

# ARTPRO

White Paper

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# Abstract

The world has changed immeasurably over the past 300 years, save for the artworld which has stagnated. Stuffy and stuck in the past, it's a multibillion dollar industry operating to eighteenth century standards. The way in which art is valued, authenticated, appraised, auctioned, acquired and appreciated is virtually the same today as it was three centuries ago. It's an industry which is cloistered, elitist and riven with inefficiencies that disadvantage buyers and sellers alike.

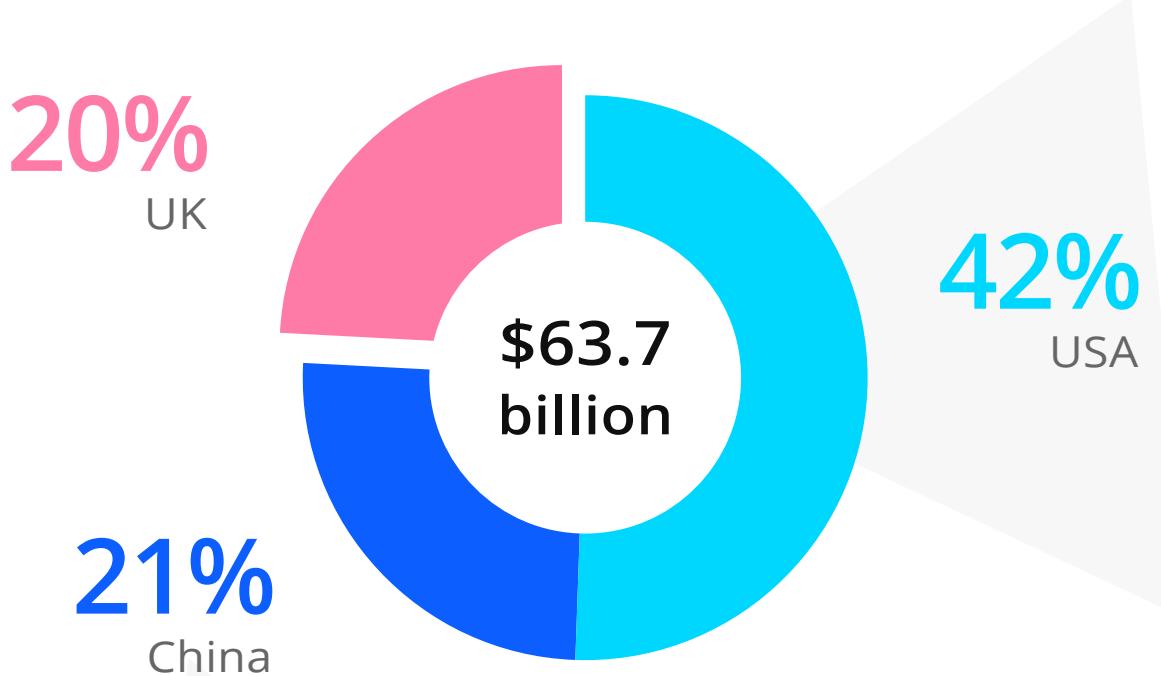
ArtPro is creating the go-to marketplace for private dealers and contemporary artists, with a strong focus on emerging talent. The ArtPro platform will open the art world to the masses, making it possible for anyone to discover and purchase fine art online without the excessive fees, intermediaries, and steep learning curve that have traditionally made art available to only to the privileged and the well-connected. Certificates of provenance, stored on the blockchain, attest to the authenticity of each artwork on the ArtPro platform, but that is only the beginning.

ArtPro forms a complete ecosystem in which traditional and contemporary art harnesses cryptocurrency, smart contracts and augmented reality to create an open platform that supports everyone from emerging artists to first-time investors. Through partnerships with galleries that are working with rising artists, ArtPro's MVP will launch populated with contemporary works that can be admired and acquired instantly. Buyers have the option to store purchases in a secure facility for investment purposes or to have them shipped to a location of their choice.

For years, the art market has failed to innovate and persisted with inefficient systems that benefit auction houses and galleries but do little for the creators and collectors of great art. ArtPro is bringing the outmoded art industry into the 21st century while eliminating the fakes that are endemic to the industry via a proprietary three-part provenance solution. The ArtPro ecosystem shall be characterized by transparency and fairness for the benefit of all participants.

# Market Overview

Sales in the global art market reached \$63.7 billion in 2017<sup>1</sup>, up 12% from the year prior. The US is the largest market, accounting for 42% of sales by value, with China in second place (21%) and the UK the third largest market (20%). Art and collectibles are a \$2<sup>2</sup>trillion asset class which is expected to grow to \$2.7 trillion in the next 10 years, with an estimated \$620 billion of annual transactions.



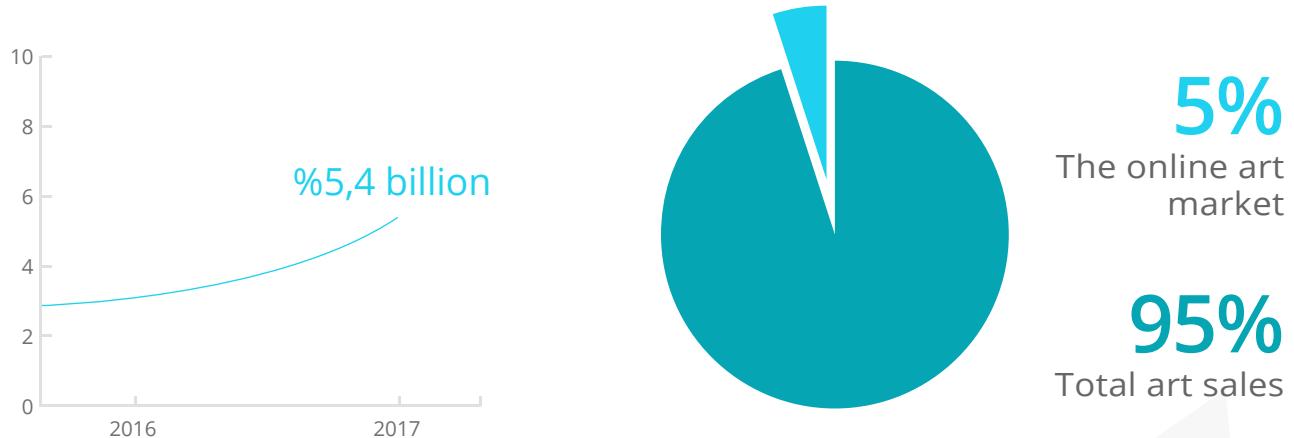
The online art market also reached a new high of \$5.4 billion in 2017, up 10% year-on-year, and accounting for 8% of the value of global sales. The online art market has grown substantially in size over the last five years (by 72%), and its share of total art sales has also edged up from 5% in 2013. The majority of traditional offline dealers surveyed in 2017 recognized online channels as a key area of growth over the next five years.

<sup>1</sup> <https://www.artbasel.com/about/initiatives/the-art-market>

[https://d2u3kfwd92fzu7.cloudfront.net/Art%20Basel%20and%20UBS\\_The%20Art%20Market\\_2018\\_2.pdf](https://d2u3kfwd92fzu7.cloudfront.net/Art%20Basel%20and%20UBS_The%20Art%20Market_2018_2.pdf)

<sup>2</sup> <https://www2.deloitte.com/us/en/pages/financial-services/articles/art-and-finance-report.html>

## The online art market



*"For those who say the online art market has had its day – it hasn't even had its morning yet, it's still waking up"*

— Robert Read, Head of Art & Private Clients at HISCOX

Online art sales can only accelerate by increasing the conversion rate of hesitant, non-online buyers by actively addressing their key concerns: trust in the work's listed condition, traceable authenticity and the reputation of the seller.

Every evaluation of the online art market details the lack of transparency and the absence of trust in the provenance of pieces purchased online; ArtPro provides the answer to this.

## The Role of Art

Art serves two functions: as a commodity for investment purposes and as a collectible for its aesthetic value. These use cases are not mutually exclusive and there is a significant degree of overlap. As it stands, art collecting is limited to an elite subset of investors with the knowledge and wealth to participate in the market.

The institutionalized nature of the art marketplace has seen the buying and selling of artwork dominated by auction houses whose business model has scarcely changed in decades. While other industries, such as the stock market, have evolved with the times, art houses have failed to innovate and have been left behind.

In particular, the art industry is held back by the following inefficiencies:

- 51% of global art galleries have closed since 2012, with overheads and the inability to generate enough footfall contributing factors
- 30% of all fine artworks sold are estimated to be fakes
- The Deloitte Art & Finance Report 2017 lists “authenticity, lack of provenance, forgery, and attribution” as “the greatest threat to the reputation of the art market”
- Galleries charge a commission of up to 50% and art auctions 12.5-25%
- Curated art collections require a minimum of \$500k to participate
- Investors in art funds must be accredited and capital must be locked in for 5-10 years
- While most industries have migrated to the web, buying and selling of art is still largely constrained to bricks and mortar premises
- Emerging artists have few options for promoting their work online and gaining exposure
- Payment for artworks from overseas investors is cumbersome, with wire transfer the usual method, which takes an average of five working days
- Fee calculation over and above the cost of the art is often difficult to ascertain, leading to buyer frustration at perceived hidden costs

A platform capable of alleviating these problems would be primely positioned to prosper and to provide tangible benefits to its participants. Interest in the art market remains strong, and the industry has shrugged off economic conditions that have caused other global markets to slow down.

# Provenance in Art

Beyond the appreciation of art for its aesthetic value, provenance is central to any collector who values its history, authenticity and financial worth.

The word provenance is derived from the Latin 'pro-venire', meaning 'to come forth'. In theory, provenance should provide what is known as a 'chain of title', a trail of documentation supporting the origins, ownership and authenticity of a piece with verified and traceable information from credible sources. It is also now relied upon to report the journey of the piece, from the studio through galleries, auction houses and owners.

The provenance of some of the world's most famous pieces is often considered of equal interest as the beauty of the artwork itself. Unfortunately, certificates of authentication have all too often been lost, destroyed or stolen and provenance records tampered with, leading to misleading and fraudulent records of ownership and worth.

Provenance accounts for almost the entire monetary value of an item because it is the most important indicator of authenticity. While authentic Picasso paintings, Chateau Margaux wine and Rolex watches are all highly desirable and valuable, their ersatz counterparts are essentially worthless, making provenance the primary risk for owners of art. In art and collectibles, an estimated \$6 billion<sup>3</sup> a year is lost annually due to fakes and forgeries. Some estimates suggest that up to 40% of items in circulation may be compromised.

The Fine Arts Expert Institute's chief Yann Walther claims that between 70-90%<sup>4</sup> of artworks his organization is paid to authenticate are fakes. Still other sources estimate the value of fraudulent activity in the global art market to exceed \$60 billion<sup>5</sup> and 80% of such activity is due to forgery. In 2018, a French museum discovered 82 works attributed to the artist Étienne Terrus, accounting for more than half of its collection, to be fake<sup>6</sup>. As such, the winner in the art market is likely to be a solution that can crack the provenance problem and establish the largest database of authenticated works.

Resolving these issues will bring a level of transparency to a market that is notoriously opaque. Complete provenance has a direct correlation on price, with figures showing that a verified artwork can generate anywhere between 15-60% more at the point of sale.

A significant challenge has been settling on a universal ledger in which all the necessary elements can be permanently stored and accessed once verified. The blockchain is a natural solution to providing a tamper-proof record of every piece of art uploaded to it. A blockchain cannot prove the authenticity of a piece of art – that is still a task for experts – but it makes an excellent system for recording newly created art and then tracking its journey as it passes from buyer to <sup>3</sup>seller.

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<sup>3</sup> <https://docsend.com/view/n4sbws8>

<sup>4</sup> <https://news.artnet.com/market/over-50-percent-of-art-is-fake-130821>

<sup>5</sup> <https://www.bloomberg.com/news/articles/2018-03-23/art-forgers-find-a-new-enemy-in-verisart-s-blockchain-startup>

<sup>6</sup> <https://www.bbc.co.uk/news/world-europe-43933530>

# The Solution

ArtPro does not profess to unilaterally solve all of the problems afflicting the art industry. The ArtPro platform, however, will play a significant role in helping the art world to advance into the digital age, and in democratizing fine art for a global audience.

ArtPro will operate as a platform that connects participants and stakeholders within the ArtPro ecosystem. The most visible manifestation of this will be the ArtPro website and dApp, which form an information-rich portal for accessing a complete suite of resources for art aficionados.

Education and access to contemporary art are provided through a range of multimedia resources including articles, tutorials and videos. Aspiring investors will be guided through the fundamentals of appraising and acquiring fine art, from first steps to advanced strategies. Most importantly, buyers and sellers are connected, enabling art to be traded instantly using the APT token via the MetaMask browser or in-app wallet.

Developers are free to create dApps built upon the ArtPro protocol, and a reward fund will incentivize the development of meritorious projects. Features such as provenance reports and the ArtPro marketplace can be integrated into third party platforms via API, bringing artists and their work to a wider audience.

# The Platform

The ArtPro Marketplace will use a rating system in tandem with blockchain-held reports to deliver a high level of transparency. It will create a benchmark for sellers to aim for and buyers to seek that will be transformative to online sales.

The screenshots illustrate the ArtPro Marketplace's user interface. The left screenshot shows a search interface with various filters and a grid of artworks. The right screenshot shows a featured artists section with profiles for several artists and galleries.

*Example: Alice has \$20,000 to spend on a work of art but her time is precious and she is unable to trawl auction houses and galleries. Alice searches the ArtPro dApp by artist, genre, size and medium. Her search returns 100 suitable options, but for Alice, a certificate of authentication is imperative as she would like to think that in years to come her children will benefit from the sale of a wise investment. Using the rating system, Alice can eliminate any works that lack verified provenance (held on the ArtPro blockchain), before settling on a shortlist of artworks she likes from highly rated sellers and galleries.*

The ArtPro platform will be comprised of the following components:

## Marketplace

The ArtPro marketplace operates as an online gallery where individuals can browse art and learn more about its composition and creator. Each work of art is priced in the viewer's native fiat currency and in APT, and can be purchased instantly or added to a watchlist. There is also the option to view the certificate of authenticity assigned to each piece of art, which has been encoded in the blockchain to prove its provenance.

The location of each artwork will also be specified. Some artists and galleries will retain custody of the works they list on the platform, while others will entrust them to ArtPro's secure vault. ArtPro has partnered with a fine art storage warehouse located in London and will add facilities in other major cities. Works can be stored for short or long-term, and buyers have the option to inspect and receive artworks on location by appointment. The ArtPro vault is fully insured and has been independently approved by risk assessors.

**Buyers** can purchase art via the ArtPro Market whilst retaining their privacy. The purchase details they choose to share with the seller will not be shared with ArtPro or other third parties. (Sellers, however, can specify preferences including countries they are willing to ship to and may elect to trade with fully verified and/or highly rated buyers only.)

The marketplace will be populated with a range of artworks spanning multiple artists, styles, sizes, price ranges, and countries of origins. As the platform grows, the range of browsable artworks available will increase. Buyers who interact with the platform, such as by viewing provenance reports or acquiring artworks, will earn trust and grow their reputation, which will be visible to other platform users they interact with including sellers.

**Sellers** who utilize the ArtPro platform can access a range of tools to help them record, promote, and sell their art. Galleries and artists that ArtPro has partnered with will be granted priority onboarding and guided through the process. A user-friendly interface will make it easy for all artists, regardless of their technical prowess, to register, complete verification, upload, and price their work.

ArtPro partner artists and galleries will have their work inventoried, stored, and uploaded to the platform for listing and sale, accompanied by a provenance report.

Independent artists and galleries wishing to list their work will be able to do so manually, or can entrust the task, including storage, to the ArtPro curation team for a fee. To incentivize early adopters, ArtPro may lower or waive this fee as part of its artist acquisition strategy.

### How it works

- Artists and sellers create their profile
- New entries are uploaded onto the blockchain or existing works can be retrieved from the blockchain and listed on the marketplace
- Prospective buyers can filter and search as they would a conventional online shop
- The market will feature a rating system for all listed pieces addressing the following questions:
  - Does it have complete provenance?
  - Does it only have partial journey history/records?
  - Is there proof of existence on the blockchain for the artist?
  - What is the condition of the work?

The buyer can then make an informed decision with complete faith in the ratings system as a purchasing standard, giving them the confidence to buy online.

# ArtPro Provenance

While blockchain can guarantee immutable digital records, this data is worthless if the information that is recorded cannot be trusted. To ensure that a blockchain provenance record is accurate, the oracle must guarantee three things:

- 1. Identity of owner/seller**
- 2. Authenticity of the piece in question**
- 3. That the artwork transacted is the same as the piece identified on the blockchain**

ArtPro's unique three-step process is designed to thwart any attempt to falsify or corrupt the chain of provenance. It operates as follows:

## **1. Identity of owner/seller**

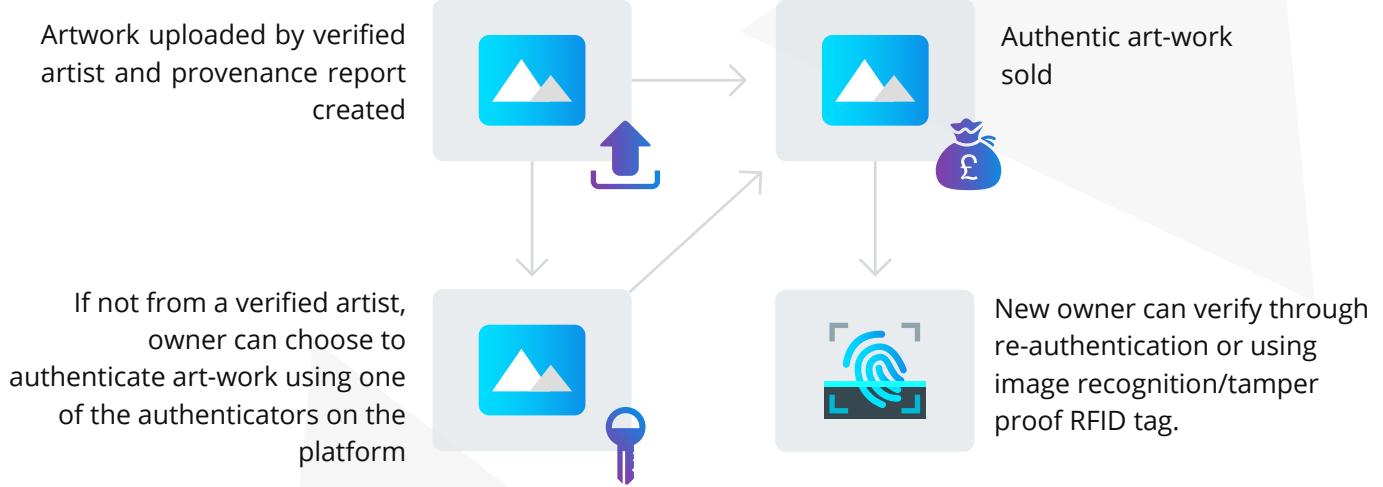
Every party wishing to sell works with ArtPro is required to complete a KYC check to prove their identity. ArtPro has partnered with Shufti Pro, a market leader for instant digital KYC/AML verification. Its hybrid artificial and human intelligence technology verifies people with 99.6% precision. KYC for sellers will make every transaction safer by ensuring that any problems can be traced back to an individual, while providing complete accountability. The KYC and AML process is also key to preventing money laundering, which the art market is not immune from. The identity of the owner or seller of each artwork will be hashed and stored on the blockchain to ensure that each piece of verified art can be traced.

## **2. Authenticity of the piece in question**

ArtPro is creating an index of vetted experts who will act as market authenticators. These individuals will be rewarded for providing their expertise in the form of APT tokens for each artwork authenticated. ArtPro experts will be obliged to complete the same KYC checks as owners and sellers, since their input is critical in determining and maintaining the chain of title. Should the artist wish to submit works to the platform themselves, they will similarly be obliged to undergo KYC verification. Artists will be able to upload their Certificate of Authenticity as a PDF, which will be distributed and stored using Interplanetary File System (IPFS). At the point of upload to ArtPro's working directory, the file will be given a cryptographic hash and an immutable IPFS link created which is then stored on the blockchain.

### 3. Ensuring that the artwork in question is the verified piece

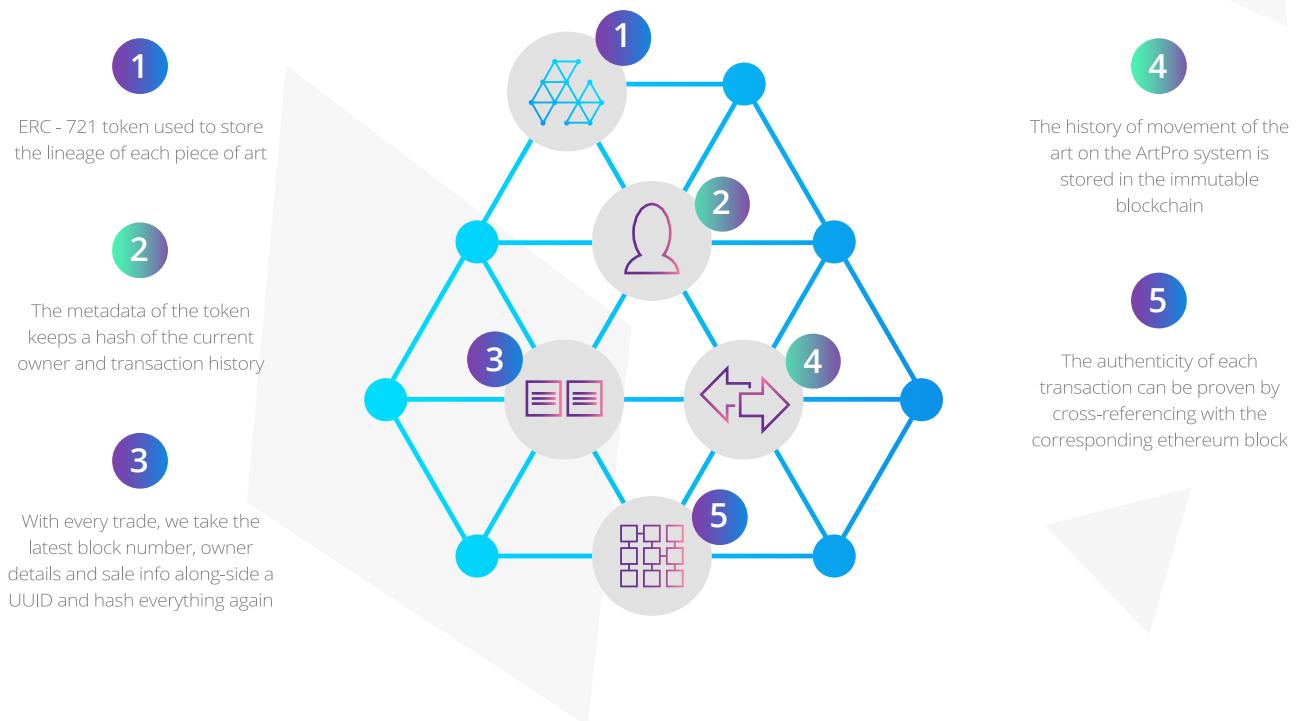
Pieces of art over \$50,000 will be re-authenticated at the point of sale by ArtPro's accredited experts. This will provide further assurance that the work is genuine and that it correlates with the record stored on the blockchain. For works below \$50,000, human verification can be requested by buyer and seller for a fee, but the default option will be a combination of high-resolution photography and RFID tagging. At the point of verification, the authenticator takes a high-resolution photograph that is uploaded to the ArtPro platform. Pattern recognition software will analyze the colour, gradient and brushstroke components, hash this data and store it on the blockchain. The inclusion of an RFID tag, which will be embedded into the frame of compatible artworks at their creator or seller's discretion, will ensure that ERC721 token data remains physically with the artwork at all times.



# Provenance Reports

Using the ArtPro platform, artists and galleries can acquire and register provenance certificates that attest to an artwork's owner and date of creation. There is no obligation for these works to be listed for sale on the platform, although artists will be encouraged to do so. In the event of a piece being sold privately outside of the ArtPro platform, the seller can update the certificate, transferring the title to the new owner.

The ArtPro platform uses the ERC721 non-fungible token (NFT) standard to assign a unique identity to each artwork. This enables its lineage to be traced and transferred, whilst preserving the owner's anonymity. Each ERC721 token serves as an abstraction of the art, with the current owner attached to the token. The metadata of the token includes a hash of its transaction history. Every time a sale or trade occurs, the latest block number, along with a piece of data attached to the art, is hashed again and stored and the token's metadata is updated. This way, the movement of art within the ArtPro system is immutably stored in the blockchain, and the authenticity of each transaction can be proven by cross-referencing it with the corresponding Ethereum block.



## ArtPro dApp

ArtPro Reports will be the first dApp to be built on the ArtPro platform. It will contain a complete directory of each artwork inventoried by ArtPro, complete with its accompanying provenance report. Users can browse the selection of artworks, which will be categorized by artist, genre, date, price, and other metrics.

Users interested in a particular piece of art will have the option of purchasing a provenance report using APT tokens before viewing and storing it in-app. Reports act in a similar way to that of a vehicle HPI check, providing insights into an artwork's history and attesting to its authenticity. App users can save searches and artworks to their favorites and enable push notifications for artists, artworks, and collections they're following.

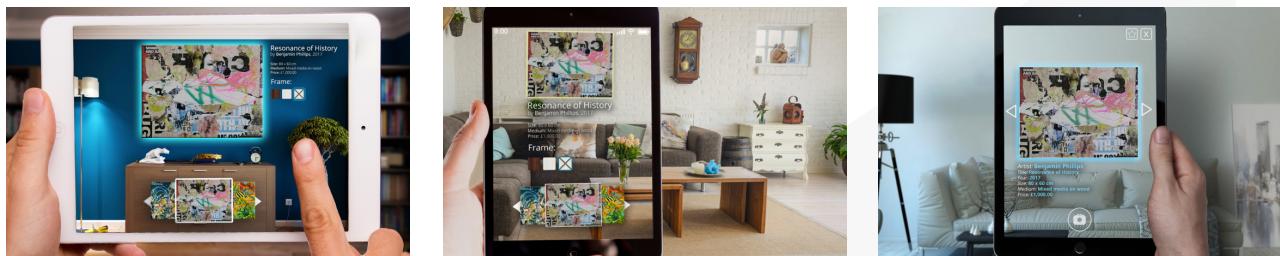
There will also be the option to purchase art in-app, using APT tokens to reserve the piece. The artwork will then be locked via smart contract and the buyer given a fixed amount of time in which to complete the transaction, in-app or on desktop, paying the remaining balance in APT, crypto or fiat currency.

In the event of the prospective buyer cancelling the purchase, the smart contract will return their tokens minus a 1% platform fee. To prevent abuse, the platform fee will increase for each additional reservation and cancellation made within a calendar month, up to a maximum of three. After that, the buyer will be unable to reserve artworks using the app until the start of the next month. The profile for each user will record their level of activity, number of purchases made, and number of cancellations. Active and positively engaged users will be rewarded with reduced fees and other incentives.

## Augmented Reality

An update to the ArtPro Reports dApp will see Augmented Reality (AR) implemented. This will give galleries and private buyers an opportunity to preview works of art and to view them "in situ". By moving a smartphone around a gallery or domestic living space, it will be possible to preview an artwork and to determine whether it meets the mood of the room and the the works it will be placed alongside.

The use of AR, to provide a realistic representation of art in a 3D space, will help to drive more sales and will eliminate some of the problems associated with buying art online. It will also give the app real-world utility, making it much more than just a tool for passively browsing works of art.



## The ArtPro Fund

One of the ways in which ArtPro will make fine art more accessible to collectors is via an investment fund. This will enable individuals to learn more about art as an investment vehicle, and to acquire a portfolio comprised of selected artworks curated by the ArtPro team. Initially, the fund will launch with three portfolios to choose from, each of which will be weighted on a particular style of art and accompanied by a risk profile based on the artists and works featured.

Unlike traditional art funds, which have a lengthy lock-in and high minimum buy-in, the ArtPro fund can be joined for as little as \$1,000. Members will have the option to liquidate their holdings at any point in time but will be incentivized to retain and grow their portfolio. Liquidation in year one will incur a fee of 7%, which will be reduced by 1% per year for each of the following three years.

ArtPro has allocated \$4.2 million initially for the establishment and maintenance of the fund. All works will be inventoried, certificated, and stored in the ArtPro secure vault where they will be fully insured. Each portfolio will be independently assessed by third party art experts twice annually to determine a fair and accurate valuation.

This will take into account such factors as the price that other works by the same artists have recently fetched at auction, sales at galleries where the artists have been exhibiting, their media profile, and the general outlook of the art market.

The ArtPro team may adjust the makeup of its portfolios in consultation with the community so as to maximize their value and appeal. Portfolio members with a balance of more than 1,000 APT will be entitled to vote on proposed adjustments and to have their say on which works are acquired or sold. Members will be able to view and adjust their portfolio within the ArtPro dApp, and to access a news feed containing information on featured artists along with educational resources pertaining to the world of art investment. The allocation for each portfolio will be capped in line with its total valuation. In the event of ArtPro's initial three portfolios selling out, additional portfolios may be created to match demand.

## How it Works

Upon launch of the fund, a community vote will give APT token-holders a say on its formation. Initiating a community-led decision to engage with APT holders will allow them to determine how the fund is introduced to the market as part of the ArtPro ecosystem.

Community members will be offered the following options:

**Option 1:** The creation of the fund will allow clients to 'buy in' using either fiat or APT. The token reserve held from the crowdsale will be locked into a smart contract until this point. The minimum investment level for the fund will be \$5,000, or \$1,000 for clients paying in APT. The reserved tokens will be used by way of exchange for all fiat payments via smart contract.

**Option 2:** This will involve the creation of a secondary token called the ArtPro Fund Token (APFT). Purchasing it will allow access to the investment fund and, as with the first option, purchases made in APT will be eligible for a reduced minimum investment threshold. The price of 1 APFT will be fixed at \$1,000 and will not be listed on exchanges until 2026. At the point of listing, the representative value of each fund will be calculated and the listing price of APFT established. Investors would at this point be able to liquidate their holding of APFT. Exchanging back to APT would incur lower admin charges than exchanging to fiat.

## Types of Fund

**Managed Fund:** This will be a body of works selected by ArtPro's in-house team of art experts. The portfolio will contain works from both emerging and established artists, all of which will be recorded on the ArtPro blockchain. Information will include historical sale prices and dates for complete transparency. The fund will necessitate a 10-year hold, with options to liquidate for a fee or upon listing of APFT (dependant on how the community votes).

**Self-Administered Platform:** The self-administered platform will give experienced investors the option to purchase fractional ownership of listed works for their own portfolio. The available works will again be recorded on the ArtPro blockchain and carefully selected by our in-house team of art experts. There will be no minimum hold period and collectors and investors can trade their shares daily.

# Token Utility

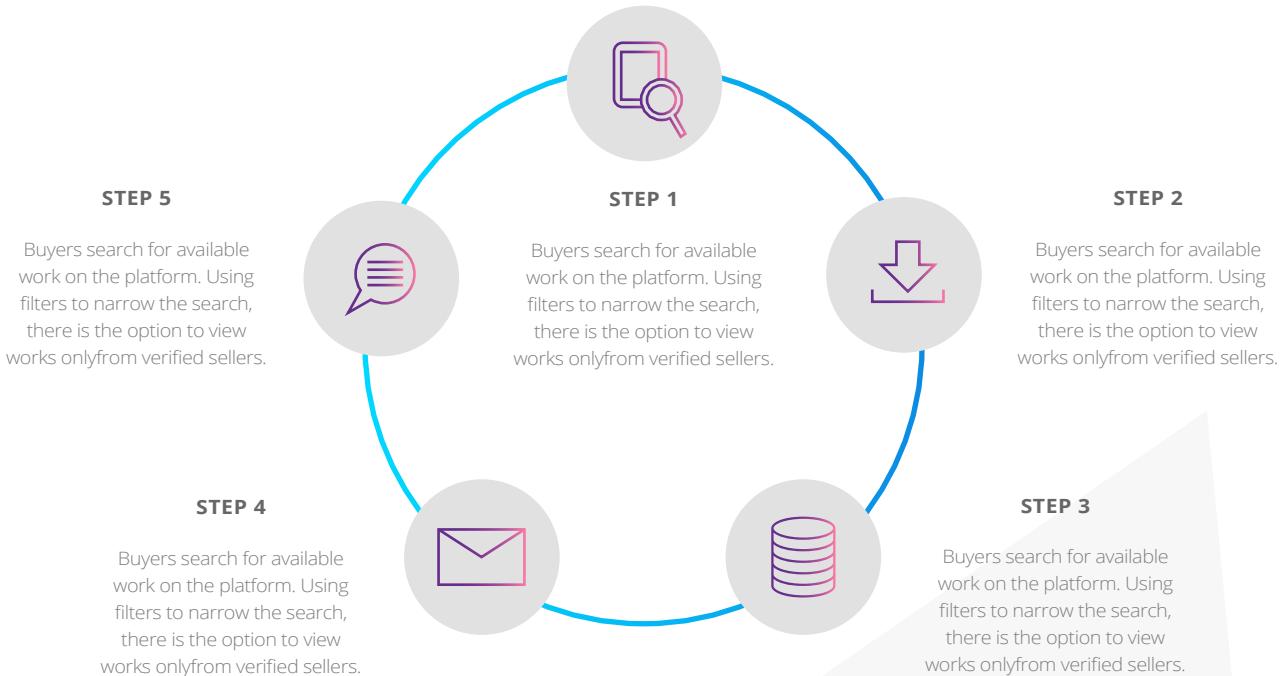
The ArtPro token (APT) is an ERC20 token that will operate on the Ethereum network, chosen due to its strong ecosystem of developers and supported products including compatible wallets and exchanges. The APT token will perform a range of functions within the ArtPro platform and various dApps that are built upon its open source protocol.

A multi-functional utility token, APT will be used as payment for services including the purchase of artwork, the acquisition of provenance reports, and as a rewards mechanism to incentivize developers, art galleries and artists to join the ArtPro ecosystem. As the platform evolves, the number of use cases for APT will grow.

The ArtPro token will perform the following functions:

**Payment:** APT can be utilized in domestic and international sales to bridge the gap between buyer and vendor, making transactions more cost-effective and secure. Artists can sell their work directly to their intended audience, eliminating typical listing fees of up to 50%, with an escrow system used to lock tokens until the buyer confirms receipt of the item.

In the event of purchasing artwork from an ArtPro accredited artist for investment purposes, tokens will be transferred instantly to the seller and the buyer will be issued with a receipt, generated by smart contract upon scanning of a QR code, to confirm that the item has been inventoried and stored in a secure vault. Storage costs will also be payable using APT.



Buyers and sellers who elect to transact using APT will enjoy reduced fees of 2% for the platform's first three years, versus 4% for transactions made using other cryptocurrencies or fiat currency. Thereafter, fees will increase to 3% for APT payments and 5% for all other payment methods. For items priced in excess of \$5,000, APT can be used to pay the deposit necessary to secure the artwork, with the remaining balance payable in APT, other cryptocurrency, or fiat currency. In such cases, the platform fee will be set at a flat rate of 3%, or 2% for payments made entirely in APT.

**Storage:** APT token holders will be given the option to purchase secure storage at a discounted rate for the custody of their own art collection, or to pay for storage of artworks they have purchased via the ArtPro platform.

**Verification:** Sellers, comprising artists and galleries, will be required to send a small quantity of APT as part of the verification process upon registering with ArtPro. This transaction will have a nominal value but will be used to verify the seller's wallet address for security purposes and for the assignation of ERC721 tokens for each individual piece of art.

**Authentication:** Users will be able to pay for authentication using APT for the purposes of completing KYC.

**Incentivization:** ArtPro will retain a portion of tokens as a reserve. These will be used to incentivize development of dApps by third-party developers and to onboard galleries and emerging artists of particular merit whose work will be featured on the platform.

**Reputation:** ArtPro will use a reputation system in which artists, galleries, and curators are encouraged to lock tokens for a period in order to demonstrate trustworthiness. Having been used to incentivize good behavior, these tokens can later be redeemed, with the user's reputation boosted according to the number of tokens they have locked and the period they were locked for.

**Promotion:** Artists and galleries can use APT to purchase sponsored listings and advertisements on the ArtPro platform. The selected works will feature prominently on the ArtPro website and app for the categories selected, increasing their global visibility.

**Membership:** Users who lock APT tokens for a predefined period of time will be entitled to one of three membership tiers, known as Silver (1,000 APT), Gold (5,000 APT) and Platinum (10,000 APT). Tokens that are locked for at least three months will be entitled to a membership tier commensurate to the stake for the duration of that period. Privileges include enhanced reputation, a membership profile badge and fee reduction on all services. Artists who elect for ArtPro membership will have their work featured prominently on the site, and all members will be entitled to various perks including exclusive invitation to the opening of all ArtPro exhibitions and events.

**Augmented Reality:** Token-holders who have a minimum of 300 APT will be able to use the AR feature in the ArtPro dApp to "try before they buy" with artworks they are considering acquiring. Locking up these tokens will incentivize users to remain engaged with the ArtPro ecosystem and to access it on a regular basis. Users with a balance of less than 300 APT will be able to access the AR feature for a nominal sum of 20 APT, which will grant them one month's unlimited usage.

**Resale:** ArtPro will introduce a secondary market for verified buyers who wish to resell works they have purchased on the platform. A portion of APT must be staked in order to conduct the sale. Once the buyer has confirmed receipt of the artwork, the staked tokens will be released via smart contract and returned to the seller.

# Token Allocation

Token name	<b>APT</b>
Token type + designation	<b>ERC20, utility</b>
Number of tokens minted	<b>500,000,000</b>
Unsold tokens	<b>Burned</b>
Public sale price	<b>\$0.15</b>
Pre-sale price	<b>\$0.1</b>
Accepted currencies	<b>ETH</b>
Soft/Hard cap	<b>\$5m/\$20m</b>
Team lockup	<b>12-month cliff, two-year vesting</b>
Advisor lockup	<b>Three-month cliff, six-month vesting</b>

The ArtPro token (APT) is an ERC20 usage token, divisible to six decimal places, which operates as a medium of exchange within the ArtPro network. 500 million tokens will be minted, 50% of which will be made available for public sale. Any unsold tokens will be burned.

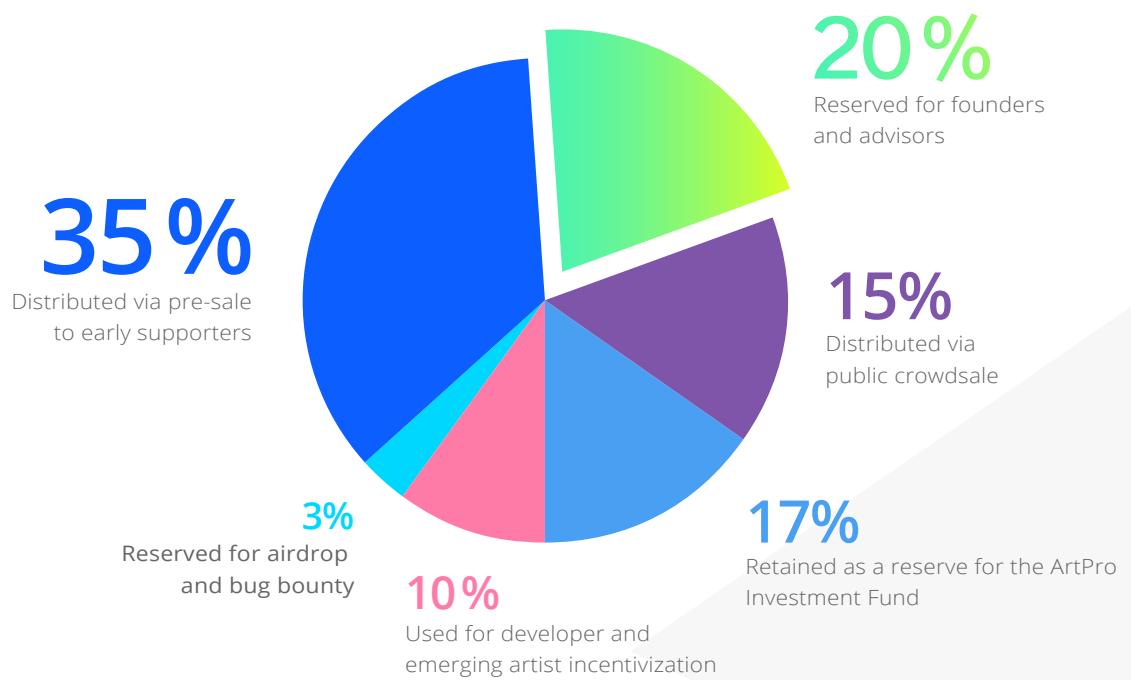
To fund development of the ArtPro platform and to create a diverse and distributed community, a token sale will be held in two phases, with a pre-sale starting in Q3 of 2018 followed by a public sale four weeks later.

APT tokens will be distributed as follows:

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APT tokens will be distributed as follows:



To participate in the ArtPro token sale, participants must complete whitelist registration. The minimum contribution for our Pre Sale will be 5eth.

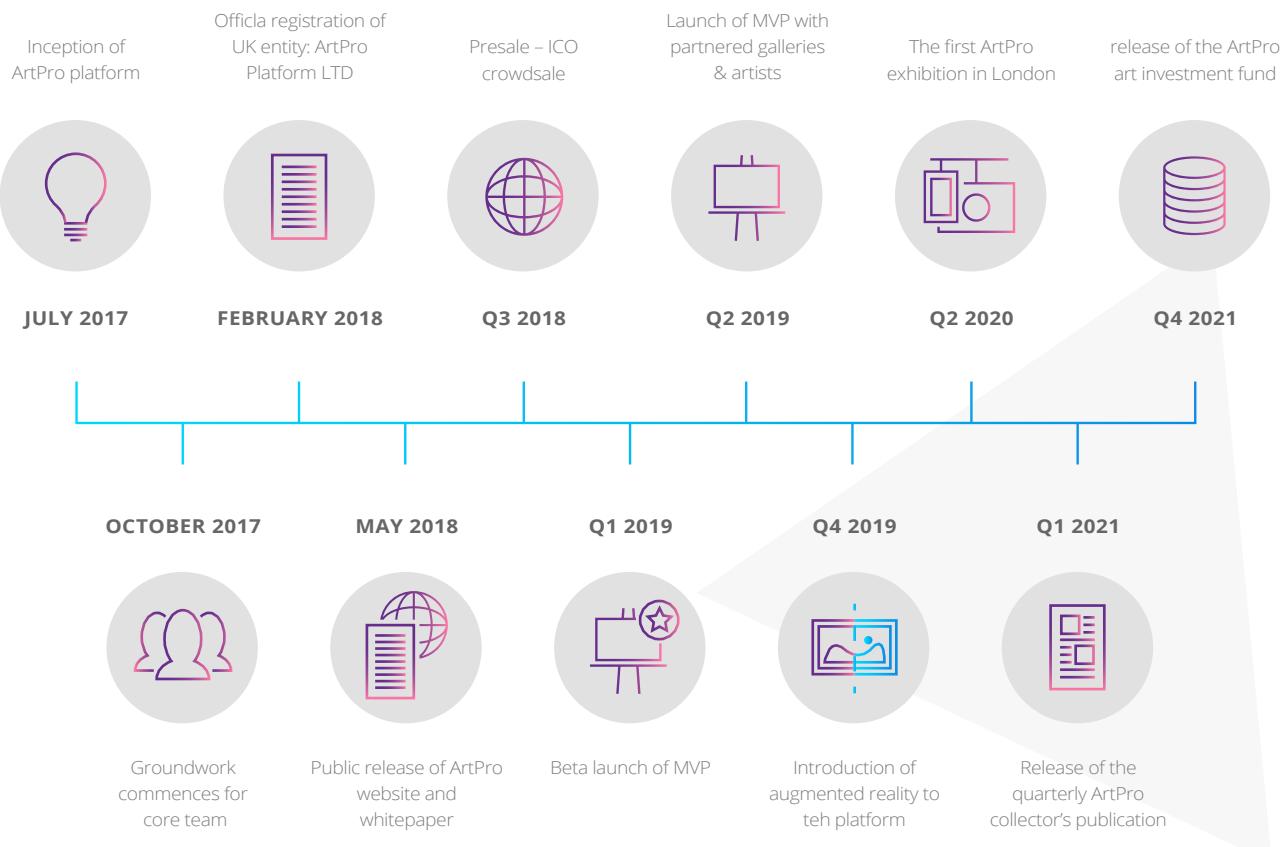
# Funds Allocation

Although the ArtPro team is confident of hitting its hard cap, enabling the platform and its supporting ecosystem to be built out fully and in the shortest time possible, contingency plans are in place to ensure the project's viability whatever the outcome.

Provided the soft cap is reached, all milestones shown on the roadmap will be completed, save for the ArtPro Investment Fund. In the event of the hard cap not being reached, expenditure on marketing, team expansion, and platform development will be adjusted accordingly. The ArtPro team is fully committed to creating the best possible platform for the community, and has formulated

Totals in USD 'K	Year 1	Year 2	Year 3	Year 4	Year 5
Back End Development	700	700	700	700	700
User interface development	200	175	175	150	150
dApp Development	50	50	40	30	30
VR Development and maintenance	125	125	125	125	125
Legal team 2,500,000					
Marketing and PR	350	375	375	400	400
Sponsorship	75	80	90	90	90
Business trips	25	25	25	30	30
Salaries including founders, management, sales staff, HR and business development team	725	800	884	966	1,027
Business Development Costs	200	200	200	200	200
Office Costs	300	325	350	350	350
Equipment and other Capital costs	25	25	30	40	50
Accounting & cost of revenue	38	43	48	53	58
Business expenses	25	25	35	35	45
Contingency reserve	50	50	75	100	100

# Roadmap



# Competitor Analysis

As a multi-faceted platform, ArtPro platform will overlap with a number of existing and forthcoming services, both offline and online. Direct competitors include auction houses and art galleries, and one of our greatest challenges will be in convincing artists and buyers to migrate from these traditional channels to the ArtPro marketplace to enjoy the many benefits that come with it.

Within the blockchain space, there are two emerging art-based projects of note: Maecenas and Codex. The ArtPro team does not consider itself to be in direct competition with these platforms, and welcomes their presence within this emerging sector. They are included in this analysis in the interests of transparency and to demonstrate that we understand our position within the market.

**Auction Houses** (Sotheby's, Christie's etc): Although trusted, with a reputation spanning centuries, auction houses are notorious for charging some of the highest fees in the industry. They utilize a cloistered system that even the most conservative of observers would regard as anachronistic. TV monitors are typically used to track bids, and these establishments are primarily for the sale of premium priced fine art. They are unsuited to purchases under \$XX, and are not designed to support emerging artists.

**Art Galleries:** Although not as egregious as auction houses, art galleries still levy substantial fees that disadvantage artists and buyers alike. Sales are conducted predominantly on-site, with limited to no online functionality, save for the ability to browse a limited selection of art. Galleries are suited to localized sales only for buyers who wish to physically acquire artwork. As a result, this model is unsuitable for investors who have no desire to be responsible for custody.

**Art Funds:** Art funds are ideal for individuals who wish to acquire pieces as an investment vehicle only. These funds typically require a minimum of \$500,000 to participate and have a lengthy lock-in period, which makes them highly illiquid and off-limits to smaller investors. The fees collected by these funds are extremely high, and it is virtually impossible to negotiate an exit strategy in less than five years without incurring punitive charges.

**Blockchain-Based Art Marketplaces:** Platforms such as Codex as well as Maecenas, which it has partnered with, are helping to drive the art market towards a fairer and more transparent model, whilst capitalizing on the attributes that blockchain provides. Both platforms, once fully operational, will provide provenance as a service, but in most other respects differ from ArtPro.

### Codex

Codex is creating a decentralized registry for art and collectibles such as antique cars and jewellery. Similar to ArtPro, Codex seeks to solve the provenance problem by registering an artwork's identity, path of ownership and authentication documents on the blockchain while allowing the owners' identity to remain secret – an important issue for large, wealthy collectors. Unlike ArtPro, Codex is targeting auction houses rather than owners and buyers directly.

The first app built on the Codex protocol will be Biddable, an app allowing cryptocurrency holders to bid in auctions. In order to prevent owners renegeing on bids which causes auction houses to lose significant revenue (a problem which auction houses currently solve by having bidders complete extensive financial disclosures and rejecting as many as 20% of new applicants), Codex will simply require a deposit to be entered into a smart escrow contract. Codex has established partnerships with a consortium of leading online marketplaces including LiveAuctioneers.com and AuctionMobility.com as well as traditional auction houses.

### Verisart

Verisart, similarly to Codex, is creating a decentralized registry for art and collectibles, providing blockchain-based provenance and targeting auction houses and art galleries. Verisart has worked with Ahmed Elgammal, a computer science professor at Rutgers University, to develop image recognition technology to add an “image hash” of the artwork to the authentication certificate, allowing for easy digital verification.

Verisart is now launching the “P8PPass” developed in partnership with Paddle8 to bring blockchain certification and authentication services to the auction market and has also partnered with ArtSystems to bring blockchain certification to leading galleries worldwide. Verisart has also launched a hallmark for bronze sculpture called Bronzechain in partnership with DACS which combines the use of a hallmark stamp with Verisart’s blockchain.

## [Maecenas](#)

Maecenas is focused on the art investment market, creating an art registry and trading platform to essentially tokenize art, allowing users to invest in shares of fine art, akin to the way stocks of a company are traded today. Maecenas promises to feature several multimillion-dollar masterpieces on its platform and will also set up its own Freeport art vaults to store the works listed on its exchange. Effectively, Maecenas is creating a futures market for artworks where investors will be able to speculate on the future value of a Jeff Koons or a Gerhard Richter, trading blockchain provenance certificates without ever actually having physical ownership of the artwork. Maecenas is also planning to offer users financial services such as loans using the artwork they own as collateral.

## [Arteia](#)

Arteia is primarily targeting collectors by building a SaaS solution for collectors/artists allowing them to catalogue, inventorize and manage their artworks/collectibles. Its platform will also include a provenance solution, a peer to peer matching service/marketplace for authenticated works and a lending marketplace where owners of art can lend their verified artworks for exhibitions or events. Arteia will also have a marketplace that connects users to various service providers in the art market such as providers of insurance, transportation, storage, conservation and authentication.

## [Summary](#)

While there are key differences between the competitors identified above, all are offering provenance solutions and seeking to build a decentralized, online ledger of authenticated art. The primary difference between these entities is the business development strategy they have chosen to build up their marketplace: Verisart and Codex are targeting auction houses/galleries, Arteia is targeting collectors and Maecenas is targeting the art investment market.

ArtPro acknowledges and respects what these projects are doing to tokenize art, but intends to approach this challenge from a different perspective that is focused around connecting artists and buyers. The ArtPro marketplace will differ from its competitors on account of the following factors:

- ArtPro is focused on an initial P2P target market of artists and buyers
- ArtPro aims to democratize art by lowering the barriers to entry for artists and collectors
- Through the creation of a diverse and well-stocked online marketplace, featuring art at various price points, plus the use of tools such as Augmented Reality, ArtPro is adding real-world utility, making it easier for the public to make the decision to acquire artwork that can be hung in their home and appreciated every day
- ArtPro nurtures emerging artists of merit, making it easier for talented creatives to get discovered, thereby fostering the next generation of artists
- Through the provision of detailed reports and investment guides, ArtPro aims to educate newcomers on the world of art, empowering them to make informed investment decisions, with the ArtPro Fund further facilitating this
- ArtPro arguably does more to disintermediate the art marketplace than any other platform, genuinely removing middlemen to connect artists and buyers, in keeping with the spirit of blockchain technology

Thanks to the foregoing, ArtPro's addressable market is larger than that of any other solution, encompassing artists at all stages of their career and buyers ranging from members of the public with a casual interest in art to seasoned collectors and investors.

# Go-To Market Strategy

ArtPro's GTM strategy will focus on attracting key participants from both the supply and buy sides of the market. In addition to targeting artists, galleries and collectors of contemporary art, ArtPro will reach out to artist groups, global brands that exhibit art in public spaces and cryptocurrency holders seeking to diversify into fine art. A combination of traditional marketing strategies and direct outreach, aided by incentivization measures where appropriate, will ensure the ArtPro marketplace gains traction and, through increased adoption, adds value for all stakeholders.

The ArtPro platform relies on the continued addition of new artists and galleries to ensure there is enough variety to attract new buyers and collectors. We have therefore devised a prospect development and product awareness plan to provide continued growth of the ArtPro platform. ArtPro's initial adoption strategy will utilize online and offline techniques to target the following demographics with a goal to launch with over a thousand artworks live on the platform for investors to choose from. To date, ArtPro has already engaged over 50 artists and collectors who will use the platform.

## Affinity Groups

Professional associations care about value added benefits for their members. The ArtPro platform provides artists with the ability to protect their work on an immutable ledger, ensuring that their works will remain auditable for years to come. This will dramatically reduce the likelihood of their works being forged, with the presence of our RFID tagging system ensuring their legacy is protected. ArtPro will offer incentives to artists to use the platform through affiliate programs in conjunction with a number of recognized professional bodies.

## Artists

For ArtPro to achieve its goal of bringing verifiable art to the masses, it is imperative that there is a large and diverse volume of works listed. ArtPro intends to feature works ranging from abstract to fine art that will appeal to collectors and investors. Our business development team will reach out to established and emerging artists to introduce them to the ArtPro platform. Incentives for early artist supporters will include reduced fees, featured listings and promotion of their work to the ArtPro community. Tokens reserved for the artist incentivization fund will also be allocated to artists of merit at the discretion of the ArtPro team.

## Art Fairs

ArtPro will establish partnerships with key art exhibitions and events. These will include the likes of Art Basel Miami, Frieze, Monika, the Other Art Fair, Talented Art Fair and the Affordable Art Fair. These initiatives will range from sponsored advertising and product placement to exhibiting the work of ArtPro artists at these events.

## Hotel and Restaurant Chains

It is common practice for establishments to partner with art platforms to ensure a revolving supply of artwork on public display. These displays can often be seen in communal areas of hotels and in restaurants. The Cosmopolitan of Las Vegas, for example, has partnered with Artspace to provide art for its executive suites. All of the pieces on display are for sale and are rotated on a regular basis. ArtPro will leverage its contacts within the hotel and restaurant trade to secure a similar arrangement at key venues in major global cities. This will build exposure for the featured artists as well as growing the reputation of the ArtPro platform.

## Cryptocurrency Holders

Cryptocurrency holders are already familiar with blockchain technology and decentralized marketplaces. A number of them, early adopters in particular, have access to a significant portfolio of digital assets. The ArtPro marketplace presents an opportunity for these individuals to diversify their wealth and, following the launch of the ArtPro Fund, to obtain partial ownership of collectible artworks without the need to obtain physical custody and with the ability to liquidate their position at short notice.

## Art Collectors

Art collectors in certain regions, Asia especially, have difficulty in participating in overseas auctions. The ArtPro marketplace overcomes many of the issues associated with purchasing art internationally, enabling anyone, regardless of where they are based, to acquire contemporary art for investment or collectible purposes using cryptocurrency. ArtPro's network of contacts, including advisors in key global regions, will reach out to private collectors and invite them to join the ArtPro platform, aided by incentivization mechanisms that include reduced fees and the services of a personal account manager.

## Existing Art Platforms

ArtPro will engage with established online platforms including auction houses, decentralized marketplaces and repositories of digital art with a view to establishing partnerships that provide reciprocal benefits. Existing platforms will be able to make use of ArtPro's blockchain-based provenance reports and tap into its growing community of collectors and investors. By integrating with the ArtPro platform via API, third party art platforms will also be able to obtain provenance reports for their artworks. In turn, ArtPro will tap into the network of artists and buyers that these established platforms have accrued.

# Partners

The ArtPro platform will launch with the support of a number of partners who have pledged to exhibit their works on the platform and become part of the ArtPro family. These include several emerging contemporary artists who have exhibited their works internationally and attracted significant interest from the media and from collectors.

In the run-up to its public sale and in the aftermath, ArtPro will announce additional partnerships with artists and galleries it is currently in negotiations with. To date, ArtPro has confirmed the following partners:



## **LA SALA ART AND DESIGN GALLERY YUCATAN, MEXICO**

A creative exhibition space operated by Laura García and Alfredo Romero Santa Ana, situated in Centro Histórico, Mérida. La Sala features contemporary art for national and international artists with a strong pedigree.



## **ALFREDO ROMERO ARTIST, YUCATAN MEXICO**

La Sala's proprietor and principal artist Alfredo Romero has received multiple awards for his paintings and art pieces. The Barcelona-born artist, who studied interior architecture and fine art, has exhibited in Spain, Mexico, and the USA, where his competition-winning piece "Representación empírica de un hecho existente" is on display in Michigan.



## **BENJAMIN PHILLIPS ARTIST, LONDON UK**

Benjamin uses canvas and wood panels to create street-inspired art that evokes the grime and decay of urban life. His work has been purchased by collectors in the USA, Canada, and Japan. The London-based artist was named Saatchi Art Chief Curator Rebecca Wilson's 'Must See' Artist 2017.



## **ROBYN WARD** ARTIST, LONDON UK

Self-taught on the streets of Belfast, Robyn began his career creating large-scale graffiti work on bridges and derelict buildings. Using iconic cartoon characters to convey messages motivated by politics, socio-economics and drug culture to anchor the realities of 'distinctly adult sensibilities' against a backdrop of the graffiti art he is renowned for. Robyn has quickly established himself with his straight talking fairytales as a witty genius in the contemporary art scene. Now based between London and Los Angeles, 2018 saw the start of a global exhibition tour.



## **PEDRO MARTIN ROJO** ARTIST, SWITZERLAND

Pedro was born in Tenerife 1982, raised in Madrid and grew up in an art loving family surrounded by two artists; his father Luis and his uncle. Together they constantly visited great Museums and this greatly influenced his love for contemporary art, especially pop art. His passion is to capture the soul through expression of the eyes, and to catch the personality and feeling of the moment, for he believes that each face has a story behind it. And that's the true beauty of it. Commissioned by well-known celebrities like Eddie Izzard and other notable personalities.

# Team



**OLIVER HAMS**  
CO-FOUNDER & CEO



Oliver has an extensive sales background spanning property, collectible investments and fine art, and has established strong bonds with the artists, agents and galleries he works amongst. He is trusted implicitly by his buyers and has furthered his knowledge of the industry through extracurricular learning at the Sotheby's Institute of Art, London.



**ASHLEIGH ULYSSES**  
CO-FOUNDER & COO



Ashleigh has experience of leading established companies and aiding startups and has accrued a wealth of hands-on knowledge in the process. Her fascination for blockchain-based solutions in the modern world coupled with a love for fine art is being leveraged to shape the future of ArtPro.



**JERRY CHAI**  
LEAD DEVELOPER



A senior full stack software engineer with extensive background in JavaScript and Solidity development. Jerry is experienced in managing and implementing a variety of Ethereum-based blockchain projects, ranging from Initial Coin Offerings to Distributed Application (dApp) development and holds a Bachelor of Science Degree from University of California, San Diego.



**NIKHIL SETHI**  
DIRECTOR OF MARKETING



A seasoned marketer with 6+ years of advertising and community building experience. As Director of Marketing, Nikhil helped Morpheus Network raise almost \$10 million in April 2018. He was associated with IBC Group and other successful token sales including Blockgrain, Pareto, Lamden, Globitex and Paragon that have raised \$100m+.



**NICK VYHOUSKI**  
SENIOR UI/UX DESIGNER



Exceptional specialist with a strong background in UX/UI with a Bachelor's degree in Media and Communication. He worked for SelectStar, Evote, Strevus, Toptal.



**ALEXEY LADUTSKA**  
FRONT END DEVELOPER



Skilled Front-end developer with 5 years' experience of working in such IT companies and start-ups as FiveHeads, Appetite Soft, Data+Math, LeadLiason.



**BHAGYA SETHI**  
BOUNTY MANAGER



Bhagya is a young crypto enthusiast with a keen interest in managing the community. He has led successful Bounty campaigns for Morpheus.Network and eByte with 10,000+ members. He carries an undergraduate degree in commerce from a top Delhi University college.



**NEHA RANA**  
MARKETING & SMM, INDIA & UK



Neha possesses in excess of 6 years experience in Social Media Marketing, SEO/SMO/SEM and Crowdfunding. Having been part of the marketing teams for Coinlancer, GN Compass, Icerockmining and Clinicoin, Neha is excited to be at the forefront of the English Speaking ArtPro community.



**ANDREY ROMANOV**  
MARKETING MANAGER RUSSIA & CIS



Andrey specialises in Russian community development and marketing. His experience in corporate management is evident in his approach to marketing, with strong research, analytics and strategizing skills, he is passionate about maintaining reputation and achieving results. Andrey has been in ICO marketing for over 2 years, working on projects such as DragonChain, Morpheus Network and ThinkCoin.



**BOBBY TOMKINS**  
TECHNICAL ADVISOR



To date, Bobby has actively advised on over 10 ICO's, with some of these still in various stages of development, although his earlier contributions have seen successful crowd sales with soft caps met with ease. As an ICO advisor, Bobby's contributions concentrate on technical, marketing and business development. He assisted HireGo in developing their community to nearly 20,000 telegram users. Bobby joined ArtPro in its infancy and his contribution to building the team has been immeasurable.



**JAMES LONG**  
MARKETING ADVISOR



With over a decade's experience working the trenches in every aspect of digital marketing, the value James brings to a project is truly unique. His passion for inspiring new technology lead him into cryptocurrency in 2011 and eventually becoming a Co-Founder at Grow 360, a group of professional blockchain architects and marketing practitioners specializing in token sales and strategic partnerships. He is a business mentor, public speaker, and advisor in the space working with 10+ successful ICOs to date.



**BORIS OTONICAR**  
BLOCKCHAIN ADVISOR



Boris Otonicar holds a Masters Degree in Economics and Psychology from the University of Zurich. As a certified Blockchain Specialist BVS, he consults companies in the implementation of Blockchain, addressing both the benefits and issues using his expertise. He has advised various ICO projects such as Coinlancer, Districts and Bitxoxo and has joined the ArtPro team to help in the development of the platform and ensure the blockchain is utilized to its fullest capability. Boris is listed as an ICO expert on the likes of ICO Bench, IDACB and ICO Daddy.



**JOSE MARIA MACEDO**  
BUSINESS DEVELOPMENT ADVISOR



Following a successful career as a professional poker player, José Maria Macedo established several profitable businesses during his time at university, achieving a successful exit as well as earning multiple entrepreneurship awards. In 2017, José decided to apply his skills to understand the transformative potential of blockchain technology. He is currently a writer at FreeCodeCamp and a senior analyst at Amazix, the crypto-investment bank which has worked with Bancor (\$153M ICO), HDAC (\$258M ICO) and Bankex (\$71M ICO).

# Case Studies

## Case Study: 1

Reported by Ronald D. Spencer and Gary D. Sesser for Artnet News, June 26 2013

A few years back, an issue arose concerning the authenticity of a century-old sculpture attributed to a 20th century artist of iconic stature. The work was sold to a prominent collector through an auction house with a certificate of authenticity from a qualified and appropriately credentialed scholar of the artist's work. According to the provenance provided at the time of sale, the work had been acquired in Paris after World War II by an art history professor from an Ivy League university.

When questions of authenticity arose several years later, an internet search and a few telephone calls to the university revealed that no such art history professor ever existed. Also left off the provenance report was the fact that just months prior to the multi-million dollar sale to the prominent collector, the work had been purchased from an obscure antique store owned and operated by someone who had served jail time for art insurance fraud. Had these errors and omissions in the provenance been discovered at the time of the sale, the sale itself and several years of costly litigation would have been avoided.

## Case Study: 2

International Auctions - 'Buyer's Remorse & The Auction Business' by Daniel Grant

Between 2008-2011, Sotheby's was entangled in nine international law suits with Chinese bidders who had won lots at auction in Hong Kong worth \$22million. Across the nine cases, 19 lots were in dispute with the successful bidders failing to settle on their purchases. The buyers' defence for not completing on their purchases was listed as the miscalculation of the buyers' premiums and the associated transfer fees (source: Artnet.com).

# Conclusion

The art industry is in desperate need of a solution to the problems and inefficiencies that have blighted it for centuries. The present model operates to the detriment of all parties save for the middlemen – auction houses and large galleries – that cream off most of the profits, disadvantaging artists and obliging buyers to pay over the odds. Further, the elitist nature of the industry deters new entrants and smaller investors, who labor under the misconception that collectible art is the preserve of high net worth individuals only. There is a clear use case for a blockchain-based platform that dramatically reduces overheads, adds transparency and mitigates frauds.

Overcoming the multifaceted problems that are endemic to the art industry calls for an elegant and intelligent approach. ArtPro is more than just an art verification platform on the blockchain: it is an entire ecosystem that supports everyone from emerging artists to collectors. Eliminating frauds and providing a tamper-proof means of verifying the provenance of artworks is only the start. Through developing a distributed, active and engaged community, ArtPro will form a portal on which anyone, regardless of background, wealth or influence, can buy and sell art for investment or aesthetic purposes and educate themselves on emerging artists and collectible art.

Existing ArtPro partners will be joined by new artists and galleries of note, who will be onboarded and incentivized to list their works on the platform. A similar process will encourage third party developers to create dApps and other services that utilize ArtPro's provenance reports and other features. The APT token will provide utility, facilitating the buying and selling of art and empowering users to contribute to the platform in a multitude of ways while earning rewards for their efforts. The ArtPro platform, built upon blockchain technology, makes all this possible, but it is the community who will bring this concept to life, helping to create a vibrant network in which everyone prospers.

## **LEGAL DISCLAIMER**

**Please read all sections of this disclaimer carefully. You should ensure you understand the nature of the proposed business as set out in this whitepaper and consult your legal, financial, tax and/or other relevant advisors before attempting to participate in the proposed ArtPro initial coin offering (ICO).**

This Whitepaper is published by ArtPro (also trading as ArtPro Platform) in connection with the proposed initial coin offering by ArtPro (APT Token Sale).

The purpose of this Whitepaper is to assist a prospective purchaser (Purchaser) of APT tokens (ArtPro Tokens) in deciding whether he or she wishes to proceed with a further investigation of ArtPro and its proposed business and operations (Business), and in determining whether to participate in the Initial ArtPro Token Sale.

This document is a Business Whitepaper setting out the current and future developments of the ArtPro Platform and any subsidiaries of the ArtPro Platform and its ecosystem. This paper is for information purposes only and is not a statement of future intent. Unless expressly specified otherwise, the products and innovations set out in this paper are currently under development and are not currently in deployment. ArtPro makes no warranties or representations as to the successful development or implementation of such technologies and innovations, or achievement of any other activities noted in the paper, and disclaims any warranties implied by law or otherwise, to the maximum extent permitted by any applicable laws, regulations and rules. No person is entitled to rely on the contents of this document or any inferences drawn from it, including in relation to any interactions with ArtPro or the technologies mentioned in this paper.

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ArtPro has in place robust “know your customer” and buyer due diligence procedures in order to screen individuals precluded from participating in the Initial Token Sale. As a further precautionary measure, the smart contract underlying the APT Token purports that a purchase of an APT Token by an ineligible person shall be void and unenforceable as against ArtPro or any third party.

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