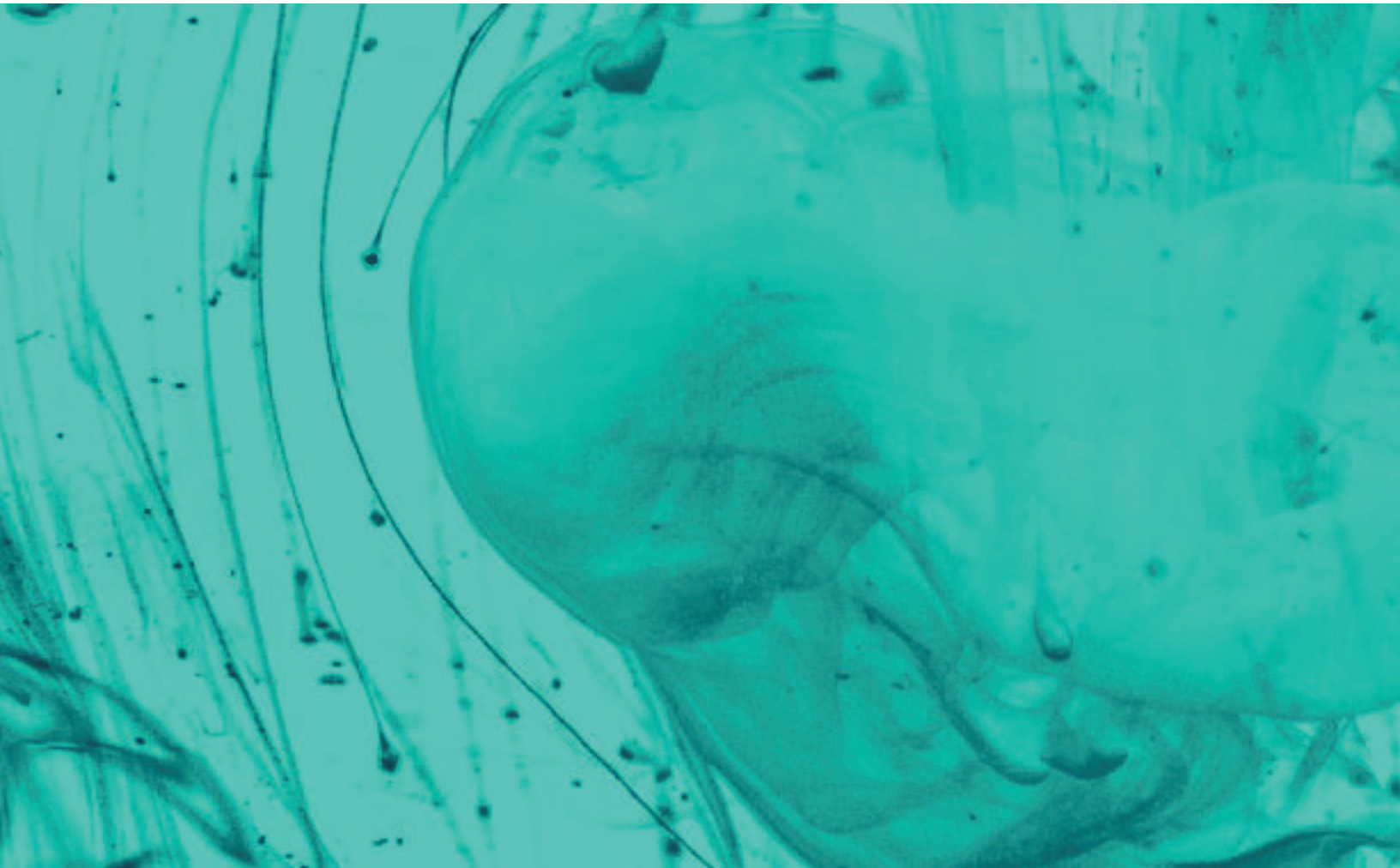




Patreos Whitepaper

# How Blockchain Will Empower Creativity

Startup Enables Fans to Support The Creators  
They Love, Not the Platforms They Use



# Introducing Patreos

**E**ach day, content creators must wrestle with the challenge of standing out in a highly saturated, digital landscape.

This challenge is made even more difficult when creators must constantly look over their shoulders, fearful their work will be censored due to the whims of platforms, advertisers and payment processors. But ham-handed censorship is only one challenge. Creators must also shoulder the ever-increasing fees mainstream content channels levy to showcase their work. Suppression and fees are the natural outcomes of for-profit, centralized platforms designed to appeal to a common-denominator audience, meaning creative expression will be censored if it threatens the bottom line. Look no further than the success of ad-driven, fee-focused heavyweights such as Facebook, Twitter, and YouTube who profit by monetizing – and controlling – the content of others.

Such ad-driven models are quickly falling out of favor as creators seek out channels that offer more creative freedom, and less authoritarian frameworks.

This White Paper introduces such an outlet: Patreos, an ad-free, blockchain-powered platform where creators can share materials free of censorship and user fees. As this Paper demonstrates, Patreos enables creators to effectively and honestly propagate ideas, share content and fully engage with appreciative audiences, who in turn can directly reward creators through pledges and community building. To further ensure success and demonstrate its commitment to creators, Patreos powers its platform with blockchain technology. This means censorship, deplatforming, and fees are eliminated for good.

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# The Current Challenge In Creating Online Content

**R**ight now, most of us operate in an ongoing state of sensory overload.

This presents a challenge for users who must cut through the noise to find unfiltered content that meets their specific needs. The challenge may be even greater for creators who must earn a living by remaining prolific in this highly competitive environment, coming up with fresh and distinctive ways to inspire users to “click”, “download”, or “buy”. Creators must strategize, develop and deliver memorable, engaging material that can be discovered, promoted and shared in today’s blizzard of information and algorithmic uncertainty.

To accomplish this, many creators find themselves compromising their vision in order share their work with the largest audience possible.

It’s just the latest variation of the age-old dilemma, art vs. commerce: Meeting the demands of mass appeal, marketing, and advertising without sacrificing too much creative or journalistic integrity along the way.

It may be a familiar struggle, but it is one that plays out at a hypersonic pace in today’s digital landscape. And this struggle is made more difficult for creators who wish to maximize their audience by sharing their work on digital outlets where the heavy hand of censorship always hovers.

# Content Creators, Censorship and Fees

**In the post-Internet environment, most content creators are forced to rely on ad revenue or draconian platform terms.**

Briefly, such dependencies looked like they were going away when subscription-based platforms such as Twitch and Patreon emerged. These services promised creators the ability to generate revenue while expanding their audience in an era dominated by ad-focused social media networks.

Patreon, for instance, introduced a model that allowed content consumers to subscribe - for fixed price - to those creators they favored. This innovative, subscription-based approach ensured creators could earn from their efforts.

However, Patreon encountered an economic reality that similar platforms encountered: the need to pacify stakeholders, advertisers and payment processors in an overly-crowded “attention economy”.

In the case of Patreon, not long after its founding, it began increasing fees to keep pace with escalating operating costs. Then in 2017, Patreon announced stricter censorship along with yet another fee bump – one aimed specifically at creators who submitted NSFW materials.<sup>1</sup> As fees and censorship increased, so too did the outcry from creators who were forced to surrender both revenue and creative control. (*Afterall, creative freedom and the ability to earn is what first drew creators to Patreon.*) But the outcry only became louder when it was learned that third-party payment processors could exert control over Patreon content deemed offensive. By agreeing to fee-based models, content creators already acquiesce to loosing audience share.

Fee-based content has little traction in a world where more than half of millennials say they reject paid content<sup>2</sup>. But when advertisers and payment processors can shape content, something more insidious is going on. **Consider the history of YouTube. It infamously exemplifies this bargain with the devil.**

The video site was originally launched in 2005 by three techies who recognized the need for an online, video-only platform where people's creative juices could be displayed. In 2006, after being purchased by Google for \$1.65 billion,<sup>3</sup> YouTube – once a haven for creative impulses – was suddenly focused on traffic. The following year, Google introduced ads on YouTube<sup>4</sup> and, as the audience grew, stricter YouTube censorship policies<sup>5</sup> were introduced, complete with formalized ad placements.

Today, if content creators wish to display their wares on YouTube, they must wholly embrace the site's advertising policies, starting with the need to create an AdSense account.

According to [Investopedia](#), once this is done, creators must agree to Google's ad revenue model, which allows the search engine behemoth to keep 45 percent of ad revenue with only 55 percent of revenue going to creators.

This phenomenon is not unique to YouTube. Enumerable content channels employ similar methods to profit from content. What is problematic is when channels partner with third-party payment processors and advertisers who are given the ability to oversee and undermine the content. If a creator's work upsets any of these third parties, the creators can be forever banned from a platform in a process known as "demonetization." In other words, content creators are once again forced to confront the art vs. content conundrum as they scramble to earn a living without having to forfeit their creative integrity. As mass appeal platforms such as YouTube continue to embrace advertising revenue, it leaves little room for creators to carve out a living while maintaining artistic freedom.

**At least until the advent of Patreos.**

# Blockchain Content Creation Channel

**P**atreos is a content platform residing on the EOS blockchain.

It was developed with content creators in mind enabling a free exchange between creators and fans. Most importantly, by design, content cannot be censored – not by users, not by developers and not by profit-driven third parties. **Unlike existing services, it offers creators an ad-free and censorship-free channel to distribute and share content. Equally important, it allows them to be fairly compensated for their work.**

Patreos accomplishes this all by employing a token-based business model and smart contracts that enable content sharing, recurring subscriptions, funding and campaigns to incentivize further community growth.

With Patreos, fans support their preferred creators via recurring payments of EOS-based tokens. In turn, supporters are also compensated for referrals and more. The platform operates using a traditional Subscriber/Publisher model, where account holders can follow one another and receive notifications of newly-shared content. **Account holders fall into 2 categories: Content creators and consumers** (*although there are virtually no differences between the two account types*). An additional mechanism, the pledge, allows users to enter into subscription agreements with each other. Patreos' smart contract model then transfers pledges each subscription cycle (*7 days, 30 days, etc.*).

**FAQ: Pledges are made using recurringpay, a battle-tested smart-contract that enables periodic payments.**

These are accounted for within the **patreosnexus** contract. Unless a user agrees to deposit a balance, the contracts are not able to create or manage subscription agreements, so this is an opt-in feature that provides security to token holders. When a subscription is due, Patreos allows for feeless payment processing if the user has a staked balance of the Patreos token (**PATR**).

As those familiar with EOS already know, staking has become second nature. The amount of network resources – e.g. bandwidth, CPU, etc. – a user is allotted is dependent on the amount of EOS “staked.” In non-technical terms, stakes are determined by deposited EOS.

### Other Platform Fee Structures:

**Patreon:** Charges on average 10%<sup>6</sup>

**Twitch:** 50/50 or 60/40 Split<sup>7</sup>

**Youtube:** Variable Pricing / Ad Revenue<sup>8</sup>

To learn more about Youtube's pricing [check out this calculator](#).

The staked currency is no longer liquid and cannot be transferred or traded.

**FAQ:** *Once a user is done with network resources, the deposit can be “unstaked” and returned in full.*

The **PATR** token will not be the only digital currency supported on the platform.

Eventually, Patreos will support EOS pledges as well. As the platform continues to grow, the list of supported tokens will expand as well. But Patreos intends to scrutinize the addition of other tokens. (*Stablecoins - such as TrueUSD or DAI, which are pegged to a fiat currency - will appeal to risk-averse users.* )

As we have seen in recent months, some cryptocurrencies quickly lose their desirability during highly-volatile markets. Where other platforms make money by charging for payment services, staking **PATR** enables users to access content free of subscription fees.



## Smart Contracts?

### Smart Contract (n);

A smart contract is a computer protocol intended to digitally facilitate, verify, or enforce the negotiation or performance of a contract.

To learn about Patreos Smart Contracts

[View Our Github Repo](#)

One popular platform currently charges a fee of nearly 3 percent on each pledge made to the creator. **In contrast, Patreos offers subscribers a no-fee option through staking.** Even if this option is waived, users will find Patreos services are much more competitively priced than competing platforms. Despite its low cost, the fee option is vital. **One leading goal of Patreos is to ensure content creators are paid.** Patreos allows users to make pledges even if they decline to stake **PATR**, though fees will apply.

And because many first-time users will not have **PATR** tokens, giving them the option to pledge with fees will help ensure creators get pledges by all users – those who stake and those who do not.

**FAQ: When a creator publishes new content, the staked amount is proportional to the number of followers.**

If the creator does not have the stake, a micro fee will be deducted from the next few pledges to cover the cost. **It is not Patreos' intention to charge for services.** Our interface will always notify users if they are at risk of a fee.

Staking and subscriptions are discussed in greater detail in the Introducing the PATR Token Economy section on [Page 17](#)

# How Patreos Staking Works

**A**s users engage more services, contracts will require additional stake.

However, at no time will the user be at risk of losing their initial stake. Staking will not only enable functionalities within the platform, but will result in rewards, such as payouts from out inflation schedule. But the advantage of staking will not be limited to managing pledges.

## By Staking Users Can:

**Follow:** preferred content creators and receive notifications as new content goes live.

**Publish:** Creators publish their own content including exclusive content available only to other pledgers.

**Pledge:** to specific creators without fees and claim inflation rewards because of platform use.

## Additional features include:

1. **PATR** will be available 24 hours after unstaking.
2. Staking determines the multiplier for inflation rewards an active user will receive.
3. An inflation schedule will be in place for the first 3 years
4. A community referendum will determine inflation continuity. [See Roadmap, page 22.](#)

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## Patreos Early Users and Acquisition Strategy

**T**hough we have aggressive plans for adoption outside of the EOS network, we will initially spring-board from the EOS community.

The following section details how ripe EOS users are for Patreos. Patreos will empower these users to emerge as influencers in the larger blockchain community.

At a high level, these 4 categories will benefit most from the Patreos model:

**EOS Developers**

**Proxies**

**Block Producers**

**Blockchain Influencers**

## How Patreos Will Bring Value to EOS Developers?

**A**lthough immensely popular, many questions still surround the future of the EOS ecosystem.

Nothing is more controversial right now than the Worker Proposal System (WPS) see [page 13](#) and its potential impact on EOS projects. It remains uncertain whether WPS will survive community referendum or thrive even if it is approved. Projects can take years and intense manpower to complete and a community funding

mechanism could be an important incentive to ensure projects are fully realized and developers compensated. Patreos can serve content creators who wish to turn to the community for support. EOS projects need a community haven for funding, and Patreos beckons all projects to build a supportive community with us.



# The Worker Proposal System

"Due to the decentralized nature of EOS, there are not enough incentives for individual community developers to spend their time contributing patches and upgrades needed for efficient and scalable advancements. To ensure [it] keeps up with the changing needs of the community, [WPS] was introduced in the initial design of the software. ... [allowing] for an allocation of funds to be reserved [to] incentivize developers to work on community needs, critical patches, and forward-looking upgrades. ... [the WPS] will allow the community to nurture and grow that tool"

*-Core WPS Working Group, August 2018<sup>9</sup>*

# How Patreos Will Support Proxies?

**A**nother segment of the EOS community that will find value in Patreos are proxies.

The job of proxies is to embody a philosophy through a list of Block Producer votes. The analogous structure would be a watchdog or lobbying group making sure the interest of their constituencies is adequately represented. They provide a much needed service for voters without the time to fully vet all Block producer candidates . As proxies become more influential, they will become more ubiquitous.

Therefore, they need a platform to engage with their user community and transparently communicate philosophical changes and voting rationale. Proxies currently have no direct way, aside from personal satisfaction, to get rewarded for their research and efforts in curating Block Producer lists. These are time-consuming tasks and Patreos will serve them and their constituents.

# How Patreos Will Support Block Producers

**S**tandby Block Producers add value to EOS, and though some standbys are ranked high enough to claim network rewards, it is not necessarily enough to support their operations.

Patreos gives Block Producer Candidates (*BPCs*) a voice as well as a platform for community funding. As the network grows, more and more *BPCs* will join, likely in need of community support to sustain their way towards a top position that eventually covers their operating costs. Block Producers are also prolific contributors to Dapps (*decentralized apps*) and ecosystem needs, even those that are not in the top hierarchy. Despite not being included in this upper tier, *BPCs* have a robust network of supporters, and Patreos will allow them to tap into their supporting communities to enable the creation of new Dapps and new projects.

# How Patreos Will Support Blockchain Influencers

Since EOS mainnet went live, it ushered in a wave to YouTube personalities, podcasters, and bloggers.

These influencers are providing news and shaping opinions within the EOS ecosystem. Their userbase is growing, but in many cases, they lack a path to consistent monetizing. Patreos is addressing this. We are already in talks with key crypto influencers and will expand our outreach to high-profile personalities.

Not only do we intend to onboard additional influencers with established followers, but we will also introduce a referral program, allowing anyone to earn PATR for referring valuable creators. The PATR referral payout will be based on the number of pledges a referred creator can recruit in their first month.



## Introducing the PATR token economy

**C**urrently, a total fixed supply of 2,000,000,000 PATR exist. As more users join the Patreos community, demand for the tokens will rise. As creators select the platform to share their content, they will bring along their fans and supporters, triggering additional demand for **PATR** tokens.

Initial Token Distribution	<b>60%</b>	Airdrop: 1,200,000,000	<b>6%</b>	Inflation (3y): 120,000,000
2 Billion Total Patr Distributed	<b>15%</b>	Founders: 300,000,000	<b>19%</b>	Ops/Marketing: 380,000,000

# The PATR token economy: Illustrated

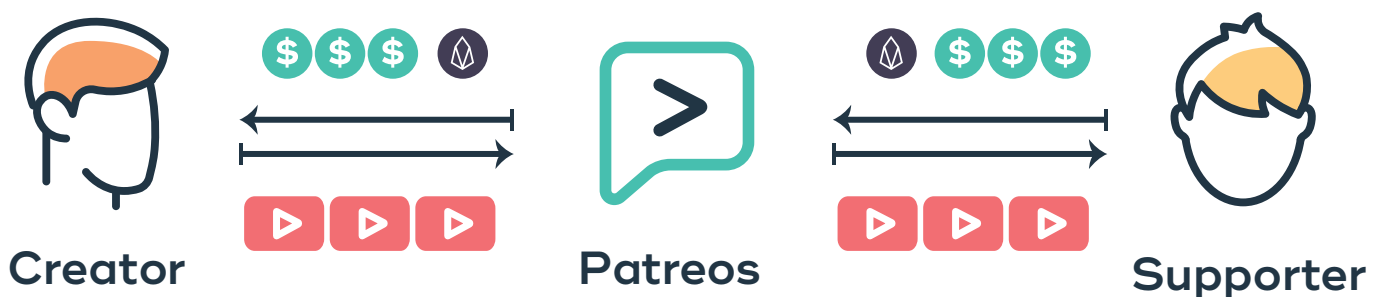
## Supporting creators with existing platforms

- High transaction fees reduce supporter contributions
- Content censorship influenced by platforms and payment networks
- A poor experience for supporters and creators



## Supporting creators with Patreos

- NO transaction fees for supporter contributions paid in PATR
- NO content censorship
- A great experience for supporters and creators



### How Patreos eliminates fees with PATR

- 1) Supporters send contributions in EOS.
- 2) Supporters convert EOS to PATR to eliminate transaction fees.
- 3) Creators receive contributions in PATR and convert PATR to EOS at any time.

# How to Get Patreos Tokens?

**Initially, there will be two main methods of PATR distribution.**

First, we will airdrop 60 percent (or 1,200,000,000 PATR) to EOS voters. The airdrop will seed an initial token distribution within the EOS community, creating greater accessibility and interest. Users can also earn **PATR** by using the Patreos platform. Users who stake tokens will be rewarded on their staked amount. Simply put, staked tokens will beget more tokens.

Secondly, all stake is held within the **patreos token** contract and it can be unstaked at any time with a 24 hour delay. For the first year, Patreos will also honor EOS stakes within **patreosvault** through a reward system.

The stake interest will be paid out from a three-year inflation schedule of 2 percent a year, or 0.0600 **PATR** per block.

This will be paid out to users as a function of the stake and will be determined by the number of pledges made and the average pledge amount. EOS has already proven to be a rich environment for Decentralized Exchanges.

**Although Patreos is not currently seeking Decentralized Exchange [DEX] listings, a DEX listing with enough liquidity to satisfy small orders may be included in the organization's future business plans.**

# Platform Technologies

**P**atreos will first provide a web application, utilizing React with support of Scatter Desktop as a wallet. Secure wallet alternatives will be considered as they emerge.

Additionally, because EOS is positioned to be the first blockchain to support major mobile ecosystem, Patreos is developing a mobile app, which will be developed using React Native. Currently, Patreos is considering using the forthcoming Scatter mobile wallet as its first integration choice. However, we are also considering Lynx and may support the Block.one app upon its release.

## Patreos Smart Contracts

### Reccuringpay

will manage subscriptions and payment execution

### Patreostoken

will handle basic token logic

### Patreosnexus

will be focused on user profiles, follows, and pledge agreements

To get an indepth view into how our smart contracts actually work. [View Our Github Repo](#)

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# How Inflation will Impact PATR

A common false-equivalency regarding cryptocurrencies and Delegated Proof of Stake (DPoS) projects is to equate an increasing token supply with a loss of value in the currency.

Increasing monetary supply does not necessarily lead to a devaluation of the currency. As a case study proving this, we need only to consider Bitcoin.

With each new block, new Bitcoins are created. Yet Bitcoin's purchasing power – on average – has continued to increase. In 2013, a single Bitcoin (BTC) could purchase a bicycle. Today, one BTC could be used to purchase a decent used car.

Two factors drive this dynamic. First, the growing demand for BTC has far outstripped new supply. This demand increase is reflected in the increased hashpower (*the unit of measurement*

*tracking BTC demand*), which has exceeded the BTC inflation rate of around 4 percent annually. As Metcalfe's law would dictate, rapid user adoption has accelerated greater network value while driving a price increase.

Second, Bitcoin's supply schedule is hard-coded into the protocol, which allows expectations of future supply to be completely anchored. Traditional currency volatility and risk premiums are triggered by uncertainty in the growth of a money supply; BTC doesn't suffer this problem.

Patreos plans to issue an annual cap of 2 percent **PATR** into circulation to reward user actions on the platform (*staking, pledging, publishing, etc.*). This 2 percent cap will mitigate any pressure on the token from any new supply.

# The Patreos Roadmap

**We anticipate a launch in Q1, 2019. If EOS mobile wallets remain on track for their proposed launch dates, our upcoming beta mobile application will release Q2, 2019.**

The remainder of 2019 will be used to finetune the platform and work towards creating exclusive experiences for pedgers. Promising decentralized services for accomplishing end-to-end encryption, such as privEOS, are emerging and we will adopt these upon maturation.

**Patreos is committed to working on general subscription solutions on the EOS blockchain.**

With the current feature set of the EOSIO software, subscriptions are not possible without additional support from non-system contracts (*such as our own*) or opening one's account permissions to a third party.

Although the current approach of depositing coins within the **recurringpay** contract is viable for **PATR**, we recognize some users may not find it as attractive for EOS tokens.

We anticipate exploring alternatives that will accomplish secure subscription agreements without users needing to temporarily part from their EOS tokens. It is worth pointing out that the graphene codebase – the blockchain predecessor to EOS – includes a code for recurring withdrawals. We have begun community conversations around blockchain subscriptions and look forward to discovering more solutions within EOSIO.





## Patreos Beyond the Roadmap?

**A**s the Patreos platform evolves, our team is dedicated to gradually staging a community handoff.

As we have seen in the recent past, the security of any decentralized application can be jeopardized if a central party takes possession of the keys.

That is why Patreos will eventually hand the channel back to the larger community within three years of its launch. Doing so will mitigate the risk of a potential security breaches. How this is accomplished will depend on developments and considerations within EOS software and community. Ultimately, the goal is to hand Patreos back to the larger community within three years of building and launching the channel. How this is accomplished will depend on developments and considerations within EOS software and community.

Our current thoughts on achieving a community handoff range from the typical to the atypical. A typical approach would be to lock all contracts with an unusable public key, such as EOS111111111111111111111111111111114T1Anm. A less typical approach would be spinning off a Patreos sidechain or developing smart contract infrastructure that supports updates based on community voting and community leader multisig. Whatever the final decision is will be decided by you, the stakeholder. Your staked **PATR** is also your voice that guides the Patreos leadership team through these decisions.

## Next Steps...

If you are a content creator, citizen journalist, internet creator, or videographer fed up with YouTube censorship and are seeking a channel free of censorship – or you simply want a platform that lets fans pledge support, visit [patreos.com](https://patreos.com) to get started.

If you're interested in supporting other content creators, reach out [hello@patreos.com](mailto:hello@patreos.com).

For those who hold PATR, [head over to patreos.com](https://patreos.com) to start staking and earning rewards.

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# Endnotes

1 "Patreon changes have creators concerned they'll lose income, supporters", Polygon, December 7, 2017

2 "Digital News Report", Reuters, 2018

3,4 "The History of YouTube," endgadget, November 11, 2016

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6 <https://www.patreon.com/>

7,8 "Monetization: How Twitch, YouTube and Patreon work for creators revenue", Polygon, Jun 25, 2018

9 "EOS Worker Proposal System Announcement," Core WPS Working Group, Medium, August, 2018