



Blockchain-based Fundraising & Fund Transfer Services for Alternative Asset Managers

TransferNext seeks to disrupt the asset servicing and asset management sectors of the financial services industry through the provision of blockchain-based fundraising and fund transfer services.

Leveraging the Ethereum blockchain network, TransferNext facilitates the raise and transfer of capital between asset managers and investors via smart contract-driven securitized token offerings, targeting the specific use cases of alternative asset managers, such as private equity, venture capital, real estate, and hedge funds.

OUR VALUE PROPOSITION

Leveraging blockchain technology as opposed to the traditional channels for moving money between fund managers and investors provides several benefits on both sides of the transaction, including but not limited to:



REDUCTION IN COSTS

Once smart contracts are set up to facilitate the transfer of funds, little to no headcount is required to move funds



GREATER INVESTOR LIQUIDITY

Tokenized fund shares can easily be transferred to other investors that meet certain criteria (e.g. accredited)



REDUCED SETTLEMENT PERIODS

Without the need for human intervention to move funds between accounts, transfers happen instantaneously



IMPROVED SECURITY

Ethereum's Proof-of-Work consensus algorithms make all transactions immutable and traceable

OUR TARGET MARKET

We have chosen to focus on the alternative asset management space given the relative barriers that exist when raising funds compared to traditional asset managers, such as mutual funds, pension funds, etc.

Characteristics such as regulatory restrictions on investor profile, long lockup periods on invested funds, and high minimum investments make this specific sector an ideal target for disruption with our service offering.

Hedge Funds



**Private Equity
Funds**



**Real
Estate**

WHERE WE ARE NOW

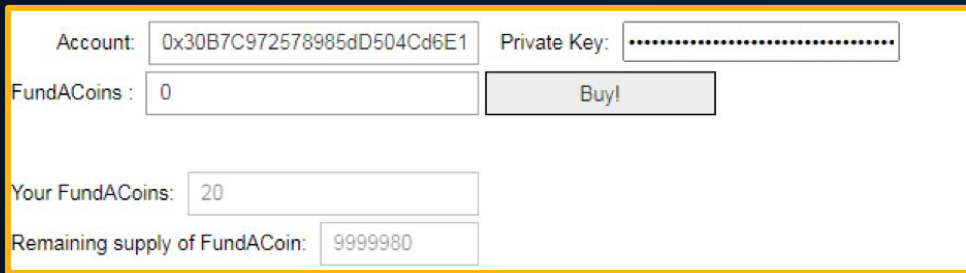
At present, we have a working proof-of-concept built using Solidity / web3 on the back-end, and Python / iPywidgets on the front-end.

Via RemixIDE, a “fund manager” user can specify the terms of their securitized token offering, such as amount of capital they would like to raise and the time horizon for the fundraiser, and issue ERC-20 tokens that represent fund shares for purchase.

The application UI then has two parts that allows an “investor” user to:

- Purchase tokens using (test) Ether
- Post buy or sell orders to a secondary market that other “investor” users can respond to

Both front-ends trigger the transfer of Ether and tokens between the accounts entered by the user(s).



Account: Private Key:

FundACoins :

Your FundACoins:

Remaining supply of FundACoin:

Above: UI for initial purchase of tokens

Left: UI for user-to-user transfer



Maker Account: Private Key:

YodaCoins

Taker Account: Private Key:

Available Trades:

Sell 10 YodaCoins

Buy 10 YodaCoins

OUR NEXT STEPS

In order to reach MVP-state, we need to complete the following development tasks, and address the following issues:

- Determine whether Ethereum is the best network to use, whether another existing network should be used, or whether we should build our own
- Move from a test network to a live network, and handle associated issues (how to purchase tokens directly without using Ether / another cryptocurrency as an intermediary)
- Determine the best method for storage of tokens (hot or cold wallet, etc.), and which of existing services is best to leverage
- Build a website to host the service, along with account / login services for clients and their investors

**OUTSOURCED KYC
(KNOW YOUR CUSTOMER)**



WHITE-LABELED UI INTEGRATION



**EXPANDED MIDDLE + BACK
OFFICE FUNCTIONS**



Given that we successfully manage to acquire an initial client base, we will seek to complement our core competency with quality-of-life improvements, such as white-labeling for integration into client sites, KYC to help validate client investor criteria, and additional blockchain-based services across the back and middle office, such as automated trade auditing and regulatory reporting.

This will allow us to upsell our existing clients to generate additional revenue, and grow our market share by targeting larger clients with more complex needs.

COMPETITIVE LANDSCAPE



Calastone - automates the transfer of client assets between fund platforms



FundsDLT - offers services to improve fund distribution processes



Polymath - offers security tokenization services



Consensys Codefi - payment solutions to make global transactions faster, cheaper, and more secure



FNZ Register - full-service transfer agency and distribution support services for asset managers



HashLynx FundBlock - clearing and settlement solutions in the syndicated loan market

HOW TRANSFERNEXT FITS

Most companies offering blockchain-based services comparable to the one we seek to offer either generally focus on the traditional asset management sector of the financial services industry or offer security token offering (STO) services aimed at replacing traditional forms of investment (stocks / bonds) with tokens.

TransferNext seeks to target a specific market sector - namely alternative asset managers - to suit their specific use cases, with an initial focus on improving the fundraising process in particular.

As far as we can tell, there are **very few direct competitors** offering a service similar to ours globally. And with such a large target market that is so behind in terms of their implementation of blockchain technology, there is ample room for TransferNext to compete.



CHALLENGES WE FACE

While we have confidence in our idea and see the market opportunity, we are cognizant of several hurdles that face us as a young blockchain startup. We are hoping the accelerator program will help us to address the following challenges:



Limited Service Offering

Our company currently intends to offer a very targeted service. Competition with more comprehensive offerings is of concern.



Distrust in New Tech

Blockchain is a relatively nascent technology with much room to grow. Fund managers may be apprehensive to rely on it to move millions of dollars.



Margin Justification

We lack insight into the actual costs asset managers incur for fund transfers and fundraising. We are uncertain as to how much we can charge for this service.



No Client Pipeline

This is our first entrepreneurial venture, so are new to the space, and will need to start from scratch building up a pipeline of clients to target.

WHERE WE REQUIRE ASSISTANCE

Given the challenges we are aware of, and the development work we have yet to complete, we are seeking assistance and mentorship in the following areas from the Columbia | IBM Launch Accelerator program:

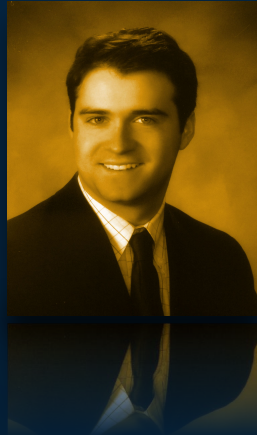
- Technical counsel and assistance with improving core competencies either on Ethereum or another blockchain network, per functional requirements
- Assistance with development of a live web portal
- Validation of business hypothesis and insight as to whether it will be possible to monetize this idea in a profitable manner
- Assistance with marketing and connection with potential early adopter partners
- Legal counsel on potential regulations affecting our service, incorporation of the company, etc.



WHY OUR TEAM?

Our team met in Columbia's 2019/20 FinTech Engineering Boot Camp, where we learned how to develop Ethereum smart contracts using Solidity and interact with blockchain networks using Python.

Combining our engineering knowledge gained from this course, strong work ethic, and insights from our collective professional experiences at financial technology, financial services, and non-profit organizations, we are confident that we have the capacity to build a business with a bit of guidance and direction, and can offer valuable insights to the other teams participating in the accelerator.



Devin Nigro



Mostafa Joma



Brody Wacker