in a collaborative and decentralized way.

7.2. What we do?

The central idea is to improve the value chain quality by reintermediation (or reorganization of the links), unlocking hidden values and transferring them to users, network nodes.

In the end, the costs are absorbed by increased efficiency, optimized value chain and best applied financial resources.

7.3. Patent

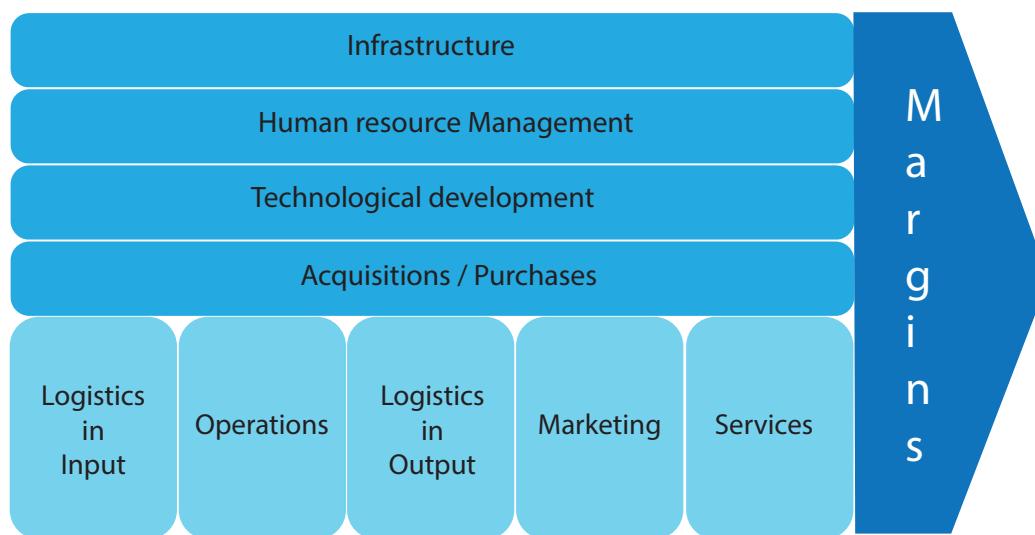
The US patent¹³ establishes the way in which the system analyzes the connection options for the development of a specific job, organizing them according to objective criteria that have as main decision vector, the fulfillment of the need with the lowest cost of transaction.

Considering the analysis of the Porter value chain and the deployed input-output matrices, there is a positive relationship between the efficiency of each process and the remaining margins (less efficiency, lower margins) in each segment.

If each process is itself a smaller process value chain, at the end of the whole process, even if a tiny process is being improved, such tighter margins mean comparative advantages and respective values released to the chain.

The central idea of the patent is to enable agents to be involved in a fully designed environment to establish opportunities related to their activities, at no additional cost, simply by using the augmented intelligence intervention to identify and offer the most appropriate alternatives.

This means that process inefficiencies (hidden costs) are constantly identified and replaced by better opportunities for the parties.



¹³US Patent Application No. 62/482,497, filing date April 6, 2017. Title: AUGMENTED INTELLIGENCE RESOURCE ALLOCATION SYSTEM AND METHOD

7.4. Reducing transaction costs

The service sector, a segment in which Crafty operates, is seemingly extreme inefficient all over the world. In general, this inefficiency permeates the entire chain, even without the need for large investments in equipment or facilities, with few entry barriers and geographically distributed markets.

Considering only the activities related to "services provided to households", where essentially direct labor is applied without adding value, the ratio between wage values and net operating revenue is only 23% (the services is almost 40%). This means that less than a quarter of what the sector generates is destined to pay the salaries of the respective workers.

In Brazil, in particular, we can demonstrate this assertion with official data, published by IBGE on the Brazil in Synthesis¹⁴ site, published in the PAS¹⁵ (Annual Survey of Services) in 2014

	Total	Rendered to families	% of Total
Service companies (non financial)	1,332,260	415,176	31.1
Net operating revenue	BRL 1.4 trillion	BRL 168.8 billion	12.0
Added value	BRL 842 billion	BRL 96.1 billion	11.4
Employed people	13 million	2.9 million	22.3
Added value / employed people	BRL 64.8 K	BRL 33.1 K	
Average employees / company	9.76	6.98	
% Effective productivity ¹⁶	1.7	2.4	
Salaries	BRL 289.7 billion	BRL 39.4 billion	13.6
% salaries / revenue	39.8	23.0	
Average salary / year	BRL 22.3 k	BRL 13.6 k	
Inefficiency	BRL 1.1 trillion	BRL 129.4 billion	17.3

Although they account for almost one-third of this segment, services rendered to families companies employ only one-fifth of the staff, with a wage bill of less than 14% of the total and an operating income of just over 11% of the total wages (due to low qualification) and small companies (average of less than 7 employees).

¹⁴<https://brasilemsintese.ibge.gov.br/servicos>

¹⁵Source: IBGE, Diretoria de Pesquisas, Coordenação de Serviços e Comércio, PAS, 2014.

¹⁶Values calculated by the division of real added value by the total number of personnel employed in companies

7.4.1. A billionaire market

It must be considered that with almost 63% of the unregistered workers, this is the segment with greater informality of the economy, as shown in a study by FGV/IBRE - Recent evolution of informality in Brazil¹⁷.

Considering a net operating revenue of BRL169 billion and a total wage amount of BRL139.4 billion, we can extrapolate such amounts to include the 63% of informal market¹⁸, reaching the impressive amount of BRL 275.5 billion of net operating revenue at 2014 equivalent to BRL 323.2 billion in December 2017 values, if discounted de inflation of period.

This is the potential market for services rendered to families in Brazil, with 4.7 million workers.

The increase of revenue would be around BRL 248 billion or an average of BRL 52.7 thousand per worker. This amount is still most important if we consider the low income social stratum and, therefore, little marginal propensity to save, which contributes for increasing the circulation speed of the coin.

Although it records transactions, the contracted amounts are freely negotiated and do not suffer reductions or rebates by commissioning, which enables service providers to offer lower prices and still increase their revenue.

7.4.2. Reducing operation costs

Centralized processes are inefficient. Crafty decentralizes all operations, which promotes the empowerment of the parties, but also reduces the operation costs of the structure, since there are no controls on transactions that occur under the platform, although registered.

This is due to the fact that the back-office of the operation is and will continue to be very limited, restricting itself to any doubts or problems in the use of the application.

7.4.2.1. User acquisition costs

Launched in April 2016, Diaríssima was initially offered only to São Paulo, and it also began to operate in Campo Grande in July of that year. In January 2017 we expanded the offer to all of Brazil.

Today, with just over 20 months of operation, we have achieved the following results:

Downloads	Android	> 56.000
	IOS	> 10.000
Users	Contractors	> 12.000
	Professionals	> 12.000
Geographic distribution	Cities with operation	> 150

¹⁷Evolution of recent informality in Brazil, "An analysis according to the characteristics of labor offer and demand" (August / 12, Table 3 - page 12) <http://bit.ly/2zJ0vew>

¹⁸There is no requirement of formalization to register as a user, although we encourage you to consider that it may be interesting from the point of view of the worker.

7.4.2.2. Conversion costs (CAC) – average 2017

Download cost (Android/iOS)	BRL 1.25 / USD 0.39
User (contractor / professional)	BRL 3.52 / USD 1.10

7.4.3. No entry barriers

The parties involved, workers or contractors, may access and use the platform for free to identify opportunities to provide and contract services from a qualified database.

7.5. Networked business model

In a networked business model, we take to the digital world the personal relationships of hiring domestic services.

At Crafty, what really matters is trust between the parties, which is strengthened by increasing reputation after each engagement, through the evaluations of both parties, both the contractor and the supplier.

As a result, our users have access to our reliable network of contracting and providing professional services.

8. Token administration

The value of a currency is given by scalability (how much is accepted, exchanged hands and is used to mediate transactions) and security (how much it is trustworthy), that is, with each new transaction done in virtual currency, the network becomes more secure and with greater value.

8.1. Network effect

In economics and business, a network effect (also termed a network externality or a search for economies of scale) is the effect that a user of a good or service has on the value of the product to other users. When the network effect is present, the value of a product or service depends on the number of uses of other people.

The classic example is the telephone. The more phones people have, the more valuable the phone becomes for each owner. This creates a positive externality because a user can buy a phone without the intention of creating value for other users, but ends up doing so in any way.

Social media online works the same way, with sites such as Twitter, Facebook, and Google+, making it more useful as more users join.

Over the time, positive network effects can create a movement effect as the network becomes more valuable and more people come together in a positive feedback loop.

As a result, our users have access to our reliable network of contracting and providing professional services.

8.2. Evaluation remunerated

As a way to further promote the network effect and reinforce the core aspect of the reputation enhancement system, users will have credited amounts withdrawn from the reserve fund when they register their ratings in a system we call "curation chain".

CFTY will be used to reward both contractor and worker with tokens.

The process of mutual and remunerated evaluation also serves as a way to offer increased reliability, that is, the information is registered historically, which determines that the databases are dynamic and constantly updated.

Evaluations and opinions of users registered in the system are validated by the following transactions, creating a human curation chain and guaranteeing data reliability in a collaborative and decentralized way.



9. Structure & Team

9.1. Operation structure

9.1.1. Strategic-administrative

The business is developed in a network and focuses on the user and their increasing satisfaction both in relation to the quality of the contracting carried out within the scope of the application and in what concerns the use of the Crafty currency.

Management must, therefore, follow the network's movements and position itself strategically, establishing lines of action and partnerships, as well as promoting the development of the ecosystem, protecting the supporters of external actions that may threaten the development of the business, resulting into losses for the users.

9.1.1.1 Token value

The value of a currency is given by scalability and security.

- Scalability is the measure of how much is accepted, that is, what its potential to be used as a medium of exchange to mediate transactions and, therefore, to change hands
- Security ultimately has a close relationship to scalability and indicates how reliable the currency is.

As a result, the more money is used, the more it strengthens and gains purchasing power, increasing the purchasing power of its users against other currencies.

The currency value monitoring area is responsible for promoting the purchase value of the currency and ensuring the balance of the system, developing policies to combat weaknesses and, in particular, speculative attacks.

9.1.1.2 Target markets

Expansion to other countries is already foreseen, but Brazil is, in principle, the launching country.

As the system is already built to support other languages and even occupations of specific places, this will be an advantage for the supporters, since the market capitalization of the coins will be logically defined by the amount collected, implying that each new market achieved is a opportunity for increasing valuation.

9.1.2. Alliances and user satisfaction

A decentralized product does not work in isolation, so we have included in the structure a specific sector with the function of seeking and promoting alliances with products, services, and companies that bring more value to the user experience.

Professionals will be identified on the market to meet the need to partner with other companies so users can use loyalty system CFTYs to purchase products and services external to the Crafty environment.

9.2. Board

CEO - Reinaldo de Andrade Silva

Graduated in Computer Networks, entrepreneur in the technology area since the age of 25, an entity from which he left 2 years ago. Entrepreneur and investor of the Diaríssima, besides a student of crypto-coins.



CKO - Normann Kalmus

Economist, specialist in Knowledge Management (UFRJ), in Environmental Education (SENAC), project management in Logic Frame (BID) and Public Accounts (ESAF)



Invited data scientist - Daniel Matte Freitas

PhD student in computer science (UNICAMP), focused on video facial recognition, using deep learning (TensorFlow and Python).



Assistant professor of UFMS in topics of artificial intelligence, software quality, algorithms and data structure. Experience in C and C ++ solutions for electronic transactions used in more than 3 million devices inside and outside Brazil.

Full Stack Developer - Ricardo Bessa da Costa

Graduated in Computer Science (UNAES), postgraduate in information security (UNIDERP), DBA and infrastructure analyst, with more than 10 years of experience. Java, Python, C, PHP, PL / SQL, Oracle and PostgreSQL.



CTO - Alessandro Ferreira

Master, Architect and Developer in C, C ++, PHP, Java, Python, Javascript and PostgreSQL, with experience in backend service, POS terminals, web systems, image processing, machine learning and financial transactions using ISO 8583. AI Researcher, Computer Vision, Deep Learning, Algorithm Analysis and Competitive Programming.



Legal - Leopoldo Fernandes Silva Lopes

Business Lawyer, specialist in International and Economic Law at UEL - State University of Londrina, specialist in Digital Communication Law (FMU), former president of the OAB / MS Electronic Law Commission, writer, lecturer and lecturer in the area of ICT.



Community Manager - Igor Marcos Borges da Cruz

Academic Software Engineering and advisor in blockchain, communities and ICO. Investor in crypto-coins and Community Manager at TrueFlip



Co-founder - Ricardo Mariano

Singer and composer of the pair Munhoz & Mariano, partner-entrepreneur, investor and ambassador of Diaríssima.



iOS Development - Vitor Mesquita

IOS Full-Stack Development Developer. Experience developing Android and iOS mobile applications and back-end applications in Rails. Development experience with more than 3 years.



Humberto Bijos

Communication Coordinator



Web Development - Marcelo Mendes

Graduated in Web Systems Development, postgraduate in Software Engineering, Systems Analyst.



Dafne Laupinaitis

Back-Office



Joelma Araújo

Back-Office



10. Legal Aspects

10.1. General information

The Crafty Token (CFTY) does not have any legal qualification as an investment guarantee, as it does not give any right to dividends or interests.

The sale of tokens by Crafty is final and non-refundable unless the minimum funding goal is not reached after the full term of the collective financing. In this case, the fees inherent to the return transactions will be borne by the token holder.

The tokens provided by Crafty are not parties and do not entitle their holders to attend meetings and/or company meetings.

Crafty tokens (CFTY) may not have a performance or a specific value outside the Crafty Platform. Therefore, Crafty tokens (CFTY) are not intended to be used for speculative or investment purposes.

The Crafty token holder (CFTY) is aware that national securities laws, which regulate various types of investments and are subject to regulatory scrutiny for investor protection, are not applicable.

Any person who acquires Crafty tokens expressly acknowledges and declares that he has carefully reviewed this document and fully understands the risks, costs, and benefits associated with your Crafty purchase.

10.2. Expected knowledge

WARNING: DO NOT ACQUIRE CRAFTY TOKENS IF YOU DO NOT KNOW ABOUT CRYPTOGRAPHIC TOKENS AND BLOCKCHAIN-BASED SOFTWARE SYSTEMS.

The supporter undertakes to view/have significant experience with crypto-coins, systems, and blockchain-based services, and understands the risks associated with collective financing as well as the mechanism related to the use of cryptography (including storage).

Crafty is not responsible for any loss of tokens or situations that make it impossible to access them, which may result from any action or omission by the User or anyone who commits to Crafty (CFTY) shopping tokens, as well as in case of hackers attacks, because because is understood that the Crafty token holder (CFTY) have not only the expected knowledge, but also know how to use its associated digital wallets.

10.3. Associated risks with CFTY acquisition

The act of acquiring Crafty cryptographic tokens (CFTY) and storing them involves several risks, in particular the risk that Crafty may not be able to launch its operations and develop its blockchain or provide the promised services. Therefore, before acquiring Crafty tokens (CFTY), any user should carefully consider the risks, costs, and benefits of acquiring Crafty tokens in the context of collective financing and, if necessary, obtain any independent advice, knowledge, and people that the user repute experienced in this matter.

Any interested person who is not in a position to accept or understand the risks associated with this activity (including risks related to the non-development of the Crafty platform) or any other risks as indicated in the Terms and Conditions of their collective financing, shall not acquire Crafty tokens (CFTY).

10.3.1. CRYPTOGRAPHIC TOKENS CAN PRESENT EXTREME VOLATILITY OF VALUE

As stated above, Crafty tokens (CFTY) do not represent any kind of formal or legally binding investment.

Cryptographic tokens that have value in public markets, such as the BTC, have shown extreme price fluctuations over short periods of time on a regular basis. A supporter must be prepared to expect similar fluctuations in the value of Crafty (CFTY) equivalent in BTC, products or services, fiduciary currencies such as United States Dollars ("USD") or currencies of other jurisdictions. Such fluctuations are due to market forces and represent changes in the supply and demand balance.

Due to different regulatory mandates in different jurisdictions and the inability of citizens of certain countries to open accounts on exchange platforms located anywhere in the world, the liquidity of Crafty tokens (CFTY) may be noticeably different in different countries and this is likely to be reflected in significant value discrepancies.

By purchasing Crafty tokens, its holder acknowledges and expressly declares that it has fully understood that it may experience value volatility and will not seek to hold AZKLENY COMPANY S.A. liable for any loss or any special, incidental or consequential damages arising out of or in any way from the sale of Crafty tokens.

10.3.2. Further considerations on risks involved in the acquisition and use of CFTY

As mentioned before, the purchase of Crafty tokens (CFTY) implies some significant risks. Before acquiring it, the suporter must carefully consider the risks below and, as necessary, consult with an attorney, accountant, and/or tax practitioner before deciding whether to purchase a Craft token (CFTY).

I) It is possible that the value of BTC / ETH falls significantly in the future, depriving AZKLENY COMPANY S.A. of sufficient resources to continue operating.

II) The Crafty token (CFTY) will be stored in a digital wallet, which can only be accessed by the suporter. It is the sponsor's responsibility to keep your access data secure.

III) It is important to keep in mind that any third party who has access to the email linked to the suporter may eventually have access to their Crafty token (CFTY). Supporter must be careful not to respond to any inquiry, either by email, telephone or any other electronic means, about the purchase of Crafty tokens (CFTY), including but not limited to email requests purportedly from the website <http://crafty.work> or a domain of similar appearance.

IV) Crypto-currencies have been the subject of regulatory initiatives by various regulatory agencies around the world. AZKLENY COMPANY S.A. and its affiliates may be impacted by one or more regulatory standards, inquiries or regulatory measures, which could prevent or limit AZKLENY COMPANY S.A ability to continue to develop its solutions.

V) The supporter acknowledges that the Crafty platform is currently under development and may undergo significant changes prior to release. Supporter acknowledges that any expectation as to the form and functionality of the Crafty platform owned by the suporter may not be fulfilled after its launch for any reason, including a change in the design and implementation and implementation plans for the implementation of the Crafty Platform.

VI) Advances in code hacking, or technical advances such as the development of quantum computers, could pose a risk to crypto-coins, which could result in theft or loss of Crafty tokens. To the extent possible, AZKLENY COMPANY S.A. intends to update its protocols to incorporate best practices and additional security measures, but can not in any way anticipate the future of encryption or the success of any security updates.

VII) As in other crypto-coins, the Crafty blockchain used for its mobile platform is susceptible to mining attacks, including, but not limited to, so-called "double-spend attacks". Any successful attack on the Ethereum or Crafty network poses a risk to the Crafty Platform and its operations.

VIII) The loss or destruction of a private key issued by AZKLENY COMPANY S.A. and used to access it may be irreversible. Loss of access to Crafty and your private keys or data loss related to Crafty may adversely affect the value of your platform.

²¹ Legally constituted company established in Montevideo, Uruguay

10.4. Important considerations

This document should not and can not be considered as an invitation to enter into an investment. It does not constitute or relate in any way and should not be considered as an offer of securities in any jurisdiction.

This document does not include or contain any information or indication that could be considered as a recommendation or that could be used as a basis for any investment decision.

Craft Tokens (CFTY) are just utility tokens that can be used on the Crafty platform or partners and are not intended to be used as an investment.

The offer of Crafty tokens (CFTY) on a trading platform is made to allow the use of the Crafty platform and not for speculative purposes. The offer of Crafty tokens on a trading platform does not change the legal qualification of the tokens, which remain a simple means of using the Crafty platform and are not a security.

The Crafty company should not be considered as a tool that is based on advising the user on any legal, fiscal or financial matters.

Any information in this document is provided for general information purposes only and Crafty makes no warranty as to the accuracy or completeness of this information. Crafty is not a financial intermediary under Uruguayan law and is not required to obtain any authorization for anti-money laundering purposes.

The acquisition of Crafty tokens (CFTY) shall not grant any right or influence over the organization and governance of AZKLENY COMPANY S.A. to the Supporters.

Regulatory authorities are carefully scrutinizing business and operations associated with cryptography in the world. In this regard, regulatory measures, investigations or actions may affect AZKLENY COMPANY S.A. business and even limit or prevent it from developing its operations in the future.

Any person who commits to acquire Crafty tokens must be aware of AZKLENY COMPANY S.A. business model, technical document or that the terms and conditions may change or need to be modified due to new regulatory and compliance requirements of any applicable law in any jurisdiction . In that case, supporters and any person who commits to acquire Crafty tokens (CFTY) acknowledge and understand that AZKLENY COMPANY S.A. or any of its affiliates shall be liable for any loss or direct or indirect damage caused by such changes.

AZKLENY COMPANY S.A. will do its best to launch its operations and develop the Crafty platform.

Any company that acquires Crafty tokens (CFTY) acknowledges and understands that AZKLENY COMPANY S.A. does not provide any guarantee that it will be able to achieve it. They acknowledge and understand, therefore, that AZKLENY COMPANY S.A.(including its bodies and employees) assumes no responsibility for any loss or damage resulting from or related to the inability to use Crafty tokens (CFTY), except in case of intentional misconduct or gross negligence.

The purchase of Crafty tokens (CFTY) is not permitted to resident or non-resident citizens as well as Green Card holders from the United States of America or citizens or residents of the Republic of Singapore.

No regulatory authority has examined or approved any of the information set forth in this document. The publication, distribution, or disclosure of this document does not imply that the applicable laws, regulations or rules have been previously approved or consented to.

10.5. Guarantees

By participating in the collective financing, the supporters agree to the above, and in particular:

- with full content and agree to be legally bound by them; supporters are authorized and have full power to purchase Crafty tokens in accordance with the laws that apply in their home jurisdiction;
- that living in a jurisdiction that allows AZKLENY COMPANY S.A. to sell Crafty tokens (CFTY) through a secure collective financing platform without requiring any local authorization;
- that they are familiar with all relevant jurisdictions on which they are based and that the purchase of cryptographic tokens in that jurisdiction is not prohibited, restricted or subject to any additional conditions of any kind;
- that they will not use collective funding for any illegal activity, including, but not limited to, money laundering and terrorist financing;
- that have sufficient knowledge of the cryptographic tokens nature and have significant experience, capable of dealing with the complexities of technology that involves blockchain-based cryptographic tokens, currencies, systems, and services;
- that have purchased or will buy Crafty tokens (CFTY) because they wish to have access to the Crafty platform;
- that are not buying Crafty tokens for investment or speculative purposes.

10.5.1. Obligation to determine if the suporter may purchase CFTY in its Jurisdiction.

The initial Crafty tokens offer refers to the sale and is made in accordance with

Uruguayan law. Such sale is conducted by AZKLENY COMPANY S.A., an Uruguayan company.

Each potential supporter is responsible to determine whether they can legally purchase tokens under the laws of their jurisdiction.



Visit
<https://crafty.work>





crafty

The reputation value.