CLIXToken Whitepaper

<u>Purpose</u>

The purpose of this paper is to provide an unbiased and thorough overview of the Paid to Click (PTC) industry as a whole. In order to do so, we have analyzed a total of 41 PTC websites[2] launched between 2004 and 2017 (full list at the end of the paper). This paper offers a deeper insight into the risks and shortcomings associated with the PTC industry and proposes a solution for many of these problems in the form of a decentralized cryptocurrency token meant to be used on PTC websites.

All factual information (i.e. data used in our visualizations) is based on publicly accessible data and is therefore easily verifiable. Needless to say, we strongly encourage everyone to conduct their own follow-up research and to cross reference their findings with the results presented in this paper in order to verify our claims.

Introduction to Paid to Click websites

Note: If you are already familiar with the underlying business model of PTC websites, you can safely skip the introduction. If not, it is highly recommended to continue reading to find out what a PTC website is and how it operates.

1.1 What is a Paid to Click (PTC) website?

A PTC website is an online service that rewards its users for viewing advertisements. It works by selling ad impressions and paying a percentage of the company's profits as a reward to the end user viewing the ad. The reward is usually given in the form of a site-specific "point" or as fiat currency paid out through a centralized third party (Payeer, PerfectMoney, etc).

1.2 Misconceptions and the controversial reputation of PTC websites

In the internet marketing community, it is common practice to throw around terms such as "*ponzi scheme*" or "*click fraud*" when talking about PTC websites. However, in reality, a legitimate PTC website has none of the characteristics of a ponzi scheme. Where an illegal ponzi scheme relies solely on old users inviting new investors in order to function, a legitimate PTC website does not

require anyone to invite anyone else in order to remain profitable. Furthermore, a legitimate PTC website does not require any form of payment to be made by the user. Absolutely no investment is necessary in order to earn income with a legitimate PTC website.

Another widespread misconception is that the quality of the traffic delivered is very low because of the fact that the user viewing an advertisement is rewarded simply for the act of visiting a website. The logic behind this claim is that when a user is rewarded for visiting a website, they have no other reason (other than the reward itself) to be interested in the actual product or service being shown to them. This is not necessarily true.

In order to better see why this claim has no real basis, one must first understand who the average PTC user is and what they are mainly interested in. When we look at some of the data found on Alexa[1] about the leading PTC website, NeoBux, we see that the most common PTC user is male with some college education and that they usually access the PTC website from home. Due to the nature of PTC websites, it is safe to assume that the user is actively looking for ways to earn extra income from home.

When we consider this specific target audience behind PTC websites and choose to promote products and services closely tied to the "*work-at-home*" niche, we see that this type of *incentive traffic* does indeed convert very well. Based on our own experience working closely with the PTC industry for more than 10 years, we have seen that due to the low cost of such traffic (generally $0.002 per unique visitor), the overall ROI (Return On Investment) is actually far greater than buying traffic elsewhere (ie. Google and Facebook where, depending on your niche, a single click may cost up to $10). That is, of course, true only if the product or service in question is tied closely to the *work-at-home* niche.

1.3   Risks

Because of the *centralized* third party companies that all PTC websites use to transfer profits earned from selling traffic and rewarding their users, many malicious PTC websites are launched every month that intentionally take money from unsuspecting advertisers and close down the operation just a few months later without paying anyone. In many such cases, the advertisers who invested with the PTC company have no way of opening a dispute and thus have little to no chance of being refunded.

This type of fraudulent activity is very problematic within the PTC industry and because it is relatively easy to set up a PTC website, it is not going to disappear any time soon. Not when we have centralized companies with headquarters registered in countries known as tax havens to manage these funds.

We offer a solution in the form of a decentralized cryptocurrency meant to be used as a reward token as well as a "currency" to buy advertising packages on PTC websites. It is our vision that

by introducing such a modern and innovative asset to the rather old-fashioned PTC industry, we can greatly diminish fraudulent activity within the PTC industry.

Market Analysis

2.1   Long-term sustainability

Over the years, we have witnessed hundreds of PTC websites come and go either due to poor management skills or simply because the business model itself is built around *centralized* e-currencies, thus providing a good playing ground for scammers.

On the other hand, the first PTC websites that are *still active today* were launched in 2004 and remain very profitable to this day. Three of the most notable PTC websites in the industry were all launched roughly 10 years ago and when combined pay over $3.9 million US dollars every month to their users. This alone is proof that with enough dedication and a fair understanding of the market's peculiarities, it is possible to run a sustainable and indeed lucrative business within the PTC industry.

As of today, there are three main companies that dominate the PTC market. These are NeoBux, ClixSense and Donkeymails. Combined, these three companies pay an average of $3.9 million US dollars every month to their users, with NeoBux alone being responsible for more than 92% of the total volume.
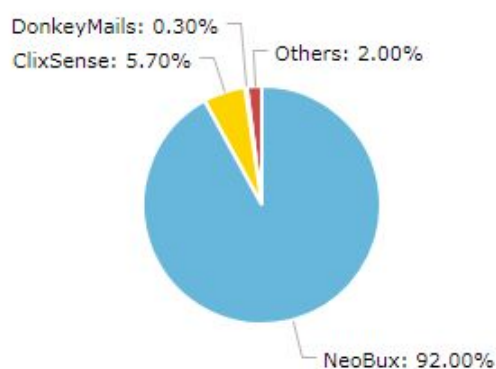

Sources: NeoBux, Other PTC's

2.2   PTC users

On the 15th of January 2018, there were a total of 4,490,206 active users on the 40 PTC websites we analyzed. Unfortunately, NeoBux does not reveal their number of users to the public. However, when we looked at their new registration statistics for the previous day (public) over the course of 1 week (01.15.2018 - 01.22.2018), we noticed that on average, 12,698 new users join NeoBux each day. That is over 380,000 new registrations per month.
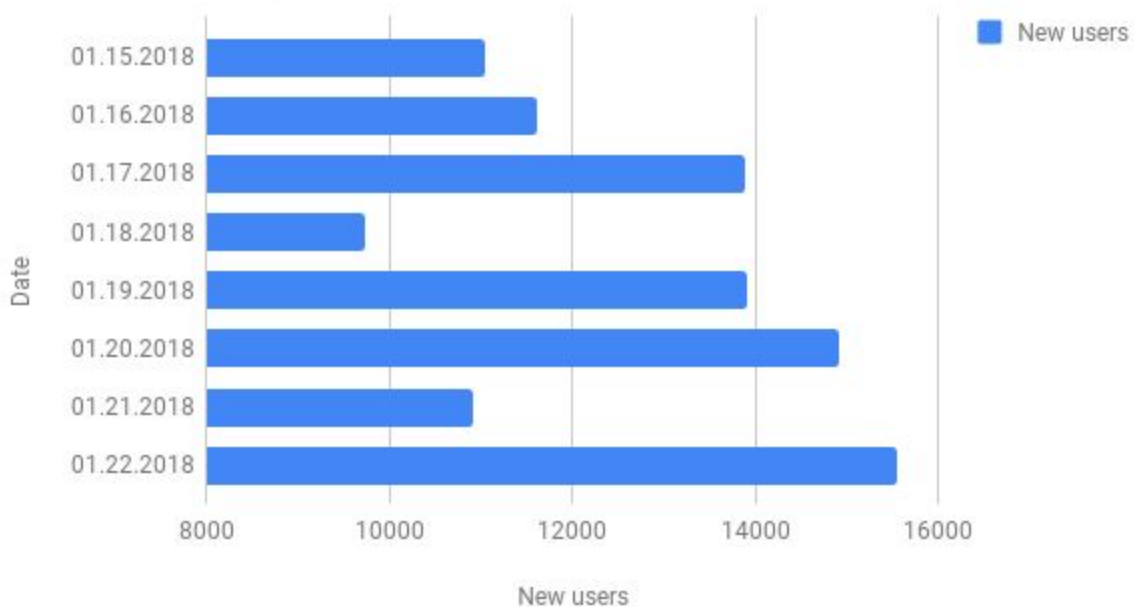
2.3   Competition

Given that the average PTC website has around 25 advertisements to view within a 24 hour window and that each of these advertisements pays around $0.001 USD to the user per view, one can expect to earn just a little over two cents on average from one website each day. Needless to say, this is far from being a satisfactory income.

This is why it is in the best interest of the user to join *as many websites as possible* and work on all of them as opposed to choosing only one and working with them alone. Therefore, competition among PTC websites is a little different than one would expect as every PTC website owner is well aware of the fact that most users will choose to click on many different websites no matter how hard they would try to convince them otherwise.

What I'm trying to say here is that competition *in a traditional sense* is virtually non-existent among PTC websites.

2.4 Every PTC has potential

The fact that competition, in the traditional sense, is almost non-existent means that almost every new PTC website has the potential to become the next big market mover or the "*next NeoBux*"- a term used widely in many advertising campaigns for new PTC websites. This implies that it is difficult for a single website to maintain monopoly over others and it's relatively easy for newcomers to enter the market.

Once the users have started working with a site, they are unlikely to abandon ship, not as long as the PTC website delivers payments on time. It is in fact the one and only requirement from the user's perspective. And where there are active users viewing advertisements, there are advertisers willing to pay for the traffic.

Furthermore, all PTC websites reward their users generously whenever they invite a new user. On average, the user can expect to earn around 20% from their referral activities on any given website. This makes inviting new people appealing to the majority of PTC users and it is one of the main reasons why new websites usually see rapid growth within their first year.

2.5 Many will not make it

Unfortunately, the rapid growth of a new PTC website has a serious downside, especially if the team behind it has little or no experience in managing their expenses and this is why we see many PTC websites shut down within the first year. In other words they will simply go bankrupt. This happens mainly because the manager is unable to handle the exponential increase in payouts which happens on every new website that enters the market as every new website is seen as a potential source for additional revenue and, as previously mentioned, the average PTC user is constantly looking for new websites to add to their portfolio.

2.6 Those who do make it, make it big

That said, every year a handful of PTC websites emerge that are able to keep up with the ever-increasing demand for withdrawals either by enforcing a strict money management strategy or by creating partnerships with various affiliate networks in order to generate multiple streams of additional revenue.

At this point, the website will usually see a significant increase in the sales of new advertisement packages. They have proven to be successful, reputable and trustworthy and have established themselves among the top PTC websites with hundreds of thousands of happy users all eager to view new advertisements. And from an advertiser's perspective, such a PTC website is literally a goldmine.

2.7   The scale of the PTC industry

Out of the many hundreds of big and small PTC websites, we decided to look at the performance of only the top 41 sites[2]. Here is what we found:

- The oldest websites still active today were launched way back in 2004. These include MyFreeShares, No-Minimum and DonkeyMails.

- Another very popular site, JillsClickCorner, was launched in 2006 and the current leader in the industry, NeoBux, was launched in the year 2008.

Below is a graph showing the number of PTC websites that are still active today and the corresponding years they were launched. As you can see, there is a clear upward trend which means that the market is growing.

Please note, however, that at least one third of the websites launched in 2017 will not survive more than a year for reasons mentioned in 2.5.

Active PTC websites
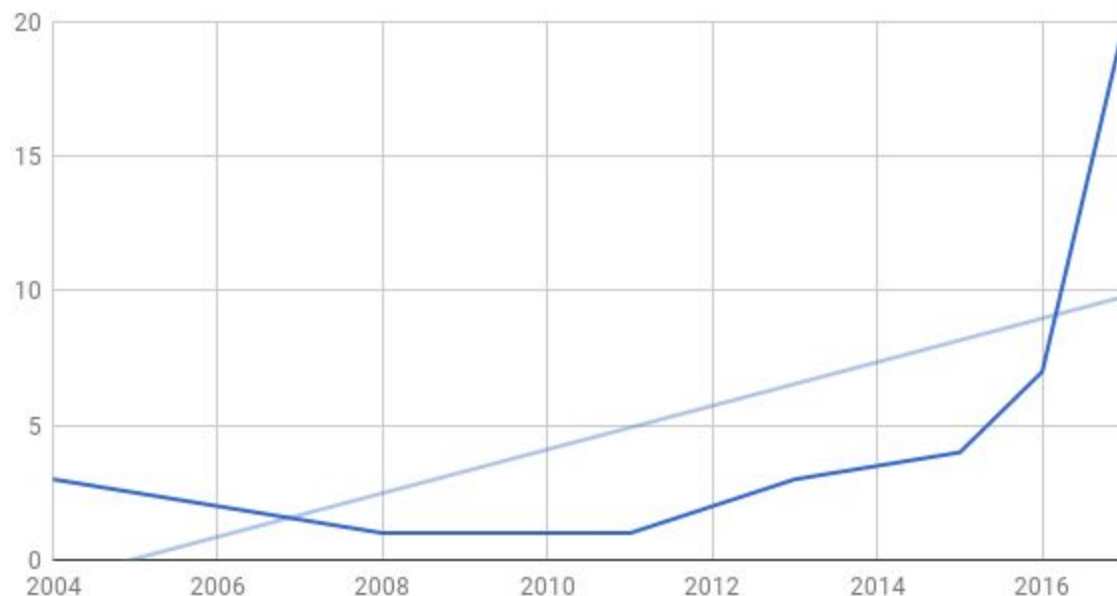
We estimate that by the year 2028, there will be between 130 to 140 active PTC websites paying between $12,654,850 to $13,628,300 every month to their users. This would average more than 157 million US Dollars per year in total volume. Please note that this is a very broad and highly optimistic prognosis, which does not take into account the fact that some websites will no doubt go bankrupt or close for other reasons.

The Problem

Now that we have a better understanding of the underlying business model of a PTC website, we can move on and present the current problems found within the industry as well as propose a solution to help remedy the situation.

3.1   Fraud

One of the biggest issues in the Paid to Click industry as a whole is fraud. For anyone who has been an active PTC user for even a few years knows this for a fact. There are new PTC websites popping up everywhere. Here is the most common scenario as we've seen time and time again:

> A new PTC launches. Everyone's hyped. The site seems promising, it's being advertised massively on all other PTC sites and traffic exchanges. Everyone's getting paid for a while and all is well.

> Then suddenly the site goes *down for maintenance*. A week passes, then a month, then the domain is abandoned. What just happened? The owner of the PTC has taken money from the unsuspecting advertisers without delivering the promised traffic and without paying the majority of their users.

The average lifespan of a fraudulent PTC website is 6 months to a year. In rare cases, a site of this type can stay active for up to 2 years at most because as soon as word gets out on the internet that someone did not get paid, everyone else will get cautious.

The worst part about this type of scam is that there is little to no chance for the advertiser to open a dispute and receive any kind of a refund due to the nature of centralized third party e-currencies that such fraudulent PTC websites frequently partner with.

Furthermore, such fraudulent PTC websites are known for posting fake proofs of payment in the form of modified screenshots to various online forums and communities in order to attract unsuspecting users.

A decentralized cryptocurrency that utilizes a public ledger where every transaction is permanently stored and publicly accessible is therefore a real solution to eliminate these types scams for good.

3.2 Suspicious e-currencies

Another big problem within the PTC industry is that most PTC websites (even legitimate ones) are forced to work with unsafe e-currencies because big companies such as PayPal are no longer interested in working with them.

PTC users use e-currencies that are not backed by anything and are no more than numbers on the screen. In addition, because most of the companies behind these e-currencies are registered in various tax haven countries with no government oversight, it is extremely difficult to prove fraud. Furthermore, many of these e-currency companies work deliberately under a "no refunds" policy in order to avoid any possible disputes.

3.3 Liberty Reserve example

A well-known example is the demise of Liberty Reserve, a Costa Rica based *centralized* online currency that was not backed by anything.

It is well known that the owner was arrested[3] for money laundering and for running an unlicensed financial company. Liberty Reserve was the perfect place for criminals to store their wealth because nobody asked for any documents and one could easily set up an account using a fake name and email address.

What is less well known, however, is that many people used Liberty Reserve to store their legitimately earned money, which was mostly earned off PTC websites. It was convenient, the transaction fees were very low and for many people, an alternative such as PayPal was not usable because 10 years ago, one could not connect his or her PayPal account with their personal bank account or debit card in many developing countries.

After Liberty Reserve was shut down, all of these people lost a lot of money. We personally lost €4000+ in profits that were made running the PTC website GPTOffers. That loss is what eventually led us to shut down the service altogether in the year 2014. As a relatively small PTC, we just could not afford to continue. Instead of quietly leaving the scene, we ended up paying many of our loyal users out of our own pocket.

3.4 When PayPal left the game

A lot of PTC websites were closed that year and the year which followed. Many users were not aware of the true reasons and blamed the PTC websites. The little trust that the PTC industry as a whole had left died when PayPal started suspending accounts associated with PTC websites. And can you really blame them?

Given what happened to Liberty Reserve and how the media associated them with drug money and even child pornography[4], it doesn't take a genius to figure out why PayPal chose to stay

away. Not only that, but PTC websites in general have ever since been associated with all forms of fraud imaginable. Click fraud, ponzi schemes, you name it.

If you are a PTC owner and hope to reward your users with PayPal, you will most likely just get your PayPal account suspended in a very short time. In fact, this is exactly what happened to ClixSense, one of the most reputable PTC websites, not long ago.

On February 8th, 2017, the owner of ClixSense posted on their site's [message board](#) stating that "*On Monday February 6th Paypal placed a hold on our account*". According to PayPal, the ClixSense business model was now in violation of their user agreement and continued partnership was no longer possible.

3.5   No good alternatives

What is worse, there are no good alternatives left to transfer funds in the PTC industry other than maybe Bitcoin, which has been proven time and time again to be way too volatile with transactions taking weeks, in some cases months to confirm on the Blockchain. Then there are centralized e-currencies like Perfect Money and Payeer, but who knows how long they are going to be around for?

It is obvious that the PTC industry is in desperate need of a new, innovative and <u>decentralized</u> cryptocurrency token that can be used to transfer value between PTC websites, their users and advertisers. We propose CLIX to be that token.

3.6   The Points system

Nowadays, it is common practice to implement some sort of a points system into a PTC business. Website owners can then reward their users with points along with regular fiat currency. And while there is nothing inherently wrong with the idea overall, there is an underlying problem of how to give the point a meaningful value.

These reward points are all site-specific, meaning that the user can only spend them on the same website that the reward point was originally earned from. This poses many issues, among which is the fact that it can be unprofitable for the PTC owner in the long term. When a user can purchase advertising packages using points and other users can earn fiat currency for viewing that advertisement, it doesn't take a genius to see that the PTC owner is slowly but surely digging themselves a hole by paying out fiat currency that has value for ads paid for points with no real value.

And even if one were to implement a system that rewards advertisements backed by points with points and advertisements backed by fiat with fiat, it still leaves the manager with the very tedious process of having to come up with a meaningful value for said reward point that would also reflect the actual supply and demand within the scope of their business.

It is actually very time consuming to come up with a fixed value for any points offered on a website as most would agree. The failure of not "figuring it out" can easily lead to a PTC website going bankrupt.

Would it not make more sense to have a simple unifying "*points system*" that included every PTC website in the industry and had a fixed value based directly on supply and demand?

The Solution

We propose a real solution to all of the main issues that the PTC industry faces right now. The solution is called **CLIXToken**.

CLIXToken is an **Ethereum based ERC20 token** with transactions handled by the CLIXToken Smart Contract.

- There will be a limited supply of CLIXToken issued, meaning that there can never be more CLIXToken in circulation than was initially issued on the network.

- Users can send and receive CLIXToken just like they would send Bitcoin, Litecoin, Ether or any other Cryptocurrency.

- To send CLIXToken to someone else, the user needs a small amount of Ether (Gas) to pay as a fee to Ethereum miners.

- Because it is based on the transparent Ethereum network, the only requirement is to have access to an Ethereum wallet.

4.1   Real world application

Imagine a world where all the major PTC websites rewarded their users with CLIXToken instead of regular e-currency or points with absolutely no value. Those users can then spend the CLIXToken they have earned on any other PTC website that also accepts CLIXToken in order to buy advertising packages.

Here is how the average PTC user acts:

- User joins a PTC website and earns some money
- User joins another PTC website and buys advertising from the first to promote the other
- User generates new leads and earns a percentage from their downline
- Rinse and repeat!

All of this can be done using CLIXToken which is a transparent cryptocurrency with limited supply. You cannot make more of it out of thin air unlike with *points* or fiat currency.

As CLIXToken circulates around the PTC industry, from site owners to their users and then back again, it can gain real value. A value that is the same no matter which website is using it.

You can think of CLIXToken as a currency which will unify all of the big and legitimate PTC websites. It is a currency that you can pay to your users instead of using a points system on your website because a point is essentially worthless even if you give it a fancy name.

4.2   Main benefits of using CLIXToken

- Because CLIXToken will be issued on the Ethereum network as an ERC20 token, it will be transparent and fully trackable on the Blockchain. Therefore, a widespread implementation of CLIXToken would make it more difficult for scammers to operate.

- All PTC websites that use CLIXToken to reward their users can gain additional trust in the eyes of both their users as well as advertisers because any company which embraces new technologies like the Blockchain are generally seen as innovative and success-oriented.

- Nowadays, many affiliate networks prohibit rewarding fiat currency when a user signs up on their offer(s). When a PTC website rewards their users in CLIXToken instead of fiat currency, these restrictions no longer apply. This opens up many new opportunities and partnerships for the PTC owners.

The Plan

5.1   The distribution of CLIXToken

- Total CLIXToken to be issued: 200,000,000
- 10% (20,000,000) will be put aside for developers and marketers.
- 5% (10,000,000) will be put aside for the bug bounty program.

As for the remaining 170,000,000 CLIX, **every PTC website owner** that has shown an interest is entitled to 10,000 free CLIX with no additional requirements. If a person or a company manages more than one PTC website, they are still entitled to only 10,000 free CLIX. Managing multiple PTC websites will therefore not grant any additional free CLIX. We estimate that around 500,000 CLIX will be given away for free within the first 6 months.

Note: Because every transaction within the Ethereum network requires Gas (Ether) in order to work, it is required to pay a small amount of Ether up front to cover the miner's fee. Further information about the appropriate Gas fees can be found here.

The purpose of giving away free CLIX is to give every PTC website owner an equally fair start and to allow them to fill up their CLIX reserves.

5.2   No public token sale

Unlike with many other tokens, there will be no public token sale event. Instead CLIXToken will be distributed privately to PTC website owners to fill up their reserves. The only way a non PTC website owner (ie. the user) can receive CLIX is to directly earn it by working on a PTC website that chooses to reward their users in CLIX.

Therefore, if a person or entity does not currently manage a PTC website they can either a) launch their own PTC website and apply for free CLIX or b) ask their favorite PTC website to start using CLIXToken so they can be rewarded in CLIX.

These are the only two ways to receive CLIX at least in the foreseeable future. We do plan to list the token on exchanges but this will take time and the token has to be already circulating in more significant volumes.

5.3 Terms and requirements

- In order to be entitled to the 10,000 free CLIX, an individual or a company must either fill out a request form on http://clixtoken.io or send a free-form inquiry to info@clixtoken.io with the title "**Request for 10K CLIX**" along with the name of their company as well as the URL(s) of their website(s).

- Additionally, an Ethereum address must be provided so that we can add it to the whitelist of our smart contract. Only whitelisted Ethereum addresses can receive any CLIX through our smart contract, which means that anybody else can only receive CLIX through a PTC website as a reward token for their work.

- The individual or company has to manage at least 1 active PTC website. We will verify each submission by having the manager upload an empty HTML file to their server with a unique filename generated by the random string generator.

- The age of the PTC website does not matter, it could have been created yesterday. However, the PTC website has to be fully functional and ready for business. We reserve the right to decline a submission if we feel the PTC website does not fit to the industry's standard and best practices or has been launched solely to receive free CLIX.

- If the individual or company manages more than one PTC website, they are still entitled to only the initial 10,000 free CLIX.

- After we have verified the ownership of a PTC website, we will whitelist the provided Ethereum address and the owner can then send 0 ETH to our smart contract paying only the miner's fee necessary for the transaction to confirm on the network.

- At this point, the PTC owner is free to use their CLIX as they see fit. They can be rewarded to the first users in order to raise awareness or they can be traded and sold to others.

- Additional CLIX can easily be requested from the smart contract at a fixed rate of 1 ETH per 10,000 CLIX. This means that if 1 ETH is sent from a whitelisted address, our smart contract will send back 10,000 CLIX. There will be, of course, a function in the smart contract itself to adjust the rate in the event Ether's value goes up too much.

Our Vision

The short term vision of CLIXToken is to replace the old point reward systems on PTC websites and give website owners as well as their users and advertisers something more tangible to use as a means to either reward users or purchase advertising packages.

In the long term, however, we hope that CLIXToken will replace centralized e-currencies such as PerfectMoney or Payeer within the PTC industry, mainly because of its decentralized nature and its ease of use.

It is our hope and vision that CLIXToken will one day become more beneficial to use than centralized e-currencies because a Blockchain based transparent cryptocurrency meant for PTC websites as a replacement for reward points brings back trust to every website that uses CLIXToken to reward its users. Moreover, any PTC website that chooses to reward their users in CLIX can gain many new users simply because of the overall popularity of cryptocurrencies and because there will be no other way to receive CLIX other than to earn it on PTC websites.

Future of CLIXToken

Even though CLIXToken is meant to be used only within the Paid to Click industry as a means to transfer value between PTC owners, their users and advertisers in order to bring back trust and offer real value to Paid to Click websites, we can't dismiss the fact that CLIXToken could one day attract the attention of investors and speculators as well as cryptocurrency exchanges.

Disclaimer

It is important to point out that even though we believe strongly in the success of CLIXToken being able to replace the traditional point reward system on many PTC websites, we cannot and will not guarantee that its value will increase in the future. For all intents and purposes, the monetary value of CLIXToken could essentially remain zero as it relies strongly on whether or not PTC websites adopt it as a means to transfer value within the PTC industry.

We do not claim that if you buy CLIXToken today, its value will increase over time turning anyone who bought it into millionaires. We cannot know this as a fact and it would be foolish to think otherwise.

References

1) NeoBux.com Traffic Statistics - https://www.alexa.com/siteinfo/neobux.com

2) Performance report for the top 41 PTC websites - https://clixtoken.github.io/research/other.html

3) Liberty Reserve founder arrested in Spain - https://www.theguardian.com/world/2013/may/28/liberty-reserve-arthur-budovsky-arrested-spain

4) Co-Founder Of Liberty Reserve Pleads Guilty To Money Laundering In Manhattan Federal Court - https://www.justice.gov/usao-sdny/pr/co-founder-liberty-reserve-pleads-guilty-money-laundering-manhattan-federal-court