

# Product

Rocket DAO

Decentralized investment platform

**Confidential**

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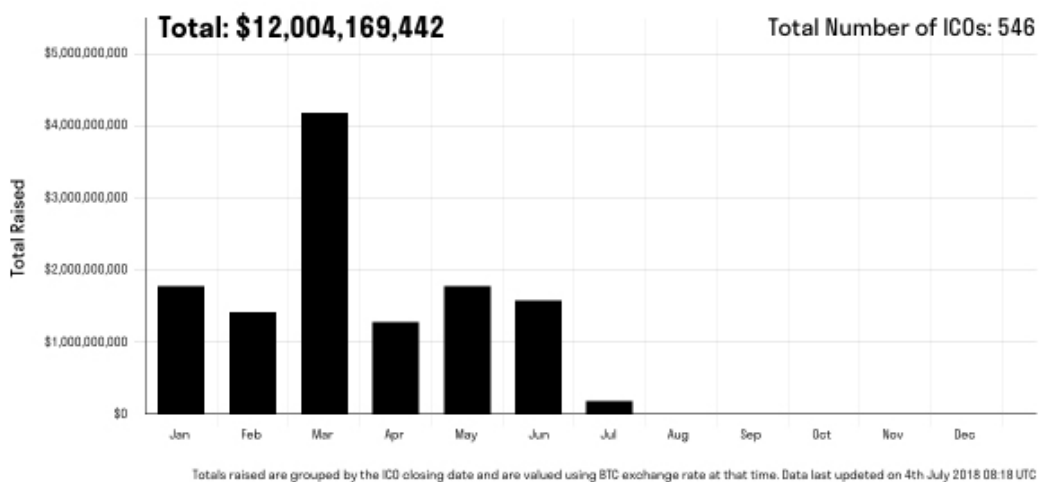
# Introduction

This document is one of the three documents together with **Roadmap** and **Private Token Offering** and is intended for venture investors' familiarization. This document's aim is to provide a complete picture of ROCK token that is being used in decentralized platform **Rocket DAO**.

# Investment market analysis

Before characterizing **Rocket DAO** investment platform, it's logical to describe current condition of (Initial Coin Offering), VC (Venture Capital), IPO (Initial Public Offering), Crowdfunding markets which are the key methods for attracting capital to technology companies.

## Cryptomarket and ICO



Statistics derived from [coinschedule](#)

Entire crypto currency market accounts \$300 billion dollars. In December 2017 this amount exceeded \$800 billion.

## Venture Capital

According to [KPMG](#) - one of largest audit companies worldwide - 2,456 transactions with a total volume of 49.3 bln \$ were made alone.

In 2017 total world's venture investment was \$ 148 billion.

## IPO

According to the quarter report of Ernst&Young - a British audit and consulting company - for the first three months of 2018, global IPO market conducted 287 transactions for an amount equivalent to 42.8 bln \$.

An IPO global volume market in 2017 was \$ 189 billion.

## Crowdfunding/Crowdinvesting

At the same time according to [Statista](#), - one of the most authoritative statistical web-portals worldwide - a total planned crowdfunding market size in 2018 will be 9.4 bln \$.

Regarding crowdfunding market, the planned values will be 11.1 bln \$. Characteristics of ICO, IPO, venture capital, crowdfunding and crowdinvesting markets most fully provide an idea of current investment market condition. Classic venture capital investment and securities market occupy leading positions according to the transactions made.

However, in the few years of its existence ICO market has greatly outperformed classic crowdfunding and crowdinvesting markets, becoming more preferred instrument for online investing. In our opinion, reason for this is that ICO is a new tool for a market with unprecedented investment liquidity.

Any startup that uses blockchain technology has an ability to release their tokens, get funding in exchange for these tokens and then bring them on free market for trading on stock exchange. Previously, investments in company could have such liquidity only when a company was facing a final liquidity which could be both IPO as well as M & A.

## Liquidity problems of venture capital investments

Despite the fact that venture market is a well-organized and functioning industry, there are a number of problems for some participants in this industry.

- **Angels** invest prior to venture capitalists but their position in company often deteriorates as venture investors pour in capital in follow-on financing rounds. If angels don't have sufficient funds to support their investments, they cannot avoid share to be diluted. In addition, angels often say that they have to wait for exit to get additional funds that can be invested in new startups. And this expectation can last for years. Venture investors (who enter startups in earlier rounds) have similar problems.
- **Accelerators** - each has large pool of startups, where they have a small share. Ability to sell partially their shares at a profit could increase turnover of startup accelerators, which would have beneficial effect on entire startup industry.
- **Founders.** Often successfully working on a startup for several years, they may need additional personal financial rewards, which are possible only by selling a small company's share.

## ICO as a venture investment market's addition

We believe that mechanics tested with an ICO are perfectly suited to increase current venture capital market's liquidity. At the heart of mechanics lies tokenization and work with exceptionally tokenized assets.

There are three main types of tokens:

- **Asset-Backed Tokens:** anything where you can redeem the token for a noun, a person, place (real estate for example) or thing (commodity, equity, derivative).
- **Service-Backed Tokens:** anything where you can redeem the token for a verb—a service where someone or something (a machine for example) does something for you. Examples include things like Chuck-E-Cheese (i.e. a network of American family restaurant) tokens or laundry machine tokens/vending machine tokens.
- **Infrastructure Tokens:** these tokens are simultaneously backed by nothing, and everything. The classical example of this would be Bitcoin. Bitcoin is technically not redeemable for a specific asset or a service.



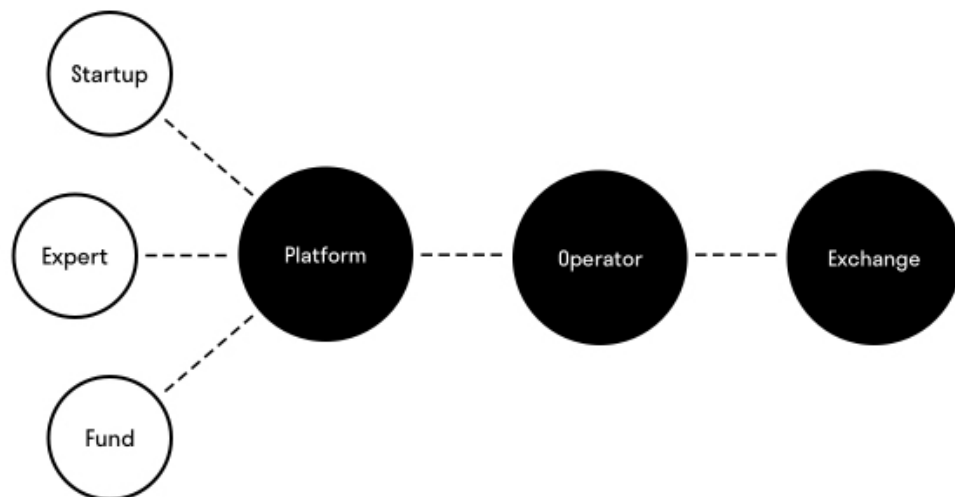
## **Clear advantages of using tokens for venture investment market are the following:**

- Acceleration of trade process: movement of real assets and registration of property rights documents are not required.
- Increase in storage security and transfer: by accounting transactions on blockchain technology basis.
- No the need to trust intermediaries: their participation can be described at a level of a smart contract or they can be excluded from the chain.

Unfortunately, despite a positive dynamics in growth of current ICO market, it is still unclear for most players in venture industry. This is due to the fact that this is a young market, regulation of which has just begun.

Nevertheless, there are already obvious successes in understanding how venture investments should occur using tokens in terms of operating processes and difficult legal issues.

## An ecosystem consisting of 3 main elements is needed:



- 1. Platform solution** is a place by which investments will be put in startups.  
Main functions of this platform:
  - Investors can safely invest in startups
  - Investors can get startup expert assessment before investing
  - Investors can monitor startup development after investing
- 2. Operator** is an organization engaged in issue and audit of any types of tokens and their registration in state registers.  
Basic operator's functions:
  - Cooperation with state
  - Check of conformity of a token to the state standards
  - Registration of a token in public register
- 3. Exchange regulated by states** where there is an official purchase and sale of any types of tokens.

# Rocket DAO

For more than a year **Rocket DAO** has been researching and developing platform solution for investors, experts and startups which, in our opinion, should take its place in this ecosystem, become an alternative to usual crowdfunding / crowdinvesting and add liquidity to the classic venture investment market.

When designing this platform we set the following tasks:

- to digitize existing conditions of classical venture market, namely to digitize investment rounds to which investors are accustomed and who have proven themselves;
- to offer new mechanics of joint investment;
- to create an independent expert community that provides a varied view on asset's investment attractiveness.

In addition, we have worked out for ourselves two criteria that this platform must meet to work with tokenized assets.

- Web 3.0 - platform should be fully adapted for work with blockchain technologies. Namely:

- Ability to authorize on platform using any blockchain system
- Ability to manage any digital assets on any blockchain
- Fixation of any important events in any blockchain
- Platform users' relations are regulated by smart contracts

- DAO – within process of long-lasting platform development it must become a decentralized, self-developing, fully autonomous system where the vector of development defines community.

In the framework of **Rocket DAO** platform solution we are working overall on four products: **Rocket DAO.fund**, **Rocket DAO.expert**, **Rocket DAO.startup**, **Rocket DAO.wallet**.

# Round system

Round venture investment system has established itself in the market. We want to digitize it in order to give investors and startups clear game rules on the market. Rounds' digitization has several advantages as it helps to increase investment market liquidity.

In total, we plan to work with two startups types:

- Startups that initially introduced tokenomics.
- Startups that have nothing to do with tokenization.

We offer them tokenization equity service, thereby integrating them into ecosystem, providing new business opportunities.

Tokenization equity will proceed as following:

1. There is an auditor or a law company performing an escrow function called an operator.
2. Further, the operator is transferred 100% of company that has any kind of assets.
3. The operator issues tokens which are analogues of bearer shares.
4. As soon as someone presents tokens to the operator, the latter is obliged to provide equity to bearer in proportion to presented tokens.

## Round system implemented on the platform:

### **Pre-seed (up to \$500 thousand)**

These are completely new startups. Exact investment amount is determined after startup's expert community assessment. Legal entities' registration is not required. This transaction is regulated with the help of SAFT (or any possible jurisdictional counterparts). Accredited and non-accredited investors are admitted to the transaction.

### **Seed (up to \$ 5mln)**

These are startups that fall under requirements of seed stage. Exact investment amount is determined after startup's expert community assessment. Legal entities' registration is required. This transaction is regulated with the help of SAFT (or any possible jurisdictional counterparts). Accredited and non-accredited investors are admitted to the transaction (under certain conditions).

### **Pre-sale (Round A, B, C: up to \$10mln)**

These are startups fall under pre-sale stage requirements. Exact investment amount is determined after startup's expert community assessment. Pre-sale stage can be conducted several times. Legal entities' registration is required. Token's issue through operators is mandatory. There are cases when token's release is delayed, so in that case transaction is regulated with the help of SAFT (or any possible jurisdictional counterparts). Accredited and non-accredited investors are admitted to transaction (under certain conditions).

### **Main sale (starts from \$ 5mln)**

These are startups that fall under requirements of sale stage. Exact investment amount is determined after startup's expert community assessment. Legal entities' registration is required. Token's issue through operators is mandatory. There are cases when token's release is delayed, so in that case transaction is regulated with the help of SAFT. After sale stage token goes to stock exchanges. Accredited and non-accredited investors are admitted to transaction (under certain conditions).

### **Second sale**

This stage is necessary for companies that have successfully conducted main sale and trade on stock exchange. This stage is needed for large token's holders to sell their shares to new investors without bringing the market rate down.

More information about SAFT and its types can be found [here](#).

## **Non-accredited investors can participate in rounds under following conditions:**

- KYC
- investment limit of \$ 10,000 per transaction was not exceeded
- a year investment limit has not been exceeded (depending on jurisdiction)

In addition, **Rocket DAO** has implemented a remarkable liquidity mechanism: after startup's round of attracting funding ends, investor who participated in previous round has an opportunity to realize his/her share at a last round's price.

For example, if I'm an angel investor or startup accelerator and participated in startup's pre-seed stage, investing in it 50 thousand \$ at its estimate of \$ 1m. Once project enters seed financing stage with an estimate of \$ 5 mln the investor will have an opportunity (after seed round has ended) to sell part of his/her share at a price of seed round and quickly return his/her \$ 50 thousand.

This gives investors an excellent investment liquidity tool that will release working capital in a short timeframe - funds that he/she can invest in new companies which have a beneficial effect on startup industry development as a whole.

# Rocket DAO.fund

**Rocket DAO.fund** is a product designed for investors' community. Within the framework of this product we want to change mechanics that are being used in basic crowdfunding / crowdinvesting. We want to do this with the help of **smart contracts on blockchain (ethereum)**, showing how investing process on web 3.0 platform should be done.

Smart contracts have given a possibility to create decentralized investment funds. Most vivid example of decentralized venture fund creation is The DAO when 20,000 people put 4,000,000 ETHs on one smart contract in order to jointly invest in new startups. Unfortunately, vulnerability was found in the smart contract and the project had to be closed.

We implement similar concept in **Rocket DAO**. We provide users with an opportunity to create decentralized funds using smart contracts.

## Types of funds:

### **Individual**

Funds that consist of a single person. Its purpose is to tell community that user is ready to invest. This happens when user deposits a certain number of digital assets on a smart contract, which is completely at his/her disposal.

### **Private**

Funds which consist of 2 up to 100 people (further number of participants will increase), fund's creator personally sends out invitations to join the fund.

### **Public**

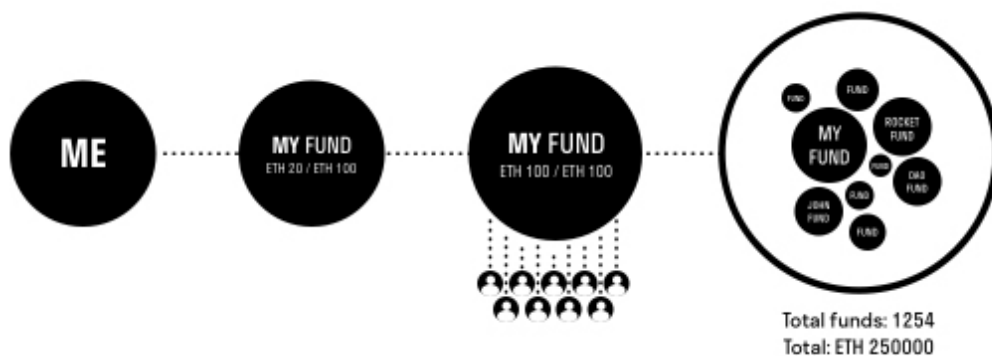
Funds, which consist of 2 up to 100 people (further number of participants will increase), any user of the platform can become member of this fund.

It is worth noting that funds' owners are only the members of a decentralized fund. And any participant can withdraw his/her funds at any time by paying a fine provided for by rules to other fund's participants. The fund ceases to exist and automatically disbands as soon as a number of participants becomes equal to 0 or fund's volume becomes less than 1 ETH.



## How the fund is formed?

1. User authorizes through an identification service (for example, uPort or Telegram Passport) on **Rocket DAO**;
2. To access functionality user must deposit required amount of ROCK (more details about ROCK in Private Token Offering) in a equivalent of \$ 200 on a platform;
3. User gets access to functionality of fund's creation;
4. User configures fund's set-ups:
  - Level of the fund (from 1 ETH);
  - Fund's type;
  - Number of participants (from 1);
  - Fund formation time;
  - Voting rules of fund participants;
  - Fund management rules.
5. User as first participant initiates creation of a smart contract to which required number of funds is deposited;
6. If the fund is private then user sends invitations to those users whom he/she chose from platform's users list (an entry opportunity is only for invited users);
7. If the fund is public then on platform's home page information appears about fund's creation and anyone authorized on the platform can join it.



## Fund functionality

Further fund's participants get access to functionality of fund's joint management, which includes:

- Functionality for investments' voting in a particular startup;
- Mechanism for discussing projects and selecting them for further financing on platform;
- Fund analysis;
- Encrypted chat

An indisputable advantage of web 3.0 platform on which you can create decentralized funds towards web 2.0 platforms is an opportunity:

- For startups – to see how much real money is there on the platform;
- For investors – to show how much they are interested to invest at a given time and in which market segment.

# Rocket DAO.expert

**Rocket DAO.expert** is a platform product intended for experts. The aim of its development and functioning is **to create a mechanic of interaction of a multi-thousand expert community** where demonstration, development, demonstration of experts' competence will not only help to develop an ideal system for evaluating startups, but also to enable experts to earn on their competencies, generate passive income and realize their potential.

## How do experts work?

### Registration:

1. User is authorized through an identification service (for example, uPort or Telegram Passport) on **Rocket DAO**;
2. User sends an application if he/she wants to become an expert on our platform. Either receives an invitation from another platform member;
3. User fills in application. In order for user to send the application he/she must deposit required amount of ROCK tokens (more details about ROCK in Private Token Offering) in an equivalent of \$ 200 on the platform;
4. If required number of tokens has passed through, the application is sent to **Rocket DAO.expert** where analysts check the received information;
5. If the information is correct user gets access to functionality of an expert community.

### Working on platform:

1. Expert begins his/her journey with analyst status. Further, in process of fulfilling tasks and gaining approval from other community members, status of the expert grows;
2. System randomly chooses experts to work with a particular startup. Result of completed tasks is recorded in blockchain;
3. Community evaluates results of work done thereby affecting rating of an expert;
4. The expert receives instant remuneration for completed task;
5. Startup attracts funding. 2% of startup tokens go for additional compensation to experts.

Our expert network is designed in such a way as to completely isolate it from startups' or investors' influence. This is a completely self-organizing community where each participant highly values his/her reputation.

## We achieve this as follows:

1. Our independent experts are guaranteed to earn. We are opening an entirely new market - we can monetize expertise with a help of decentralized community. Earnings can range from several hundred to tens of thousands dollars per hour of expertise (with a very successful project's tokens sale). In addition, there is a possibility of passive earnings when the expert receives a commission each time his/her assessment methodology is used.
2. Random. Our goal is to create a multi-thousand expert community. We use random selection algorithm to select experts to audit a particular startup. That excludes possibility to anticipate an expert who will audit your project.
3. Decentralization. Community will assess each startup by 10 [parameters](#). In assessing each startup's parameter several experts will be involved at once. Thus, we redistribute assessment responsibility between experts in order to make it the most objective and also exclude the possibility of biased expert impact on assessment results by any parameter.

Decentralized expert community creation is a new thing for market which has become possible only with technological development. Now we already see increased interest and great demand from venture funds for this community services. There is no instrument on a market that allows getting analytics from 30 independent experts in a very short time.

With a large amount of data accumulation about **Rocket DAO.expert** work and continuous improvement of processes, we bring a very powerful tool to the market that will complement internal analytical departments of venture funds as well as various analytical companies. In this regard we plan to create an open API that would easily allow **Rocket DAO.expert** to be integrated into any third-party system and experts can earn even more.

More information about **Rocket DAO.expert** can be found in our [blog](#).

# Rocket DAO.startup

**Rocket DAO.startup** is a product for startups whose goal is to provide convenient tools for effective interaction with funds and an expert community, managing token sales and receiving investments.

## How do startups work on Rocket DAO platform?

### Registration:

1. Any User authorized through a personal identification service (for example uPort or Telegram Passport)
2. User can create profile of his/her startup. In order to do this user needs to deposit on platform a required amount of ROCK tokens in equivalent of \$ 200, the startup becomes available for search on platform and is visible to all platform's users.

## How do startups work on Rocket DAO platform?

### Investment attraction:

1. If user wants to attract financing then he/she needs to pay fee to the platform to guarantee payment of experts' time. Previously, this is \$ 5000 in ROCK tokens;
2. User sends an application;
3. The application is checked by analysts **Rocket DAO.expert**;
4. If information is correct then user will be able to tokenize his/her startup, releasing ERC721 with all startup information;
5. All information about the project, entire history of interaction with experts and funds will be saved in blockchain. We are striving to ensure that this measure in future will have legal force;
6. User is informed about his/her startup's assessment date. By this date he/she must provide all required information for a complete assessment (team, business model, market structure, resources, product, token model, technology, marketing, legal, risks);
7. Next, the startup is evaluated by experts, where each action of the expert is saved in blockchain;
8. After evaluation user has access to smart contract's constructor to attract investment. User specifies how many tokens he/she wants to sell, which kind of bonuses, time of fundraising;
9. Further user deposits required number of startup tokens on smart contract;
10. All platform's users are notified that startup is ready to mobilize funding;
11. Startup attracts funding. 2% of startup tokens and 2% of raised funds on platform go for additional experts' benefits. 3% of startup tokens and 5% of raised funds on platform go to **Rocket DAO** fund for platform's development and ROCK redemption on market.

### How do startups work on Rocket DAO platform?

After startup has received funding at some round, the entire community of **Rocket DAO** observes how project develops.

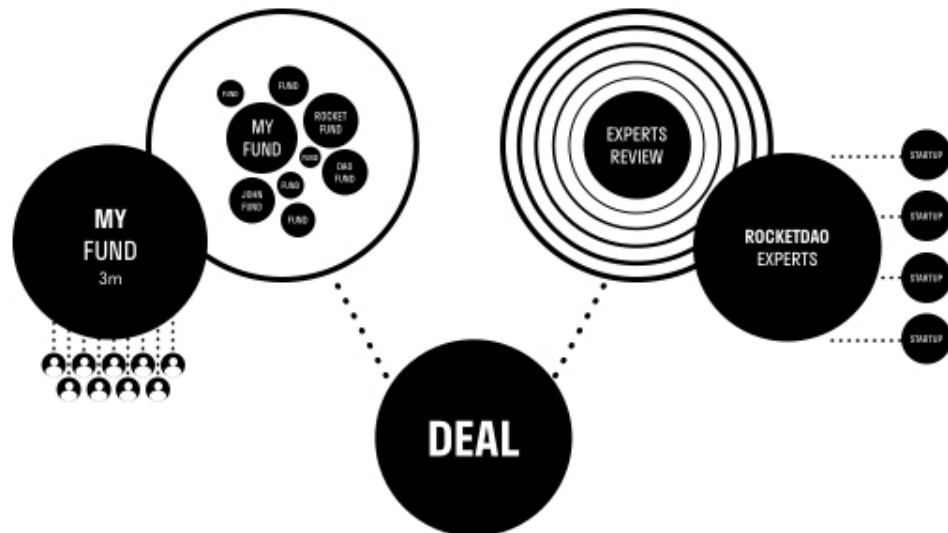
### For this, all possible data and metrics are collected:

- development activity;
- community engagement;
- media activity;
- product metrics;
- etc

The startup will need to make regular updates about the project on track with reports for investors.



## General model of interaction of all elements of Rocket DAO platform



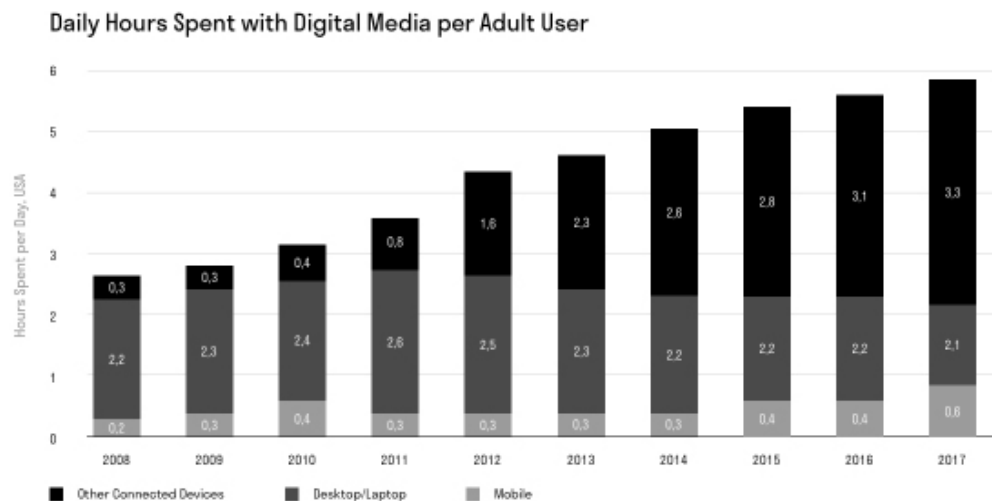
In such a way, general operation scheme of the whole platform is the following:

1. Investors create decentralized funds,
2. Startups are audited by expert community for the purpose of investigation of a possibility to attract financing via funds
3. Experts give the results of the project analysis made to investment funds, which participants decide by voting about its practicability and the amount of investments in a certain startup.

# RocketDAO.wallet

**RocketDAO.wallet** is an open source mobile application (iOS & Android) that will fully utilize functionality of all Rocket DAO products.

More than two-thirds of people around the world today have a mobile phone and most of them are smartphones owners. People all over the world prefer to go online with smartphones. They generate more web traffic than all other devices in total.



That is why mobile applications development is necessarily included in our strategy for platform development. Android version which is in test mode can be downloaded [here](#).

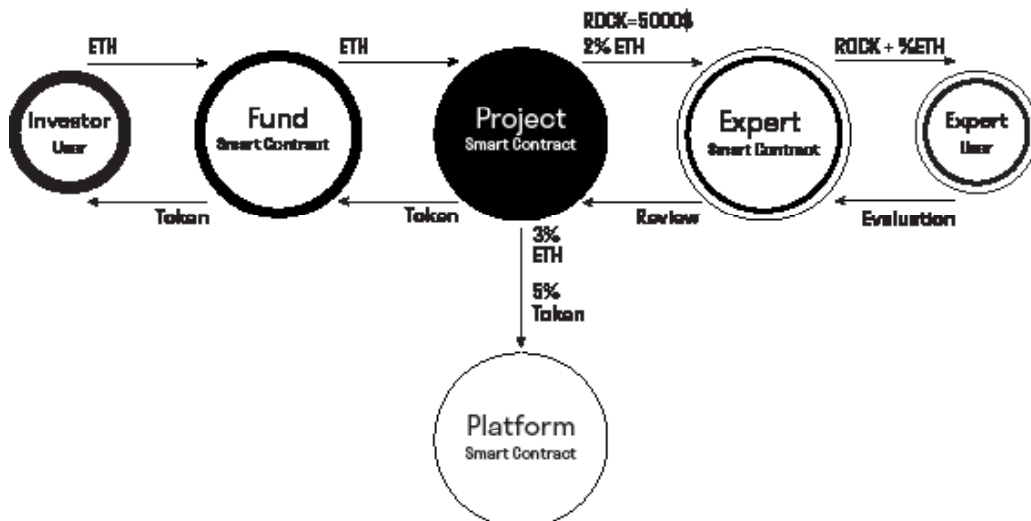
# Comparison with competitive solutions

	coinlist.co	republic.co	bnktothefuture.com	neufund.org	Rocket DAO
Dapp (web 3.0)	-	-	-	+/-	+
Use of blockchain	-	-	Ethereum	Ethereum	Ethereum
Use of smart contact	-	-	-	+/-	+
Its own token on platform	-	DPA	BFT	NEU	ROCK
Expert assessment	-	-	-	-	+
Phased investment (Round system)	-	-	-	-	+
Escrow	-	+	-	-	+
What to invest in? (type of token, equity, buns)	SAFT	DPA (tokenized SAFT)	equity/convertible notes/tokens	only tokenized equity	all kinds of tokens/SAFT (Tokenized SAFT)
Use of fiat	+	+	+	+	-

# Business plan

**Rocket DAO** platform will retain 5% of raised funds by project as well as 5% of issued startup tokens. 2% startup tokens go for experts' benefits. 3% of startup tokens and 5% of raised funds on platform go to **Rocket DAO** fund for platform development and ROCK redemption on market.

In addition, our business model assumes close cooperation with blockchains who are interested in developing startup ecosystem based on their solutions. Blockchain will be able to accumulate most successful projects within itself.



We offer solution for fast, high-quality selection and investment in startups that at times increases ecosystem growth speed around any blockchain solution.

Working with funds and analytical companies in order to provide them **Rocket DAO expert** API is also an important element of our business model.

Our goal is to confidently take 5-10% of ICO world market by 2022 and becoming one of the most popular web 3.0. platforms for:

- Attracting funding through tokens sale;
- Assessment monetization.