

Initial description of the project – **whitepaper** (version 1.7.2)

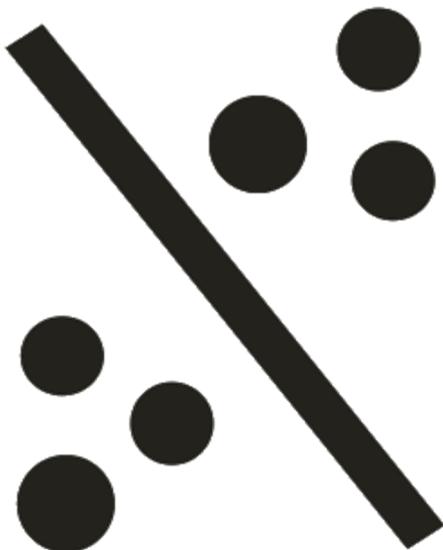
# The Decentralized (DAO) Loyalty ecosystem

## **Token sale**

under the:

### **Blockchain Loyalty Token (TOKENLOYALTY.IO TOKEN ON DEX)**

*A decentralized loyalty Ecosystem and newly constructed Overlay for customers tired of all those loyalty cards, coupons, codes, as well as universal solution for the businessmen, who want to achieve lead building instead of cost-generating programs based on simple loyalty.*



#### **Official domains:**

[decentralizedloyalty.com](http://decentralizedloyalty.com) | [decentralizedloyalty.io](http://decentralizedloyalty.io) | [decentralizedloyalty.org](http://decentralizedloyalty.org) | [lyttoken.io](http://lyttoken.io)

[lytyourlife.com](http://lytyourlife.com) | [tokenloyalty.io](http://tokenloyalty.io) | [overlay.global](http://overlay.global)

Updated, 2017-11-01

## Table of contents

Communication .....	4
Youtube .....	4
Social Media .....	4
Introduction.....	5
What is the main problem in the World in terms of loyalty programs and how we will solve it?.....	5
How we can make a revolution, change the order and present new standards?.....	6
Lessons learned on competition.....	6
What is the product? .....	6
What is the product? .....	6
Key solutions.....	7
Mission and vision.....	8
Why it is so unique?.....	8
One environment.....	8
Benefits for all.....	9
Constantly growing recipients group .....	9
Habits changed into modernity (Segmentation of future customers).....	10
Quick summary from the customers' point of view .....	12
Anonymity .....	12
Decentralization.....	12
Centralization in terms of entity and Overlay .....	14
Token as money.....	14
Added value of tokens .....	14
Always valid .....	15
Socialization.....	16
Initial FAQ.....	16
Quick summary from the merchant's point of view.....	20
Control of costs.....	20
Your free loyalty system.....	20
Tokens never get outdated .....	20
Switch on/off campaigns.....	20
Socialization generates flow.....	21
How the business model works (information for investors)? .....	21
Pay per lead.....	21
Commission .....	21

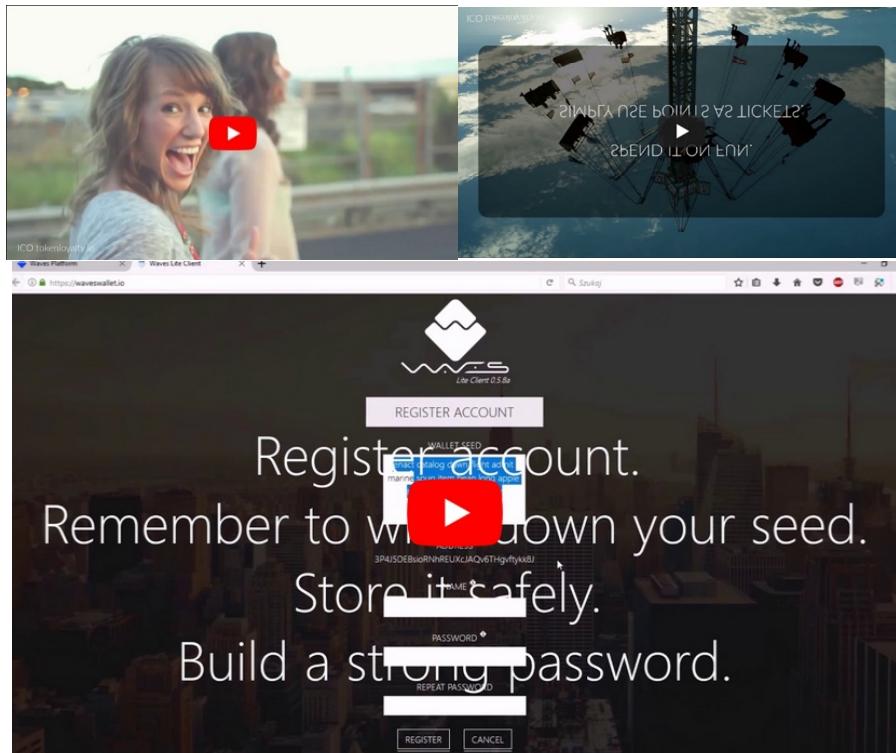
Campaigns as a service.....	22
Brand increase plus range increase .....	22
Token value of the company .....	23
White label .....	23
Technical case: company that wants to create a loyalty program on the platform.....	24
Technical case 2: The model of relation “in the back-end” which means consulting services between advertisers, network and distributors .....	26
Technical case 3: How we want to build initial network? Budget for initial campaigns.....	27
Promotion of early adopters (ICO participants) and loyal followers.....	28
ICO (as token sale) .....	30
Type of ICO .....	30
What was already done.....	30
Which blockchain did we select? .....	30
Roadmap and budget with targets of ICO.....	31
Token sale details.....	34
Planned timeline of token sale .....	36
Load of budget.....	36
The team .....	37
Legal.....	39
Disclaimer.....	39
Concepts of the mobile app .....	40
Screenshots from the Overlay pre-alpha .....	41
Glossary.....	45

## Communication

### Youtube

We kindly invite You to see the promotional videos on YouTube channel:

[https://www.youtube.com/watch?v=Koub4I0zb\\_M&list=PLqccMx\\_PJAQ2ZcRBA\\_ggQeMyCjTEnK8th](https://www.youtube.com/watch?v=Koub4I0zb_M&list=PLqccMx_PJAQ2ZcRBA_ggQeMyCjTEnK8th)



### Social Media

**Main communication channel:**

Telegram: <https://t.me/lyttoken>



Reserve and promo channel:

Bitcointalk.org: To be announced

**Channel to follow us on social:**

Facebook: <https://www.facebook.com/groups/tokenloyalty/>



## Introduction

What is the main problem in the World in terms of loyalty programs and how we will solve it?

The main problem of customers lies in this, that loyalty points aren't money and are governed through centralized organisms – merchants. The main problem of merchants is that loyalty programs are costs and there is no tool combining marketing gamification schemes with such loyalty scheme.

Our solution:

Decentralization – anyone can be the merchant and customer at the same time! Only users decide where to participate	Points are token, token is money  Decentralized network of the token gives opportunities to cash-out the way you want	Pay per lead for merchants  Any ecosystem user may be the Overlay user
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- **Decentralization** of the ecosystem (**MERCHANTS WILL HAVE TO ATTRACT THE USERS OF THE ECOSYSTEM TO JOIN CAMPAIGNS, WHILE ECOSYSTEM USERS HAVE FREE WILL TO JOIN IN. ALSO ANY CUSTOMER MAY BE IN THE POSITION OF A MERCHANT, BUILDING OWN CAMPAIGNS**).  
Decentralization gives opportunity to be in a position of both sides. **ANYONE CAN USE TOKENS TO BUILD AN OVERLAY ON THE BASIS OF LOYAL (TOKENLOYALTY.IO) TOKEN OR USE OUR PROJECT TO MAKE OWN CAMPAIGNS IN THE OVERLAY. THE ADVANTAGE OF OUR OVERLAY IS THAT IT WILL AGGREGATE MERCHANTS INTO ONE ECOSYSTEM.** This is very important because of the behavior of customers as loyalty program users and merchants, who want to operate freely – either in ecosystem (SMEs) or individually, which is very often used in corporations.  
As our study shows in group of loyalty program users, main problem is that any effort they make to collect points (and that effort is even to use 2-3 clicks in the application) must be granted with “prize”. We have made a simulation of effort and people divide into several groups, however there are common things like “money, prize”.  
We have made a PAPI on selected respondents: group under 25 years old and a group above 30 years old. This study was made in June and July. Group <25 N=8/ Group>30 N=17
- **Points are token, token is money.** Our study showed that **FOR ONE OF THE GROUPS (MAJOR ONE)** basic functionality will be to collect money and have ability to realize them in partner network of shops, services etc. **HOWEVER, IF THE EFFORT IS GRANTED WITH GOOD PRIZE, THEY ARE CHANGING INTO AGGRESSIVE LEAD GENERATING OFFICERS** based on social mechanism. This is based on activation of users that is based on gamification mechanisms.
- **Pay per lead.** For merchants it is very important to have **RETURN FROM THE INVESTMENT**. In **TRADITIONAL LOYALTY PROGRAMS IT IS ALL ABOUT COSTS**. For example, points are calculated such way to generate demand on products with highest margin to “get something” from their price and lower the basic costs of the program. But customers are not stupid, as well as they would like to have freedom in collection of points on things they really want to buy. **THIS IS WHY WE HAVE THOUGHT ABOUT AN ECOSYSTEM WHERE MERCHANTS PAY PER LEADS** (any user active in the campaign is a lead), which is closer to marketing based systems than loyalty programs.

**DAO** – decentralized Autonomous Organization – in terms of our project means full control of the users (not us) over decisions made to the LOYAL (TOKENLOYALTY.IO) tokens and participation into campaigns. Tokens create an ecosystem for collection of loyalty points (as equal to them). The LYT your

life platform is an Overlay to this ecosystem to present proposals of campaigns to the users or introduce users to the merchants in form of campaigns. See what is the difference between the Decentralized Ecosystem and Centralized Overlay here: [Link](#)

### How we can make a revolution, change the order and present new standards?

The revolution is by **bringing the decentralization model and connecting gamification marketing with real loyalty**, connecting needs of customers (money!) and merchants (profit!), as well introduction cryptocurrency to the loyalty programs. This will be achieved through gamification mechanisms, advanced programming of the **Ed(p)** (demand elasticity for products through creation of loyalty to goods of specified brand) and socialization that brings the new role of recommendations.

### Lessons learned on competition

We have analyzed a lot of loyalty programs, but we have identified two that are closer to idea we want to realize, however:

- a) Incent – it was made only based on token while the model of loyalty program was constructed “the old way”. There is small discussion on the bitcointalk going, however, it seems that project will be made locally in Australia.
- b) Lioness – this is a social based scheme (very close to Amway, in some aspect it is dangerously close to Ponzi scheme, yet we could be mistaken in that). It bases on customers growth and cash-back system put into it (based on transactions). A strong asset is a huge base of contractors in the whole world and for us it is a great roadmap showing the potential of growth. They have only several million participants of the system, being one of the biggest loyalty ecosystems in the world. Their main target is ordinary people and SMEs. The potential of growth of this project showed that engagement of cryptosolutions in our project is a receipt to success.

### Our lessons learned (also from our businesses):

- The whole ecosystem had to be constructed from basics to be decentralized
- The ecosystem had to combine financial engine with gamification engine and create Loyalty as leads
- Both customers and merchants had to have win-win and commission based engine had to be based on leads as commission
- For merchants and customers it must be simple in use and something that they can associate
- To create one standard
- Anybody can be merchant and customers, the role is fluent
- It must be ad-hoc model, where “lazy” customers can come back anytime they want, while early adopters gain profits from intense activity
- Bounty mechanism known in ICOs is a user-friendly, that is why the decentralized model is so effective and could be broadly used in such programs (bounty hunters as brand knights)

### What is the product?

#### What is the product?

It is a **decentralized loyalty program and newly constructed ecosystem** for customers tired of all those loyalty cards, coupons, codes, as well as universal solution for the businessmen, who want to achieve **lead building instead of cost-generating programs based on simple loyalty**.

## Key solutions

One token and one environment to rule them all.

LOYAL (TOKENLOYALTY.IO) token.

Chosen benefits	
Customer	Merchant, Partner, Businessman
<p>You can be <b>anonymous in loyalty</b> programs.</p> <p>This ecosystem is decentralized, which <b>means you have the control what you do with the tokens</b>.</p> <p><b>Token is the money</b>, independently from loyalty campaigns.</p> <p>You can <b>exchange token to goods</b> (token as a ticket).</p> <p>Tokens are <b>always valid</b>.</p> <p>You can <b>build teams and relations</b>: social trade of tokens plus group purchases or group participations in campaigns.</p> <p>You can be the merchant making <b>own campaigns</b> or <b>realize campaigns for others (additional profit)</b></p>	<p>Prepaid = pay per <b>lead</b></p> <p>Control over the budget = <b>no entry costs</b></p> <p><b>Modifications</b> of the campaigns</p> <p><b>Switch on/off</b> campaign at any time (customers do not lose their tokens)</p> <p><b>Social mechanisms</b> create greater propagation (Like ad based on words and social network portal connected together)</p> <p><b>Full chain data mining</b> based on blockchain (effects check)</p> <p>You can be in the position of the customer (as part of the ecosystem, you can engage several campaigns into one, <b>build alliances</b>)</p>

This is related to the idea of **connecting interest of customers (mostly decentralization, anonymity and “I want more!”) together with interest of business (“I want to know what I am paying for”)** in the centralized model.

We want to build one standard for loyalty programs in form of the token, that has its nominal value (anybody can cash-out of the system) and specially programmed added value (in form of goods, pr actions, etc.).

## Mission and vision



### Our mission:

To bring a standardized tool for the decentralized loyalty and create a DAO system for loyalty with Overlay on it.



### Our vision:

To become the leading environment for the loyalty campaigns that may be set up globally not only locally

## Why it is so unique?

### One environment

Imagine **one environment**, with one standard for the loyalty campaigns in form of a token, that is tradeable and exchangeable for any good and money. It stands for the value itself and core benefits for users (both customers and business)

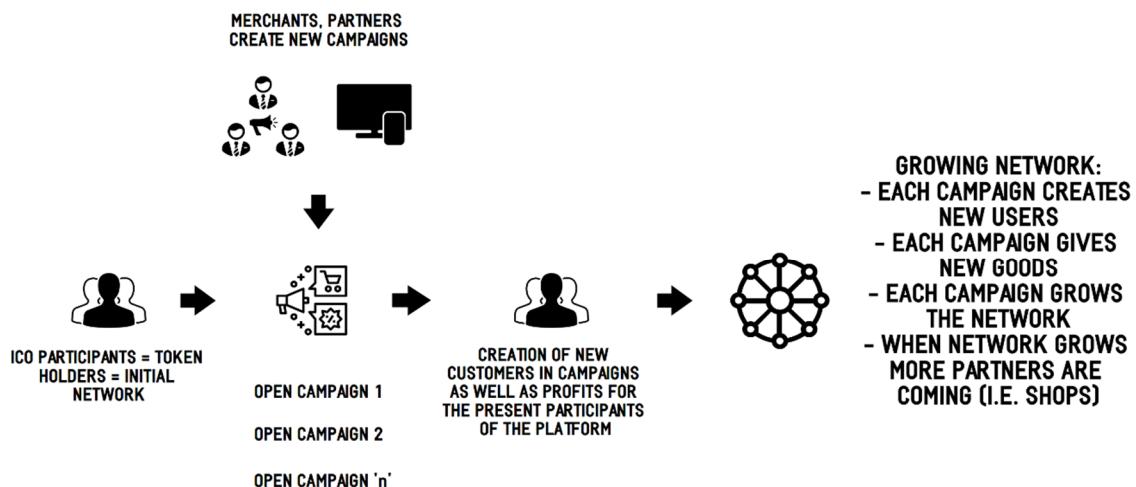
### We call it:

The Nominal Value	The Added Value
<p>The nominal value is the value of token represented in the public trade – for example on exchanges.</p> <p>This is represented by the decentralized model.</p>	<p>The Added Value means anything related to the token as “ticket” in a specified campaign. For example, in one campaign 1 LOYAL (TOKENLOYALTY.IO) token may represent 20000 points equal to one free coffee, while in the next campaign 1 LOYAL (TOKENLOYALTY.IO) may represent 40% discount for clothes.</p> <p>This is represented by the centralized model (which you can join in or not)</p>

Benefits for all



Constantly growing recipients group



Habits changed into modernity (Segmentation of future customers)

Habits of group: years 30+		Habits: years 14-25
Persons without economical knowledge or nontechnological persons	Technological persons, those who like to save money	Millennials generation
<ul style="list-style-type: none"> <li>- Simple card to collect points or simple app (process must take 5-7 seconds)</li> <li>- Integrated payments in the app or card (token exchange card)</li> <li>- Cannot be perceived as "loyalty card" or "credit card", rather "bonus app, bonus card</li> <li>- If the effect relies on recommendations, it must strictly relay to cash (token) because there is a barrier of activity</li> </ul>	<ul style="list-style-type: none"> <li>- Ability to interact among several campaigns</li> <li>- Saving of tokens and trade</li> <li>- Integration with payment services</li> </ul>	<ul style="list-style-type: none"> <li>- System for earning (like pocket money)</li> <li>- Game system of transactions</li> <li>- Socialization is the key</li> <li>- Recommendation system for profits</li> <li>- Full awareness of the new economic system (DLT systems, blockchain)</li> </ul>
Common		
<ul style="list-style-type: none"> <li>- As much partners and campaigns as possible (especially when starting in a specified localization)</li> <li>- KEEP IT SIMPLE</li> <li>- Lead generation is the key (profits for leads)</li> <li>- Selection of own goods list (like 5 goods) related to specific brands as collected with additional bonus for being loyal (<b>Elasticity od Demand may be defined as "1" to brands that do not have such elasticity</b>)</li> </ul>		

**You decide what you do with your loyalty points!**

**One global system for loyalty programs and collection of points**

**One global system for any branch and service**

**One mobile system to collect loyalty points in form of tokens**

**Exchange of points in form of tokens in different shops**

**Discounts for shopping**

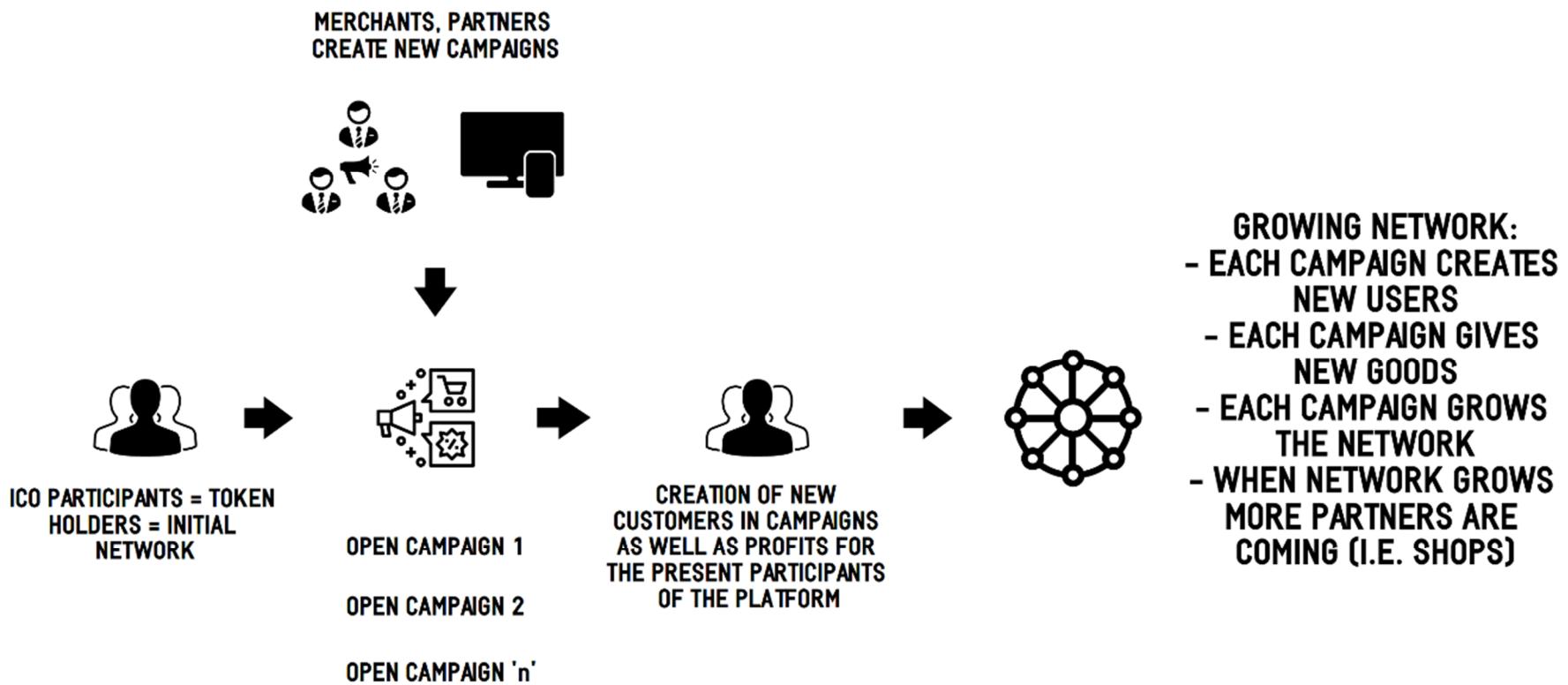
**Payouts into bank accounts or special credit card**

**Points never get outdated**

**Anonymous exchange between users**

**Multiple campaigns to select**

**You can build own campaigns**



## Quick summary from the customers' point of view

DECENTRALIZED LOYALTY IS A REAL ALTERNATIVE TO PRESENT LOYALTY PROGRAMS BASED ON:

- Coupons
- Codes
- Loyalty points

## ANONYMITY | DECENTRALIZATION | TOKENS AS MONEY | ADDED VALUE OF TOKENS | ALWAYS VALID | SOCIALIZATION | OVERLAY

### Anonymity

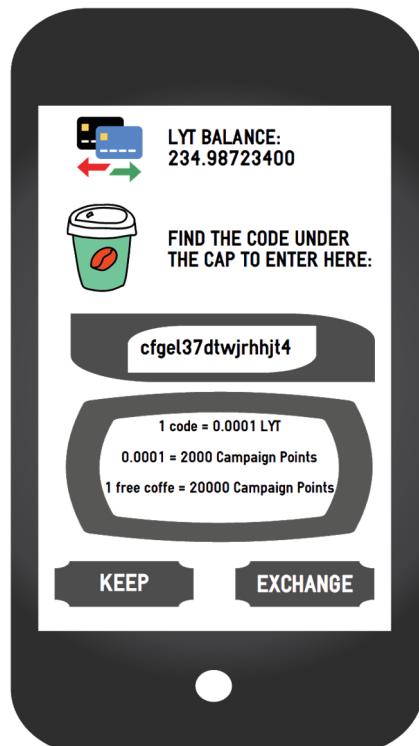
**One of the problems of loyalty programs is that they collect a lot of data.** This data is based on personal data of participants to build the knowledge base about consumer needs. Blockchain technology gives opportunities to do such statistics based on full anonymity of users. We can connect the interests of users and merchandisers, because we can base on the anonymity, while still bringing desired effects to the merchandisers.

Your data is safe, because you do not have to enter any data if you decide so. Of course, you **MAY** enter some data if you want in specified campaigns, but **YOU DON'T HAVE TO. This is totally different approach in difference to 'you must'.**

### Decentralization

The main problem of old-type loyalty programs is their centralization. This means that you do not have the control over the collected points and the merchant finally decides what you will do them. For example, when the campaign ends, your collected points would be useless... **As global data shows, collected points, codes and other non-physical assets do not represent any value after the end of such promotion.** It is calculated that almost **40% of participants of such loyalty programs forgets about the collection of such points and do not realize them.** Token is the solution. It is related to its nominal value. This means that if you do not want to participate in any campaign but you have collected tokens (for example realizing the codes from under the cup of bottle), you may just cash-out through exchanges.

Token will always represent a nominal value noted on exchanges and additional values from the promotions coming from the partners or advertisers on the dedicated LYT your life™ platform. It will be like calling a taxi whenever you want to use a promotion.



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ADDED VALUE



ADDED VALUE means the value that is specified in the campaign (for example gifts). For example Soda Drink Company offers under caps 0.001 LYT token to enter the campaign "like in game". The game conditions state that you must invite 10 friends to tell them that Soda Drink is good (or not). For these invitations you get 1 free Soda Drink that is related to the 0.001 LYT token. Tokens works like a ticket to campaigns.



CUSTOMERS



ONE PLATFORM



LYT TOKEN

NOMINAL VALUE



NOMINAL VALUE means the actual value of the token on exchanges. For example, 1 LYT may be worth 10 Litecoins, which may be about 400 USD. Token may be divided into 8 decimals, for example: 0.00000001 LYT.

## Centralization in terms of entity and Overlay

The elements of centralization are present in the form of budget realization. Because we are providing a token sale, we must have an entity that will manage the funds. Also one of the important elements is creation of an Overlay to ecosystem to bring a tool for presentation of campaigns for Merchants and tool for communication with Customers (users) that want to participate in them. The main difference between the DECENTRALIZED ecosystem is that it bases on token as a ‘carrier’ of loyalty points, with their ‘nominal’ value, while the Overlay (anyone can make an Overlay to use the token) brings tools to use it in the frames of added value. We are describing it in details in the document “Centralization – Decentralization” available here: [link](#).

We know that most model base fully on DAO, but in terms of bringing and attracting Merchants to the system (until it grows to the critical mass of customers), there has to be always an initial entity that “runs up the fashion” for it. **That is why we are honest before the potential buyers of token – we connect the idea of decentralization and bridge the centralized model that is well known.**

## Token as money

It is very simple. Tokens has its nominal value on exchanges. If you do not want to benefit from campaigns for the Added Value in the Overlay, you just sell the token to other participants or on exchanges. You can cash-out whenever you want. You can also enter again purchasing tokens again or base on tokens that are submitted to campaigns (earn tokens through the game of campaigns). This is called full freedom.

## Added value of tokens

Added value of token is represented in the campaigns. It is the thing that is given by the merchant as bonus. It is best shown on examples:

Example campaign 0	<p>Example: token as money</p> <p>Bonus card:</p> <p>You have a Bonus Card that is integrated with payment card. While purchasing goods you just collect tokens on it. You can do anything with them thanks to integration of our system with payment processor (use the Bonus Card as payment card).</p> <p>Application:</p> <p>You can collect points and make transactions through NFC protocol</p>
Example campaign 1	<p>Example: token as money</p> <p>Under the bottle cap of Soda Drink is a code for registration on the LYT your life platform. You enter the code and receive 1 LOYAL (TOKENLOYALTY.IO) equal to 300 campaign points (CP) or 40 cents. You can sell the token on exchanges or collect more tokens. After collection of 1500 CP (=5 tokens) you can exchange it into coffee. This means you bought coffee for 2USD, while normally it costs 3.75. You could also sell the tokens to get 2USD.</p>
Example campaign 2	<p>Example: token as a proof of participation</p> <p>You lock your token into campaign receiving a special coupon code for 10% discount in Example Network Shops to buy anything you want. This coupon is valid for 1 day. After it is released and campaign is locked/finished (so the token proves that you are a participant of the campaign, not a ghost).</p>
Example campaign 3	<p>Example: token socialization</p>

	You enter initial campaign that gives tokens for invitation of friends into the campaign. You receive the tokens (you are payed for the leads – this is so called in marketing) together with a special bonus (20 days access to music platform), while your friends receive 10 day access each (but without tokens).
Example campaign 4	<p>Example: socialization as group purchase</p> <p>You and your friends (7 friends) refuel your car on a Specified Gas Station that has open loyalty program. But you do it rather not so often. You have collected 100 LOYAL (TOKENLOYALTY.IO), but together with your friends you have collected totally 1230 LOYAL (TOKENLOYALTY.IO). At the present nominal value it is 492 USD. You can cash-out. Or You can buy a huge group dinner for 8 people in a restaurants that has another open campaign that uses tokens (for example the campaign offers such dinner for 200 LOYAL (TOKENLOYALTY.IO)s).</p>
Example campaign 5	<p>Example: just earn in campaigns like bounties</p> <p>Collect tokens in any campaign you want and then exchange it or trade with token on exchanges.</p>

### Always valid

Token will be exchangeable into other crypto (like Bitcoin, Litecoin etc.). That means, it is always valid because has its nominal value. And people, through exchanges, can transfer it to FIAT money also, if they want to.

Also, you can use it in different campaigns, under the decentralized model.

## MECHANICS LIKE IN BOUNTIES



### CAMPAIGN OF SODA DRINK

You may choose in which campaign you want to participate or when. Campaigns will be shown in your app "to enter"

### CAMPAIGN OF CLOTHING COMPANY

Each campaign will have its conditions of entry. It is like an entry to game. You can collect LYT tokens for participation or collect other goods, depending on campaign.

### CAMPAIGN OF GROCERY SHOP

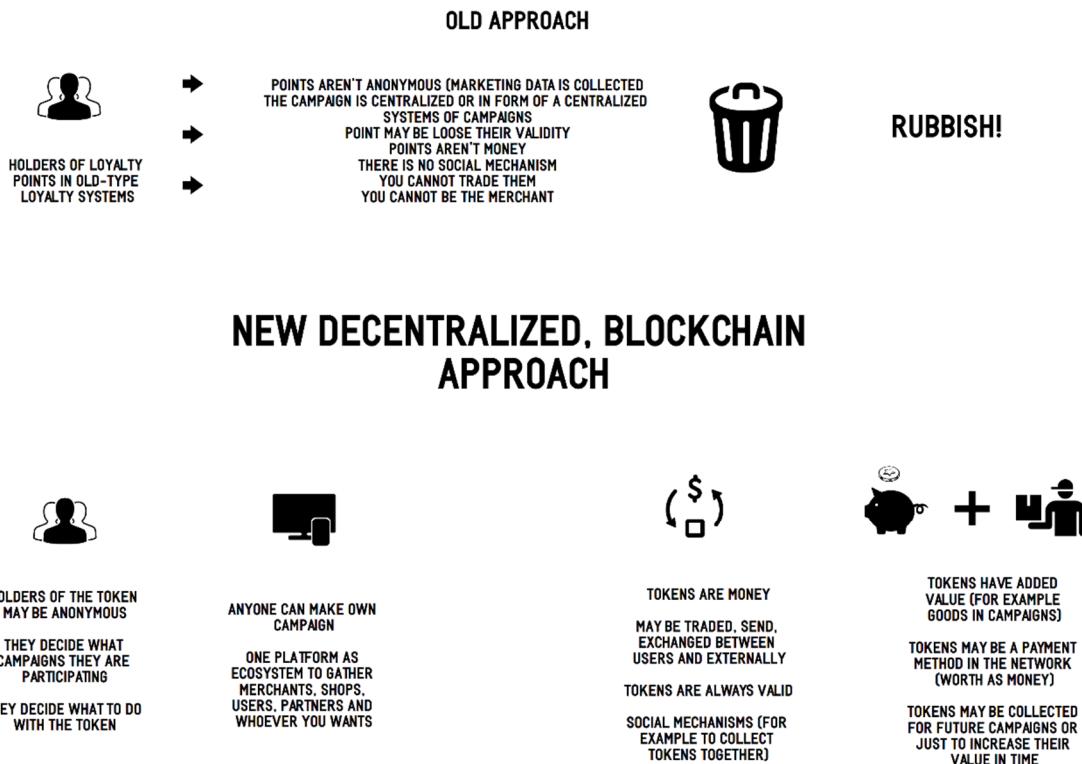
Your tokens may be like tickets to campaign or may be the payment instrument, depending on what the merchants will establish in the rules of campaign.

### CAMPAIGN OF MUSIC CLUB

Your tokens may be also a proof of existence in the campaign (because of anonymous blockchain), which means you can participate several campaigns in one time.

## Socialization

This is something huge. You can connect into groups, create own campaigns, trade socially. You can create your own team of campaign hunters to receive goods. For Merchants it is a very good situation, because you promote the brand and services among your friends. But hey, why not to get tokens for that! Of course, you can get them in the Overlay. We call it: “be paid for the effort”.



## Initial FAQ

Questions of loyalty program users (B2C)	Merchants questions (B2B)
<p><b>Q:</b> Why should I buy tokens?</p> <p>A: Because purchased tokens are a gateway to loyalty campaigns of merchants, under the one loyalty ecosystem. Tokens should gain value with the growth of the network. Why? It is like in social media portal – users generate a network that has its value for merchants, while merchants are generating demand on tokens. Tokenization of the loyalty program and connection of marketing system with loyalty system brings new futures for users, not only the speculation value of the token. Please, see the use cases presented in the document to see the example possibilities. This way early adopters should get more range on campaigns</p>	<p><b>Q:</b> How companies from the market (like leading cola producers) will purchase tokens?</p> <p>A: We are planning to make a “one-click” overlay to several (or one) leading exchanges to do so in the application or website of the project. Another option is to operate with us in terms of customer service, where we can do such initial purchase in the name of customer for the campaign. We will try to make it easy in simple steps, not requiring crypto-knowledge. We have also open talks with payment processors to bring the solution of payment card that will operate on our tokens.</p>

<p>and benefit from the loyalty points value increase.</p>	
<p>Are you a DAO, centralized or what?</p> <p>A: The system is fully decentralized as environment. We have given arguments why this is different than other loyalty programs. Tokenization of the loyalty program brings the opportunity to control the process of engagement into the campaigns on the both sides of the participants (customers and merchants).</p> <p>However, to deliver the project and build the initial network, the organization has to be centralized in form of a project (with team, to have control over the budget, etc.).</p> <p><b>The best is to say that we are a “DAO loyalty network, with centralized company Overlay for the project”.</b></p>	<p>Q: How companies from the market (like leading cola producers) won't use a simpler function like lowering the price of the product?</p> <p>A: Because lowering the price does not generates leads. Of course, anyone can lower prices, this generates demand on desired products, but does not generate loyalty. In the ecosystem, it generates loyalty like a game, which is based on recommendation system and purchase of such loyalty in form of added value generated to users (we call it win0win strategy). This way customer feels granted for the efforts of socialization, while company gets feedback from the marketing campaign.</p>
<p>Why should I use this loyalty instead of others?</p> <p>A: The main advantage is that loyalty points are tokenized in form of cryptocurrency, which is money. This is the “nominal” value as we call it. But there is added value that is represented by gifts from merchants, originating from specified campaigns – token then works as a “ticket” to such campaign or multiple campaigns. Also we want to bring a one standard for the token – as network, independently what Overlay uses it.</p>	<p>Q: Why will they buy LOYAL (TOKENLOYALTY.IO) not, for example, ETH instead?</p> <p>A: Because there is no such environment to get the added value for the token. Of course, there will be competition in time, but are focusing strictly on combination of loyalty program and marketing, or only on the speculative value or investment related to crypto. The overlay will be constructed such way for the users to operate without a special knowledge on crypto, this is our goal. Also we want to bring the initial mass of customers to make sense for it. A loyalty system is worthless without customers and merchants. Centralized entity “gives it a push” in relations, then the development of the decentralized network in natural.</p>
<p>Seems ok with the money, but do I have to do a lot of things to get that?</p> <p>A: We will try to make the overlay as simple as possible. We have plans to do:</p> <ul style="list-style-type: none"> <li>- A mobile app that will cooperate with NFC to collect tokens and work as payment terminal, in connection with crypto-banking solutions.</li> <li>- For more traditional users, we will make a bonus card to collect tokens, and if it goes ok, with payment solutions under an agreement with payment operator</li> </ul> <p>This should make the process easy.</p>	<p>Q: How to place tokens on goods?</p> <p>A: Merchants often print codes under caps or qr codes as a way to get something extra from the base product. We are not changing the way it may happen, because users are used to it. The only difference is that the customers will be directed to our overlay platform. Tokens will be submitted to a specified account. This is the first step the fun goes. Any other step on the platform, in terms of usage of the whole environment creates added value for customers. This way they have nominal value (they can also cash-out, why not), but what is most important, they may have built a long-</p>

<p>MVP probably will be harder in use, that is why so important for us is the community from the ICO, which is more technological, to test the environment, to tell us what we are doing right and what we are doing wrong. Step-by-step making it easier in use, making development of the overlay.</p>	<p>term relation with merchant, who will serve additional value to the user. Please, look at the use cases to see examples. Imagination is the only limit.</p>
<p>Why some countries are excluded for the token sale?</p> <p>We have excluded China, USA, Poland and Seychelles due to several reasons. Main reason (China, Poland, USA) is that financial control authorities acknowledge anything related to tokens as financial instruments. That isn't true (our token is not a financial instrument, it is a loyalty point), however to protect citizens from these countries – we have excluded them.</p> <p>Seychelles customers are excluded due to tax reasons and IBC construction of the company.</p>	<p>What about operation in countries?</p> <p>When the token sale is over, there is no problem to enter countries with the program. In some countries it will require deep legal analysis. We initially have analyzed Malta and Polish law in such manner, as well as English Common Law and due to cooperation with one of the banks, we will probably apply for some licenses in countries that require that for operation.</p>
<b>GENERAL QUESTIONS</b>	
<p>LOYAL (TOKENLOYALTY.IO) on DEX, what about other exchanges?</p> <p>Yes, it will traded on DEX. We are negotiating with polish exchange bitmarket.net to implement Waves and our token. We are also talking to English entity. Most of the exchanges list the tokens for an installation fee of 2-3 BTC, so some part of the budget may be used to list on selected exchanges, depends on the liquidity. The higher amount of user, the higher will be liquidity, which makes the token to be attractive to be listed.</p>	
<p>Sure token loyalty is an extraordinary but it may be difficult to convince company to buy tokens for their loyalty program. First reason is it is unusual, then company still have to explain about how its work for their customers. Whereas company did not need to do that if they using "old system". In the customers side this is may be a new things to 'accept'.</p>	<p>There are solutions like Lioness basing on "charge-back" model. Also there are known some simple solutions to use the token as loyalty point. However, our business model was discussed with entities and bases on unique "nominal" and "added" value. For our partners most important is control of the budget and integration of marketing solution, social mechanics and loyalty program itself. Our advantage is that we can treat token users as leads for the campaigns, while preserving their anonymity. This is unique. Most of the loyalty campaigns are treated as cost, because each cost of user is approximately 5-60 USD per person. That is why most of such program base on trade of data of the user. We want to change that. But for this was required a win-win strategy. We will offer a marketing tool to ENGAGE users of the token as community in life of the brand (gamification mechanics), but users will be paid with tokens and the added value, depending on the campaign (for example discount codes or free gifts). That is why we call it "pay for the effort". But in this model, it does not state a cost for the merchant, because he receives an added value, for example – one customer can generate 3-10 more customers, which gives ROI for the marketing campaign. We do not want to show all the cards during ICO, as there is a slight risk that competition may copy the model. In talks with merchants there has to be a proof of concept – that is why we plan initial campaign (2-5) basing on the model. When the community grows, it we will be more and more attractive each time, because ANY MERCHANTS creates BIGGER ENVIRONMENT, so entry costs (barriers for campaigns creation) are lowered each time.</p>

Campaigns are available on Overlay and Overlay is a place to organize some things in campaigns. maybe our campaigns has some risk since it is on centralized overlay. Due to someone who have access to it can do anything or do chaos (perhaps) on there. What is the solution and how to avoid the risk above on centralized Overlay?

The token itself may be used with other Overlays, so anyone may build own Overlay to it. But the centralization model is required for the customer service for both sides. Our role is to select most wanted ideas of token holders together with corporation needs, that are based on cost calculations, companies policies, etc. With all do the respect for the decentralized model, when it comes to the communication with corporations, some bridge between the two worlds has to be established. That is why we are in the middle of that. Decentralized projects are good for financial tokens, based on open-source software. When it comes to utility tokens (like LOYAL (TOKENLOYALTY.IO)), some management is necessary. HOWEVER, look at the decentralized part:

- When the network grows and the final version is released, people own full freedom to construct TYPES of campaigns, TYPES of "added value". Anyone can be in position of the merchant and in the position of token holder. It is fluent.
- There is no limit for the branch that may use our Overlay

We will construct an API that will enable construction of network of Overlays related to the basic network (this influences positively token holders), while giving the very similar model as the Overlay would be open-sourced

I have read whitepaper and it is said that 1 LOYAL (TOKENLOYALTY.IO) = 0.1 waves. But why we should buy token in normal price 0.1 waves while people already can trade it just after purchase on 0.09 - 0.099 waves on DEX during ICO?

We start from the bonus of 0.09 Waves. The amount from token sale will enable to the project at minimal, defined variants. So this is equal to mechanism with bonuses or minimal cap in smart contracts. But project has much higher potential, so more tokens have higher price, reaching up to 0.1 Waves. It would be economically unreasonable to sell the tokens during the ICO, as we believe in their value growth. But early adopters will have such opportunity. This creates the liquidity of the market. Why we choose this mechanics? Because it highly differences from the "bonuses" model made in smart contracts. Mostly in smart contracts tokens are held until the end of ICO and then there are made "drops". Because the volume of tokens with bonuses is made often high, due to the law of "demand and supply" the tokens often drop their value even 5-10 times than the actual value should be. This destroys the market. With start price of 0.09 Waves, there is high probability (if someone will not dump lower then he bought to troll the project) that the price WILL NOT DROP lower than this value 0.09. And with each campaign, depending on the negotiated model with merchants, these merchants will require tokens for the campaigns. So they will have to buy them from the market. As the law of "demand and supply" states, when merchants generate demand, the price should increase. We have analyzed 3 models for that and this one is really one of the best ones to secure our token holders from price drops. Bounty holders of tokens will receive them AFTER the ICO, it is another element of this security. The team will be distributed with tokens in at least one-year motivation plan. But as the business model of the project shows – it should be profitable to hold the tokens to enter the campaigns. However, speculation is the characteristic of the crypto market, so we calculate the risk, trying to secure token holders from value drops as much as we can.

'Legal' is point plus that people could put trust on the project. But in other hand, another project which did not bring 'legal' label is success as well. Why this project should need 'legal certificate' while anyone can use token loyalty for anonymous even in decentralized blockchain based?

It is a matter of choice. If someone decides to get into campaign that is not consulted by us, it is only matter of definition of relation between such token holder and merchant. In campaigns created together with us, there is a matter of responsibility related. But it doesn't mean that non-

consulted campaigns will be bad. No. They will be verified by the community, so the market will self-regulate.

As for the anonymity – the blockchain gives ability to get anonymous statistics and report leads activity to merchants. So it is not as centralized model as people might think.

Quick summary from the merchant's point of view

## **CONTROL OF COSTS | YOUR FREE LOYALTY SYSTEM\* | ALWAYS VALID TOKEN | SWITCH ON/OFF CAMPAIGNS | SOCIALIZATION GENERATES FLOW**

\*NO ENTRY COSTS, JUST PURE CAMPAIGN BUDGET

### **Control of costs**

Buying tokens for the campaign is a prepaid option. You can use them for the campaign at any time you want, conjuring the campaign. Main assets:

- Pay for the effect
- Do not burn your budget
- Create own loyalty with own loyal users, while being flexible in the ecosystem
- Platform is for free

### **Your free loyalty system**

You do not pay any fixed fees that state entry costs, you can just register into the system. Of course, if you want to make a complex campaign we are open for consulting services to adapt the platform for your needs, however the basic functionality (developed over time) is always free. You can establish the budget and use it for effect (similar to Lead Generation).

### **Tokens never get outdated**

Tokens:

- do not have a validity period
- they have unlimited range
- may be divided into 8 decimals for range building

### **Switch on/off campaigns**

Ability to open or close campaign at any time, modify it, while customers never lose the token (win-win):

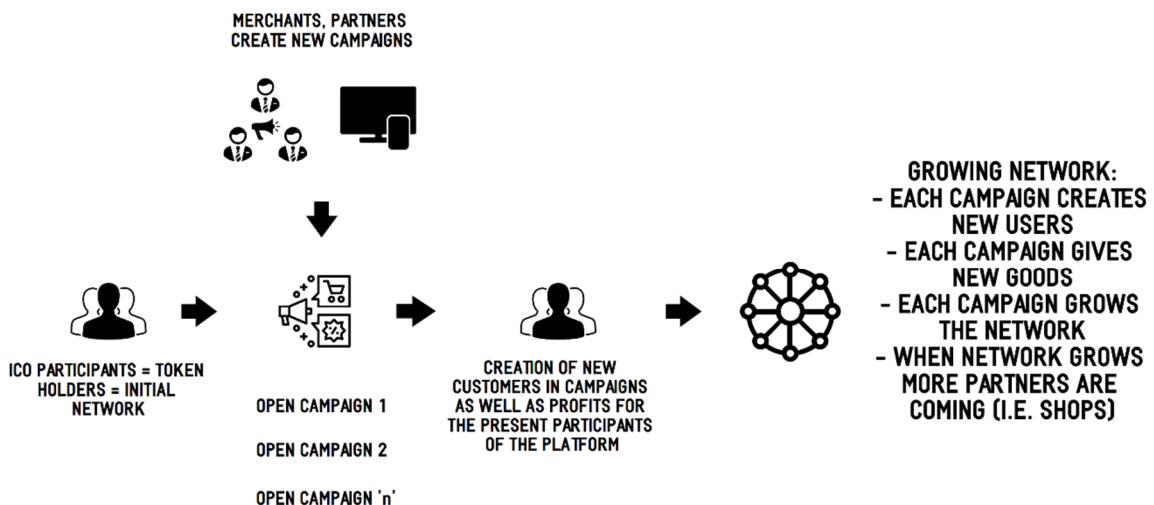
- you define your goals

- you establish the rules of campaign
- you model the core business of the campaign
- you decide how customers see you

### Socialization generates flow

Ability to exchange among other users generates marketing flow like recommendation mechanism of Social Network Portal and targeting like Ads based on Words:

- integration of range
- global targeting or local targeting
- global ad or local ad
- tool for creation of the whole ecosystem of cooperating, local entrepreneurs (the network of goods, services)



### How the business model works (information for investors)?

#### Pay per lead

The main source of income are leads (taken from merchants). Because decentralized model lowers the costs in acquisition and maintenance (**entry costs are zero**), we are able to automate many processes giving fair price to the customers of the platform being strongly competitive to other solutions on the market. Pay per lead means that any generation of new customer is charged with a fee.

#### Commission

One of the source of income for the company is the commission based system on transactions in the platform. These transactions are based on exchange of tokens and distribution of goods to token holders under the specified loyalty campaign in the loyalty ecosystem. This model will vary based on individual negotiations with each partner entering the ecosystem. Because of the advantage over the competition, the model will not be shown in the whitepaper, as it is the strategical know-how.

Settlement is settled with goods rather than money.

Anyone who knows the FMCG market and operates in such campaigns knows the common model of settlement made by goods. Sometimes it is also called as barter commission of goods for internally accounted profit. This is a common mechanism, which we won't describe in details, as it may differ depending on situation. For example, a Soda Drink Company gives 3000 bottles into campaign for distribution to loyalty program users with additional 1000 bottles as commission. This Soda is worth 1 USD each in "transaction price", but the production costs for the merchant are much lower. We are paid in "bottles" selling them to wholesale as our commission. This way we earn by selling the 1000 bottles as our commission, while the merchant has lower real cost of campaign and commission (because these bottles costed much lower in production).

### Campaigns as a service

The whole ecosystem of the project will be decentralized, however, over the ecosystem there is always something like an overlay required for the communication (example: overlay for exchange of crypto or communication between ICO participants, etc.). Someone also has to realize the idea in form of a team, a structure. That is why we will form a company. Decentralized Loyalty company will be based on the marketing agency model, together with an idea of loyalty points operator. What does it mean? This means that we will operate like a marketing agency in communication between merchants and participants of the campaigns in cases that are not automated on the platform. The difference is that loyalty points will be based on blockchain in form of tokens, which gives a decentralized model for their distribution and maintenance, as well as usage (it is free for merchants as "no entry costs"). However, our company will be the consulting agency in relation to the campaign issuer, which gives ability to earn on such services additionally (for example complex or mixed campaigns over the network, connecting 10 or more partners, etc.).

Such approach of "campaign as a service" gives more elasticity for scaling to new countries and areas and its potential will grow together with the increase of the network.

What is the best example to compare the model? In ads based on words from the most common supplier, merchants pay for the effect in form of CPC or CPV, etc. In our case, merchant will pay for the desired effect – to give the prize to new or existing customer to sustain loyalty, including our commission for the company for further development. This is called sometimes as Lead generation model.

### Brand increase plus range increase

Please, remember that we are connecting marketing with loyalty. In marketing one of the most important thing is range one can use to do the desired effects. With each camping, increases the amount of participants of the Decentralized Loyalty system. This means that the amount of potential customers increases, influencing the value of the brand and network.

Key factors of brand value increase:

- Amount and status of partners (i.e. common brands of the FMCG market)
- Amount of generated participants in terms of campaign
- Amount of loyal participants as token holders using the platform
- Global range of services and distributors
- Increase of market cap value
- Standardization of loyalty point (aka blockchain protocol)

## Token value of the company

The token has its “nominal” value, which means the price in relation to fiat currency (like USD) or common crypto currency (like BTC or ETH). This value is related to demand and supply over the token on exchanges. Initial value of the token is based on ICO sale, while during the time, it changes due to trade. Because our business model is constructed in such manner that every campaign engages new people that may be the participants of the specified campaign, which is then related to purchase of the tokens by the advertisers, the ‘nominal’ price should go up. But there are also benefits related to the campaigns that we call the added value. For example. John has 2 loyalty points under the form of LOYAL (TOKENLOYALTY.IO) token. These tokens may have nominal value of 4ETH, which is approximately 800 USD. John may sell the tokens on the exchange, but may use these points in several campaign. For example, one campaign distributes to the tokens discounts for purchase, another distributes physical goods in form of soda drink. For example: 1 account on the platform with at least 0.0001 LOYAL (TOKENLOYALTY.IO) token = 10% discount for purchase of shoes. And in the other campaign, every 0.05 of token is one soda drink coupon to be realized in shops anywhere available. This is the added value. Despite the token has its “nominal” cash value, it may give the effect of its price in form of material goods. This should build the higher PV (present value) of the token, affecting the increase of liquidity (people selling and buying token) and in consequence, should give a stable increase of price.

Because the amount of tokens is locked (look at the ICO details). Why? Because this generates a Win-Win strategy for our ICO participants and future customers of the platform, as well as participants of the Loyalty ecosystem. Each campaign may be either made on existing group of people that are registered in the LYT your life platform or requires generation of ‘room’ for new ones. This is made through creation of accounts in the system, while each account may have a wallet for the tokens. To fill the wallets with ‘nominal value’ of tokens, within the budget of the campaign, one has to purchase tokens from the second market. This creates the demand increasing value, increasing potential customers with no harm to initial investors. Because we, as a team, hold some volume of the tokens, we also earn when the project is developed and advancing (we won’t sell them for a long time not to affect the price, this is our management bonus and prize for good job in the future). This is a strong correlation of our motivation together with the increase of value of the tokens.

## White label

Regarding the overlay to the decentralized model our ecosystem overlay platform will be a great tool for communication between customers and merchants. Anyone can be in the position of merchant using LYT your life platform, however sometimes corporations require to have own platform under own brand. When they use market tools under own brand, it is called “white label”. We may offer white label solutions under one condition. All has to be built on the LOYAL (TOKENLOYALTY.IO) token basis to be fully compliant with the ecosystem standard. Why? Because then the environment is fully liquid with no harm to our customers and investors (even if the white label is closed, customers may use the tokens on Mother Platform). Basing on one standard of the token brings standardization to the decentralized model. The idea is to create an international environment (for example, like ETH does with ERC20 standard), with global opportunities of monetization of tokens to our users.

This white label model should positively affect the increase of LOYAL (TOKENLOYALTY.IO) value, due to locked amount of LOYAL (TOKENLOYALTY.IO) on the market.

## Technical case: company that wants to create a loyalty program on the platform

Company that wants to create a specified campaign buys tokens in frames of a specified budget. This way, initial contributors of the ICO may establish the value on the second market. This way the company that creates a loyalty program for the brand may extend the amount of the network of users of the loyalty program. However, this does not affect strongly present users (based on ICO users that state initial network), because they offer a specified amount of tokens in dictated price. **This way present token holders dictate the nominal price (decentralized model), with no harm to entry costs (because token behaves like money).**

Company then generates on the platform entry codes for wallets, depending on the campaign's channels of entry to these customers (example: code under the cap).



**This way, previous token holders state the initial network of Loyalty ecosystem with stringer nominal value (but with the same opportunities to get additional value of goods), while new ones may have lower nominal, yet they are entering the system of access to goods offered in the marketing campaign.**

For example, new customer may then log on into the platform and use the codes from under the cup to get the tokens into own wallet and get access to goods offered in the promotion campaign. The present token holders may have the access instantly stating the “initial network”. The network grows with each campaign so the system generates more and more potential customers, being more and more attractive to the advertisers.

This states a network of participants of the campaign and wallet for the loyalty points. The company may reserve a specified share of tokens into generation of new N-addresses that will be the future wallets for the new participants of the promotion.

#### **Example case study:**

**Happy Company Example LTD** wants to make a loyalty campaign for present and future customers of the **Happy Example Drink**. It decides to use 150k USD campaign. 50% of this budget will go to present network of token holders in form of free drinks to be collected, the other 50% will be for the generation of new tokens exchangeable to these drinks after registration into the LYT your life™ system. This tokens may be tradeable to any good available in the campaign of the Happy Company Example LTD or our network that will be built, or just collected for the future by the users for better times. Merchants should not be afraid that they may lose customers for other campaigns. Campaigns will be constructed such way, the token behaves as a ticket to open desired prizes of multiple campaigns. This way ANY campaign influences positively ANY OTHER campaign by adding new customers to the ecosystem. Because the Happy Company Example LTD had to buy these tokens on the market, **participants of the ICO were in the privileged position – the could sell their tokens for the specified amount to the advertiser or just wait for the access of goods**. This caused the value of the token to **increase (nominal value)**. Additionally, tokens were the key to goods network, which granted them a special access (**added value**).

For the FIRST EXAMPLE campaign it would look like:

- 20% holders are founders
- 80% holders are participants of the ICO

75k USD was used to buy tokens from participants to generate new addresses (wallets) with tokens (in form of accounts on the platform to distribute in the channel of advertiser, for example, codes under the caps)

75k USD was used in form of bounties to token holders granting access to goods (for example token is a proof of the network participation and grants access to get one free promo drink).

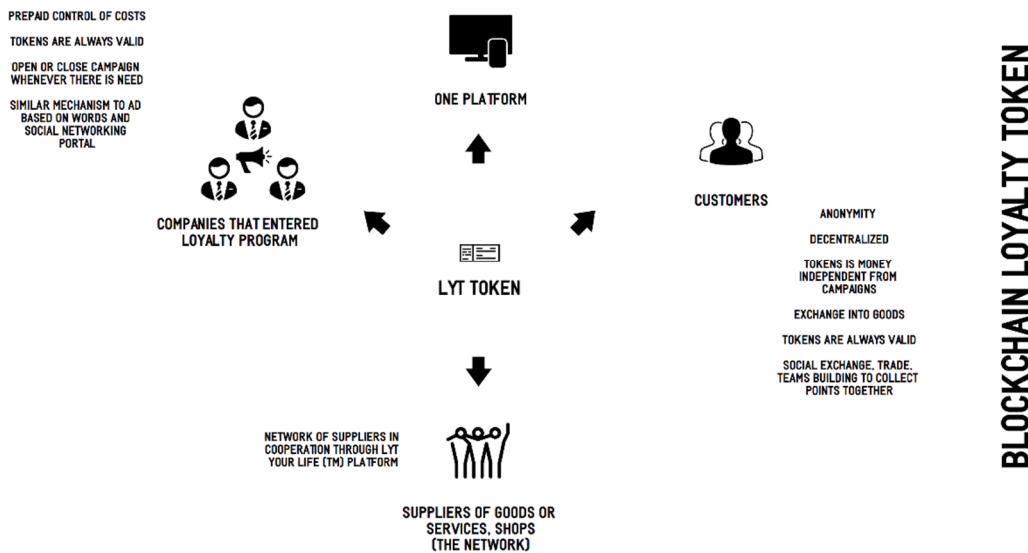
After the campaign, depending of the price of tokens that was traded between token holders and Happy Company Example LTD, the structure may be diversified into:

- 20% holders are founders
- 80% holders that are the “old” holders and “new” holders originating from the campaign
- In this 80% there may be some tokens held by Happy Company Example LTD because not all the people used their login data to wallets (valid until the end of campaign, because of the distribution of drinks). In this case, company may sell the tokens into community (may cause the price drop or price increase because people will see that at each campaign they represent a real value).

Another Company LTD wants to make another campaign. It has to buy tokens for it in the same model as Happy Company Example LTD. This way people that participated in the previous campaign and did not convert their “points” into goods with stored tokens on the platform, may sell them with higher price, the new ones from the Happy Company Example LTD company campaign may automatically enter into the campaign of Another Company LTD. This is how the network of loyal customers grows being granted for activity..

Token would be traded on the platform for each campaign, as well as on normal exchanges. This way no one ever loses his right to get profit from loyalty points. The difference is that for the moments of the campaign, they are becoming a blockchain ID and should be locked for the moment of the campaign. If you don't want to participate – you just trade the token on exchanges or use it as a "ticket" to goods placed on the platform. Any time one may resign from the loyalty selling tokens or get back whenever the campaigns become more attractive, just simply buying tokens and placing them on the platform.

Technical case 2: The model of relation "in the back-end" which means consulting services between advertisers, network and distributors



The main problem in relation of distributors and advertisers affecting customers is that there is logistic problem in the supply chain. Main reason for that not all the distributors want to participate in such programs is that there is a lot of refunds and other systems that create a real problem for distributors in realization. Distributor may encounter barter exchange problems that causes lack of financial turnover on goods. For example – company selling ice cream may offer random free ice cream in form of code printed on the stick that holds these ice cream. Customer goes to a distributor that receives the stick and gives a free ice cream to the customer. But distributor does not get cash for the stick. He receives another ice-cream. So if the probability goes in such way that a lot of customers realizes the promotion, he may never sell the real product but distribute the free ice cream which does not generate a financial turnover. **This goods may be backed by the token that may be exchanged into real cash, so this way turnover is still possible, finally not affecting the customer, who receives the ice cream.**

In some corporations there may be a problem in budget planning of such marketing campaign. There are assessed goods volumes, probability of distribution of loyalty points and other factors of the

marketing campaign. But still it is difficult to track its success. When advertiser has a proof of network represented by blockchain with token backed goods, it will be easier to plan campaigns in model presented on the side of the customer.

Company we will plan to establish will gain profit on budgets that are put into campaigns as consulting services plus profits coming from the possession of tokens. For example, a lot of consulting companies gather commissions in form of barter – this time it may be backed by the tokens, so we won't have a problem, similar to those that distributors have. It will be a full economic system for loyalty program basing on benefits of the blockchain.

## Technical case 3: How we want to build initial network? Budget for initial campaigns

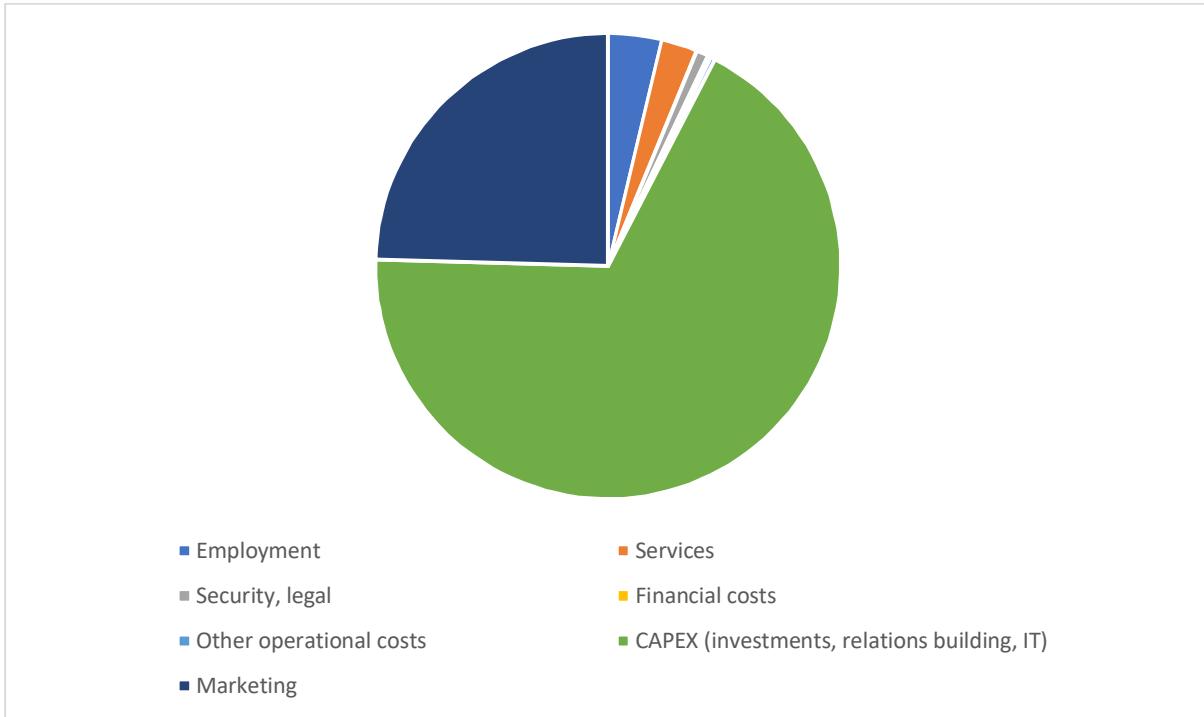
Participants of the ICO state an initial network of people that want to benefit from the loyalty campaigns. It is very similar to the bounties engine, but this is constantly increasing. If the network grows, it becomes more and more attractive for campaigns, the more attractive campaigns, the more users of the loyalty program.

**HOWEVER – we need to attract also distributors and advertisers through marketing cases. Network is a tool, initial network may be too small for big campaigns. So we constructed the model to create the growth of the network.**

The budget from the ICO will go for the following purposes:

- a) Establish an initial network of goods realization. This means that we have to offer initial campaigns with our support based on the budget (free consulting services + partial participation in costs). We assume this may take up to 30% of the budget. This also means that we should secure a test-run goods value for token holders to show the model confirmation of advertisers and distributors.
- b) Establish an initial network of test-run participants. We want to start some initial campaigns, first starting with a small company with local partners and in one State City of the dedicated country. With this proof of concept, we can then negotiate initial budget with bigger company. Building the network step-by step. We assume this may take up to 10% of the budget.  
It will work as proof of concept for the next campaigns. We then may become a marketing agency with blockchain environment of the LYT your life™ system.  
Our internal project calculations show that the BEP point (break Even means the moment where costs are covered by income) requires a network of approximately 43k users.
- c) To cover the project expenditures for building the **CRM for campaigns with management of cabinets for the users of the platform (LYT my life™ platform)**. This way, any participant of the campaign that has tokens would have a platform to manage the decentralized data of his collected points (for example connecting multiple point wallets with integrated distribution in exchange of goods). We assume this may take up to 30% of the budget.  
This platform will be ready for customers (participants of the loyalty program), as well as a management tool for advertisers/distributors in form of our consulting services.
- d) To cover OPEX costs of the team related to talks with the companies, partners, management etc. We assume this may take up to 7-20% of the budget until the expenditures will be covered from the present income (we have calculated OPEX load depending on the collection level). If

we will have present inflow of money, the remaining budget will be used for development and expansion to another regions.



## Promotion of early adopters (ICO participants) and loyal followers

Token holders of the ICO are creating the basic environment as potential participants of the promotion campaigns. Any other participants amount bases on purchased tokens by the advertiser (merchants), which means that even the network grows, still initial investors of the ICO get the higher bonus due to the nominal value of the token. Basic network is the “early adopters” network of customers willing to be the first network for the loyalty campaigns of Merchants in the Overlay.

With each campaign, the token value growths (nominal). But also it generates promotional gifts. Still, growth of the network does not affect negatively the ICO participants.

IT IS DIFFERENT APPROACH to projects that promote model of new tokens creation or just base ONLY on growth of users.

**Customers inform other customers about the campaigns (tokens may be bought and locked into campaign even if not in the budget, this gives the Derivative Budget™ opportunities, which means that even small budgets for campaigns may have the desired effect).**

**First point:** If one friend has profit, will tell another. One happy customer should bring 2-3 more. And it goes..

**Second point:** Even if the company does not want to buy tokens from the network, it may just use the barter (derivatives) mechanism using basic network of token holders. This way, a small budget may generate a lot bigger movement. The network should be larger with time, so the effect will be stronger, yet entry will be harder (harder selection of entities).

# ICO (as token sale)

## Type of ICO

As we stated in our Terms&Conditions, we are offering a token sale. Tokens will represent in the future loyalty points (which are purchased by Early Adopters instead of earning them in campaigns giving the Early Adopters huge bonus for support of the incoming solution in terms of Early Access to the platform).

**Token sale will be issued for 14 days.** During the campaign some budget will be instantly used for the marketing campaign during the ICO (i.e. that is why there is no refunds during the token sale) to promote the token sale. We assume, that for the marketing campaign will be used not more than 300k USD of the budget, however we will report to the community what is the effect of the campaign made.

## What was already done

- A. Research on business model, several pivots during the talks with initial customers of the platform
- B. Secured technological partner of Divante and IT outsourcing company
- C. Secured legal advisory for the project
- D. Deep analysis of the network selection)
- E. Cooperation with English exchange in terms of future gateway building
- F. Secured technological partner (Divante) for the Alpha version of the platform:

We have established cooperation with two crucial partners for the project. **Divante** has a huge experience in e-commerce solutions, while **another company** has a great experience in banking software and mobile solutions. Together with our team specialist, we will realize the Overlay for the ecosystem. We have managed to prepare a pre-alpha of the Overlay that will be strongly modified due to assumptions of the whitepaper and customers' experience.

**Admin Panel:** <http://prealpha.tokenloyalty.io:3000>

**User Panel:** <http://prealpha.tokenloyalty.io:3001>

**Seller Panel:** <http://prealpha.tokenloyalty.io:3002>

Logins and passes will be announced in the closed, Facebook group, „on demand. Please, join the group for further info. Registration in the demo version is locked (admin accepted).

Facebook group: <https://www.facebook.com/groups/tokenloyalty/>

## Which blockchain did we select?

We have selected Waves technology (<https://wavesplatform.com>). This selection was taken by several arguments:

- 1) We can establish an airdrop of max 0.28% tokens devoted to the ICO phase (from the bounties pool). This will generate an opportunity to inform Waves Community about the project
- 2) Wallets of waves are easy in use
- 3) There is DEX available
- 4) Easy block swap (for example Cryptotel made such option) – this may be done if the network of Overlay requires it.
- 5) There are stable users that actively participate in ICOs
- 6) It is a great tool for validation of the main concept
- 7) This is a great, emerging community

- 8) Sasha creates solution for the legalized model of tokenization (huge updates are planned in October and in February)
- 9) LOW INTERNAL FEES which is crucial for the project (network is too slow for loyalty program tokens, as well as too expensive)

**Official blockchain ID of the token:**

**Tokenloyalty.io**

**3YBdrSJjkAfQiFVefJ6vSRLrRtsWfSgjFd2W53oCWpZM**

**TOKEN SALE STARTS 16<sup>TH</sup> OF JANUARY, 2018!!**

You can check token amount here:

<https://wavesexplorer.com/address/3PEPxx7jAwZHU9YtzH2ABhN1W8dRGY2hgqP>

Roadmap and budget with targets of ICO

**Roadmap of the project:**

Timeline	Task	Description
<b>December 2017</b>	Final incorporation with legal token sale.	Basic jurisdiction: <u>Seychelles</u>
<b>16<sup>th</sup> of January, 2018</b>	ICO	DEX token sale starts 16th of January, 2018
<b>IT PART</b>		
<b>February 2018 – September 2018 with sub-tasks:</b>	Creation of the LYT my life platform based on the pre-Alpha of the system with Divante	This phase will base on our already made solutions in frames of R&D. However, many processes will be modeled together with customers to best suit the Overlay to the Decentralized model of the ecosystem.
<b>January 2018 – April 2018</b>	Definition of MVP to start work with initial partners for implementation	This will be basing on implementation with initial partners with adapted basic functionalities to selected core model. This way it will be able to make changes during the implementation to best know our customers.
<b>December 2017 – February 2018</b>	Initial tests, basic new functionalities related to the business model and customer relations (token integration, points mechanism)	This phase will be devoted to security checks, integrations and further testing, as well as pivoting the models. Partially done with pre-Alpha, still budget required for further development
<b>February 2018 – June 2018</b>	Beta version of the platform (2-3 initial campaigns), test integrations with payment processors	The most important in this phase will be preparation of integration with payment processors that will enable to use tokens on their credit cards (in frames of communication

<b>May 2018 – July 2018</b>	Release candidate	between app, the wallets and payment processor infrastructure). We have a plan to make a test on environment in one city with population >300k people. We call it the proof of concept for the scaling phase.
<b>July 2018 – as far as the project goes-&gt;</b>	Final version and further, constant development	After successful proof of concept, begins the phase of scaling.
<b>BUSINESS</b>		
<b>October 2017 – May 2018</b>	Initial network talks	We want to have 2-5 initial partners in form of merchants who will make together with us, based on budget, an initial environment for the selected city >300k people. This is very important for testing, building the proof of concept and preparing for scaling.
<b>February 2018 – August 2018</b>	Initial network growth	We want to build the environment with partners at least with services and goods that will be able for our ICO participants. We will be working with initial partners and communicating with the community for ideas – showing that we have people that want to operate in the ecosystem, it will be much easier to convince merchants to create campaigns.
<b>June 2018 – December 2018</b>	Initial 2-5 campaigns with AAA class Merchants	AAA class merchants are identified as working globally or at least in Europe. For example, merchants in the FMCG sector of know, stable brand, who will add a very big value to the “added value” option.
<b>After December 2018</b>	Constant progress and scaling	We will realize as many campaigns as available to grow the network and achieve BEP points ASAP.

Name of the <u>selected</u> task in terms of budget	Description of the task
Cabinets management + payment processor integration	Any individual account will have ability to send/receive tokens to/in your personal wallet. This means, we have to do a cabinet module for management inside the platform, based on API to DEX. This will be done most probably through integration on DEX in the initial phase, while with other exchanges in the next steps, while cooperating with the payment processor.
CRM+	Although we plan for the customers use mostly mobile app (B2C), advanced functions for the merchants will require a management system for the campaigns. For simplification we call it CRM, but it will be more like a backend service interface.
LYT your life Platform mobile	The core mobile application
LYT your life Platform web	The web version
Network of goods and services	Integration mostly with shops or service providers, though API or

	direct integration, depending on merchant. This part is very important in cooperation with Divante due to their solutions for the e-commerce market
<b>Initial campaigns (test runs)</b>	We plan to do 2-5 test campaigns (most probably 3). To attract merchants, we want to use budget money for the costs of integration, while merchants will budget the campaign goods/services for the ecosystem users. This stage is very important to have proof of concept to enter into talks with the next merchants.
<b>Management, trading action, opex</b>	This stage refers to the activity as agency. Opex means operational costs (like office, meetings costs, sales costs). Trading action means operation of traders to find and engage new partners, merchants and customers. Management means, i.e. tasks management, management over the team etc.

When Break-even point is achieved (when income is higher than costs) and if the budget remains, we will use the budget to realize additional B or C targets or just for expansion of the project.

We have planned to attract AAA class merchants (for example big market players like Coca Cola<sup>TM1</sup> ). In such case to attract AAA entities, a budget from our side should be also created to have arguments in talks with the marketing departments of such entities. Yet, all is possible and even with minimal values gathered in the ICO, it may just take longer to get the effect.

---

<sup>1</sup> Coca Cola is a trademark of The Coca Cola Company and registered under specified laws. The name used in the text does not serve for comparison or any commercial purpose.

Token sale details

## **Token sale:**

Blockchain: Waves blockchain:

Official blockchain ID of the token:

**3YBdrSJjkAfQiFVefJ6vSRLrRtsWfSgjFd2W53oCWpZM**

(tokenloyalty.io token)

**Will be offered on DEX** (please do not send individual amounts to the wallet)

**Waves explorer of the wallet containing tokens:**

<https://wavesexplorer.com/address/3PEPxx7jAwZHU9YtzH2ABhN1W8dRGY2hgqP>

**Starts: 16<sup>th</sup> of January, 2018!**

We have made an optimal calculation of the general amount of tokens that should be created. It is a 'finite value', which means that we do not plan to add more tokens than presented amounts in the table.

If the table seems hard to acknowledge, please contact us at [support@tokenloyalty.io](mailto:support@tokenloyalty.io) and we will answer, as well as put answers in the FAQ.

LOYALTYTOKEN.IO CROWDFUNDING - TOKEN SALE ON WAVES DEX 16 <sup>th</sup> of January 2018				
ICO TIMELINE = MAXIMUM 14 DAYS				
NORMAL TOKEN PRICE IN WAVES WITHOUT BONUS		1 LOYAL (TOKENLOYALTY.IO) =		0.1 WAV
Total LYT (tokenloyalty.io) generated on Waves blockchain	<b>Total LOYAL (TOKENLOYALTY.IO) put into token sale on DEX</b>		<b>Tokens for team (20%)</b>	<b>Tokens for bounties and marketing partners (7%)</b>
<b>70,459,690.0</b>	<b>51,435,573.7</b>		<b>14,091,938.0</b>	<b>4,932,178.3</b>
8675800.0	<b>Amount on DEX with bonus price 0.090 Waves</b>	6333334.0	1735160.0	607306.0
9084350.0	<b>Amount on DEX with bonus price 0.095 Waves</b>	6631575.5	1816870.0	635904.5
9885610.0	<b>Amount on DEX with bonus price 0.097 Waves</b>	7216495.3	1977122.0	691992.7
11182550.0	<b>Amount on DEX with bonus price 0.098 Waves</b>	8163261.5	2236510.0	782778.5
12453300.0	<b>Amount on DEX with bonus price 0.099 Waves</b>	9090909.0	2490660.0	871731.0
19178080.0	<b>Amount on DEX with normal price 0.1 Waves</b>	13999998.4	3835616.0	1342465.6
ICO HAS A CLOSED CAP OF TOKENS. COMMUNITY WILL DISCUSS WHAT WILL BE DONE WITH UNSOLD TOKENS AFTER ICO ENDS <sup>2</sup> .				

<sup>2</sup> Most possible is to burn them.

## Planned timeline of token sale

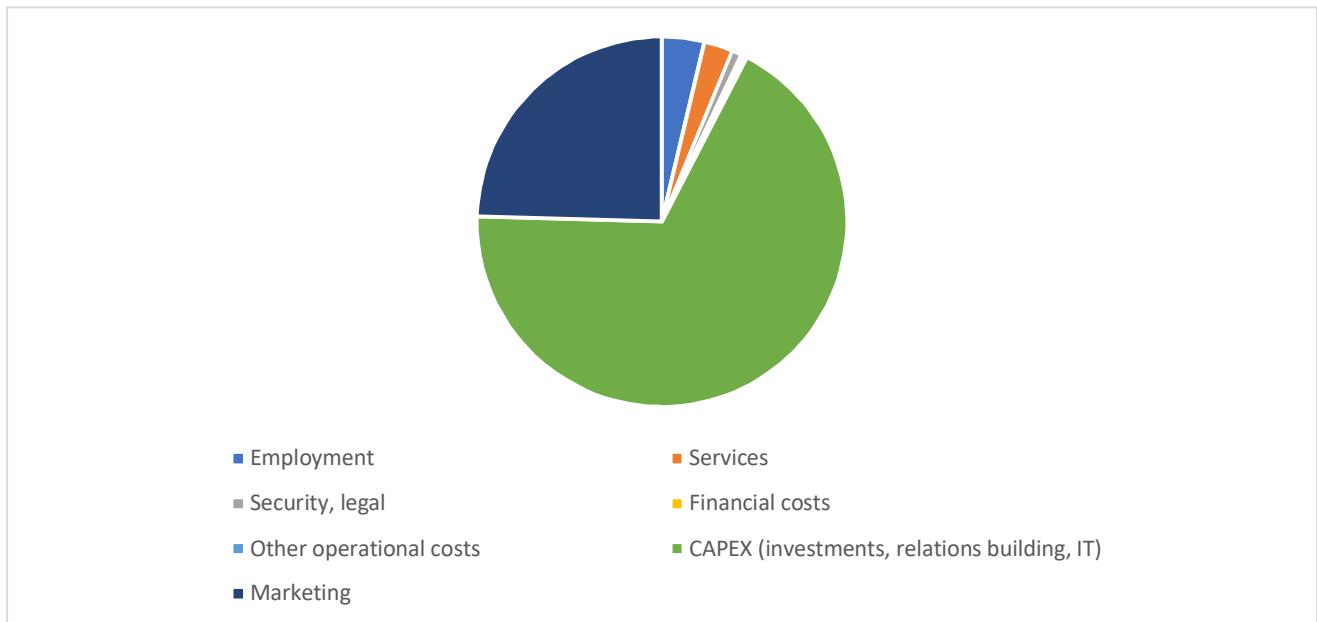
**Maximum 14 days token sale on DEX**

**STARTS 16<sup>TH</sup> OF JANUARY, 2018**

**Why DEX? Please, see the FAQ section of whitepaper on page 18.**

Bonuses: please, check the token sale table (starting from 0.09 WAV price versus 0.1 WAV price per token).

Load of budget



## The team

### **Grzegorz Sperczyński - CEO**



Author of a book on assets building in early-stage companies. Ex co-founder of seed capital and VC fund. Took many roles in project management of new (own-establish and contracted), innovative projects, especially based on marketing and MLM solutions. Founder of the Rcpartners initiative that helped to implement new technologies on and of foreign markets (i.e. Cada Casa system, Krauck Systems, and more). Specializes in preparations for investments, reconstruction of business, networking support in sales, strategic consulting and business modeling.

**Linkedin:** <https://www.linkedin.com/in/grzegorz-sperczy%C5%84ski-14071122/>

### **Grzegorz Rutkowski - CMO**



Managed many own businesses based on direct sales (i.e. owned call center solutions, MLM solutions). Most of these businesses were scaled up and sold to investors that enabled for further evolution for such projects. Has a huge networking possibilities in China and northern Poland. Responsible for direct contacts with partners.

**Linkedin:** <https://www.linkedin.com/in/grzegorz-rutkowski-77234459/?ppe=1>

### **Juri Koniwszczyński - CTO**



Senior web developer, frontend developer, server administrator. Proven experience design user experience in application, testing user behavior accumulation and analyzing data. My experience base on 3 years work as server administrator, and security administration in few startups, 5 years work as backend programmer and frontend developer in big and small startups and 5 years in big corporate company from e-commerce. Also I tried work in Microsoft call center for working with people and get more experience in communications. Long time experience work in team, also I tried different methodologies like Scrum, Agile and combinations Scrum with Agile.

Knowledge of startup development and managing in the early stages of development. Responsible for the implementation of tech solution and advisory over IT team.

**Linkedin:** <https://www.linkedin.com/in/jurek-koniwszczy%C5%84ski-21293645/?ppe=1>

### Iwona Sperczyńska – Twitter communication



Project Manager that implemented Soho solutions in relations to customers business solutions. Participated in the role of the Project Owner, combining it with customer relation and marketing support. This IT passion is connected with another one: accountancy.

Twitter: <https://twitter.com/loyaltywife>

### Main technology partner:



We have signed an agreement for cooperation with Divante Business Services. This brought us the pre-alpha version of the Overlay.

eCommerce & eBusiness

experts in the Omnichannel Era

We create a customized Omnichannel or Magento-based online platforms with CRM, ERP and PIM, a custom web application or a Big Data solution!

### Example customers of Divante:



## **Additional technology team outsourced**

We have established an additional cooperation with **one of the biggest Polish IT companies with experience in complex solutions (i.e. banks). This cooperation will be devoted to works with bank integration.**

We have managed to engage two team members (and more if competences are required, depending on available budget). Surnames of these team members are not shown due to agreement with this company to avoid headhunters.

**Those core members are:**

**Kamil – iOS developer.**

Core skills: iOS, SWIFT, OBJECTIVE-C, iOS SDK, JSON, REST, XML, UNIT TEST, Jenkins configurations, CI, C#, SQL, MySQL, SELENIUM, PHP

Additional skills: XCODE, APPLE DEVELOPERS (CERTIFICATES, PROVISIONINGS), GIT, REALM, ENTERPRISE ARCHITECT, SVN, REDMINE, JIRA, FABRIC.IO, INSTABUG, VISUAL STUDIO, NETBEANS, Java, SQLite

**Karol – Senior iOS developer**

Core skills: JAVA (Android, JSON, SAX, Eclipse), OBJECTIVE-C/SWIFT (iOS, JSON, SAX, SQLite, CoreData, Realm, SOAP, Social Media Frameworks, Runtime code modifications, Reactive programming, XCode, AppCode, Reactive Cocoa, Cocoapods)

Additional skills: XML, XSL, C/C++, PHP, JavaScript, JQuey, Unit tests, UI testing, Calabash

## **Legal**

The company will be established before the ICO on Seychelles.

## **Disclaimer**

This disclaimer is a part of full Terms&Conditions. Please, read the Terms&Conditions as their acceptation is obligatory to join token sale.

The LOYAL (TOKENLOYALTY.IO) tokens are not and will not be registered under the US Securities Act of 1933, and shall not be offered or sold in the United States or to or for the benefit of the United States Rule S under the Securities Act, provided that they are not registered or are subject to a relevant exception from the registration requirements of the Securities Act. Such an exemption is that LOYAL (TOKENLOYALTY.IO) tokens may be purchased from the resale on their own account and for investing by investors who are (1) are not in any way connected with the LOYAL (TOKENLOYALTY.IO) Limited, (2) some of the economic risks are exposed, the tokens are owned and (3) they are not part of the distribution of the tokens part.

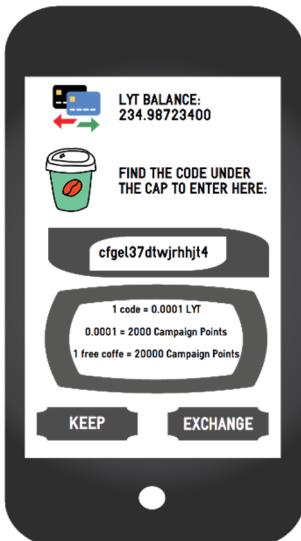
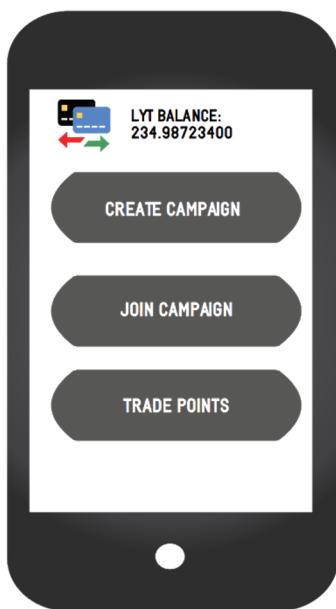
Our team is doing everything in terms of safety and security of the services Decentralized Loyalty will provide or provides, yet we cannot protect against all possible circumstances, especially not depending on us (like the environment for the creation of the token). Therefore all risks assumed by using the Decentralized Loyalty platform in any capacity, including but not limited to deploying campaigns, participating in campaigns using LOYAL (TOKENLOYALTY.IO) your life platform, marketplace, and collecting LOYAL (TOKENLOYALTY.IO) through the platform are solely assumed by the user. Users must measure the gravity of potential value loss against their trust in the services Decentralized Loyalty will provide and act as they see appropriate. Never trust anything that one cannot afford to lose to any entity, Decentralized Loyalty or otherwise, without fully understanding all of the

mechanics involved in the whole procedure. LOYAL (TOKENLOYALTY.IO) tokens are meant to be held and used by those well-versed in cryptographic tokens, only for the purpose of accessing the services on the LOYAL (TOKENLOYALTY.IO) your life platform. Decentralized Loyalty and its team must abide within the laws set forth in its operational country(ies). We intend to provide our services in as decentralized a fashion as reasonably feasible, but our legal entity must act according to the rules and bounds encoded in applicable laws. This includes but is not necessarily limited to laws governing financial operations, employment, fee charging, and sales.

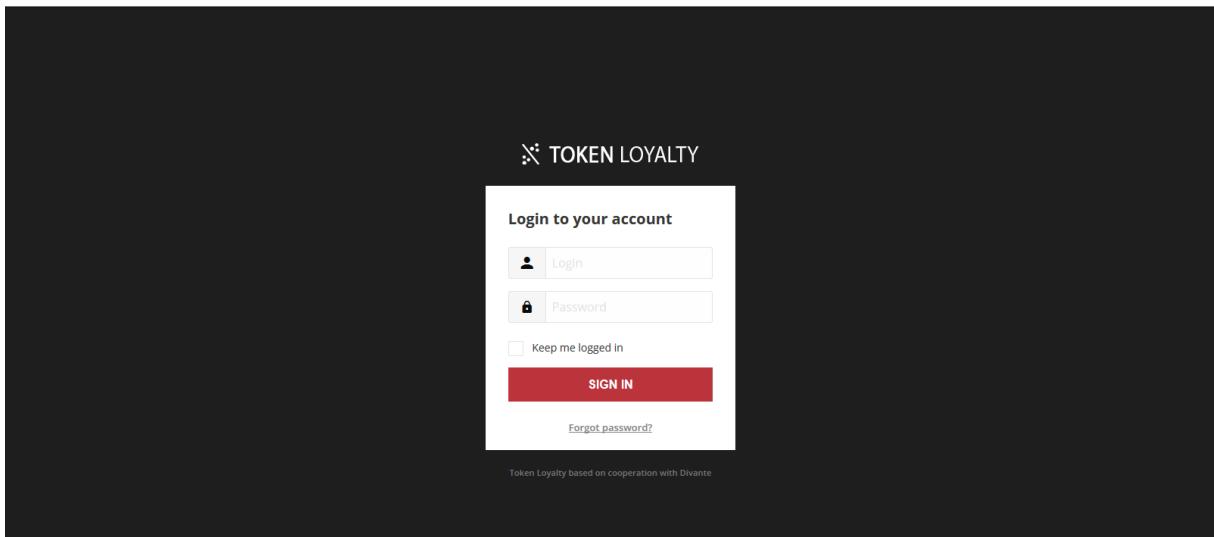
**Attention! Citizens of: Seychelles, Poland, USA and China are excluded from the token sale!**

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## Concepts of the mobile app



## Screenshots from the Overlay pre-alpha



The screenshot displays the 'Dashboard' section of the TOKEN LOYALTY application. On the left is a vertical navigation sidebar with the following menu items: Home, Customers, Levels, Points transfers, Transactions, Earning points rules, POS, Merchants, Segments, and Reward campaigns. The main dashboard area has a title 'Dashboard' at the top. It features several data cards: 'Points spent' (100), 'Customers' (2), 'Spending' (6.00 EUR), 'Orders' (2), 'Number of referrals' (4), 'Number of completed references' (0), and 'Number of conversions' (0). Below these cards is a section titled 'New members' which contains a grid of 15 empty slots for displaying new member profiles.

**TOKEN LOYALTY**

Account Settings

## Add customer

**Basic Information**

First name*	test
Last name*	
Gender	<input checked="" type="radio"/> Male <input type="radio"/> Female
Birth date	YYYY-MM-DD
E-mail*	
Phone	
Loyalty card number	
Select level	
Select POS	

**TOKEN LOYALTY**

Account Settings

## Levels

**ADD LEVEL**

**Levels list**

Name	Description	Condition value	Reward name	Reward code	Reward value	Min order value	Customers	Active	Special rewards	Actions
level0	example level	0	test reward	abc	14.00%	Not set	2		Not set	
level2	example level	200	test reward	abc	20.00%	Not set	0			
level1	example level	20	test reward	abc	15.00%	Not set	0		Not set	

Showing 1 up to 3 from 3 entries.

Points transfers												
<a href="#">ADD TRANSFER</a>												
Points transfers list												
First name	Last name	Phone	E-mail	State	Type	Value	Created at	Loyalty card number	POS	Issue	Actions	
Jane	Doe	111112222	user-temp@loy.com	active	spending	100	2017-09-07 23:48	0000	Not set	system		
John	Doe	11111	user@loy.com	active	adding	6.9	2017-09-07 23:48	Not set	Not set	system		
Jane	Doe	111112222	user-temp@loy.com	active	adding	100	2017-09-04 23:48	0000	Not set	system		
Jane	Doe	111112222	user-temp@loy.com	active	adding	100	2017-08-09 23:48	0000	Not set	system		
John	Doe	11111	user@loy.com	active	adding	100	2017-08-09 23:48	Not set	Not set	system		
Jane	Doe	111112222	user-temp@loy.com	expired	adding	100	2017-08-09 23:48	0000	Not set	system		

## Add earning points rule

**Basic Informations**

Name *	<input type="text"/>
Description *	<input type="text"/>
Active	<input type="button" value="Inactive"/>

**Type details**

Type *	<input type="text"/>
	Customer Referral
	Event rule
All time active	<input type="checkbox"/>
Multiply earned points	<input type="checkbox"/>

**Activity of rule**

All time active	<input type="checkbox"/>
Multiply earned points	<input type="checkbox"/>

**TOKEN LOYALTY**

Home  
Customers  
All customers  
Add customer  
Referred customers  
Levels  
Points transfers  
Transactions  
Earning points rules  
POS  
Merchants  
Segments  
Reward campaigns

**Loyalty**

Active points:	0
Used points:	0
Expired points:	0

**Profitability**

CLV:	0 EUR
AVO:	0.00 EUR
Orders:	0

**Transactions**   **Points transfers**   **Available rewards**   **Redeemed rewards**

Document number	Document type	Purchase date	POS	Amount	Points earned	Actions
No data to display						

**Profile details**

First name:	sledziona01
Last name:	sledziona01
Birth date:	2017-09-25
Gender:	male
Created at:	2017-09-25 12:06

[Show all profile details](#)

**Loyalty Program**

LOGOUT

Home   My rewards   My points   My transactions   My profile   Match with eCommerce

Welcome Doe

**Benefits**

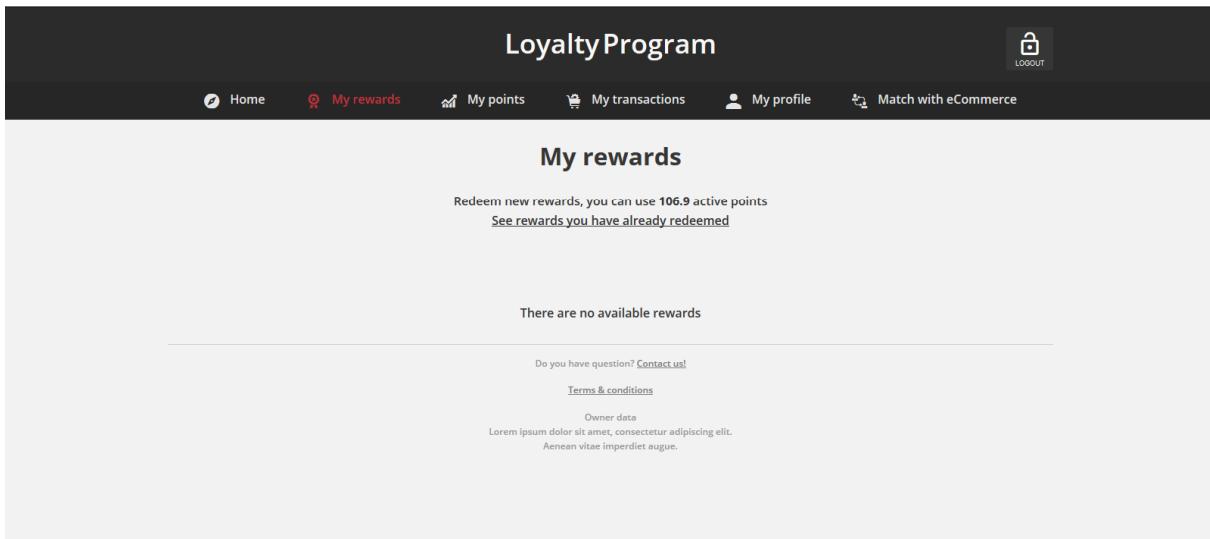
You current level is **LEVEL0**, your reward **-14.00%** discount. You need **17EUR** to the next level.

**Get rewards**

Redeeme new rewards, you can use **106.9** active points. [Get rewards](#) or [See rewards](#) you have already redeemed.

**Earn points**

Learn [how to earn new points](#).



## Glossary

**DAO** - A decentralized autonomous organization (DAO), sometimes labeled a decentralized autonomous corporation (DAC), is an organization that is run through rules encoded as computer programs called smart contracts (source: Wikipedia). **As for our project, the DAO structure represents the ecosystem.** Our overlay company is centralized, but it works on the decentralized ecosystem.

**Loyalty system** – it is a system where people are granted with additional goods, services or payments due to the activities they do for the brand (for example: purchase).

**Lead** – In marketing, it means that the customers are prepared by the agency to receive offers with high probability of purchase. But leads mean also the desired effect. In our case, lead means that people in the ecosystem are always ready to participate in campaigns to collect points and willing to get some in exchange of tokens, goods, etc.