



PHOENIX LLC

APPLICATION FOR A FACTOM AUTHORITY NODE

INTRODUCTION TO PHOENIX LLC

Phoenix is a team of four people who are excited about furthering the Factom Protocol. With varying backgrounds - a cryptocurrency fund manager, the owner of a publishing company, a software engineer, and a full-stack developer, we have come together to embrace this opportunity and add value to the Factom community.

We believe one of the ways we can add value is by hosting a Factom Authority Node. The Phoenix corporation will be operated as a Nevada LLC (for-profit) with the initial sole purpose to run and maintain an Authority Node, and further the use of Factom in regard to intellectual property rights (explained in further detail in this document).

We are currently running a node on the Factom testnet, and so far, have maintained a high amount of uptime (aside from stalled network that affected everyone on July 18th), demonstrating high reliability.

TESTNET NODE SPECIFICATIONS AND RELIABILITY

Our current testnet node is run via server based in Helsinki. We chose Helsinki because there are no current Factom nodes operating in Finland, allowing our node to further decentralize the network.

The server currently runs above minimum specifications with over 160 GB of storage and over 5 TB/month data transfer. However, all of our server specifications can be scaled at a moments notice to meet the needs of the network, and will be scaled if we receive authority to operate on the mainnet. If we are awarded a mainnet node we will provide at least a 640 GB of storage, 32 GB RAM, 8 CPU, and 7 TB/month data transfer.

We believe our node is reliable and our maintenance team responsive. We monitor and maintain our servers 24/7 in order to provide maximum uptime and reliability. We strive to maintain an emergency response time of under 15 minutes. Team members are geographically distributed (US, Europe, Australia) to ensure coverage is available at all times, and we have recently installed the Factom TFA-bot to aid in node monitoring. In the event of an emergency, team members will be alerted via text/phone/email.

In addition, our server hardening approach is thorough, and includes or will include the following elements:

Firewall Configuration – We intend to run a Layer 3 hardware firewall in addition to the software based firewall to safeguard Factom ports from being open to the public.

Factom Identities – Best practice means to us that factom-walletd and factom-cli would not be installed on any of our mainnet servers. We plan to keep identity information strictly to USB drives which are encrypted and held in separate geographic locations. SSH access is locked to a single dedicated IP address. Our login process will require a passphrase encrypted ssh key and 2Factor authentication.

Full OS Patching/Updating – Consistent regular patching and updating of our OS. Our nodes run on Ubuntu 18.04 and the latest version of docker-ce from the official docker repository. OS updates are installed daily and live kernel security patching is enabled, docker updates are held back. Security updates are reviewed weekly, and brain swaps/reboots of nodes are done as required.

With servers hardened and our node proving reliable on Factom's testnet, we believe we are ready to add value to the Factom Protocol.

OUR DIRECTION TO FURTHER FACTOM

Factom could be a Marketplace for Publishers, Rights Agents and Self-Published Authors To Buy and Sell International Rights For Published and Forthcoming Books. Later, the marketplace could be expanded to include all intellectual property rights

EXECUTIVE SUMMARY:

Factom could bring innovation and transparency to the rights licensing side of the publishing industry. Publishers would record the rights they have available on a per-book basis and store it in a hash on the Factom blockchain. We define rights as a complete work of intellectual property that is made available for sale and administered by publishing companies.

Each territory that the publisher has the right to sell foreign translation rights for is associated with a smart contract that, when effected, transfers Factom from the purchasing publisher to the selling publisher. Simultaneously upon executing the smart contract, the rights associated with that territory are transferred to the purchasing publisher.

Factom could bring price discovery and friction-free foreign rights transactions to what has historically been an aspect of the publishing industry managed through personal relationships and physically signed contracts that require international bank transfers to fund.

Before Factom: Currently publishers have to print, sign, and physically send contracts internationally, wait for a counter-signature, send the duly-signed contract back internationally and then send a wire transfer that requires a currency conversion, and in some cases governmental approval before initiating.

With our new publishing rights platform connected to Factom: Publishers list their books and the associated rights they own, and these are stored in a hash on Factom. Prices on the platform are set in terms of Factoids, and displayed alongside a price oracle that shows the equivalent amount in the publisher's local currency. Publishers can browse rights for sale and when they are ready, click a button to execute a smart contract that transfers FCT to the selling publisher and records the rights purchased as associated with the purchasing publisher on Factom.

Factom brings price discovery to foreign rights by creating a marketplace for publishers to buy and sell foreign rights for popular, best-selling books. No current equivalent exists and publishers currently send representatives to international book fairs to meet with their counterparts from other publishers to negotiate these deals.

In addition to simplifying rights transactions and establishing a ledger for this aspect of the publishing industry, Factom also would provide a platform for Foreign Rights Agents working as independent contractors to buy and sell rights for themselves or on behalf of clients. This will increase overall transaction volume and expand the economic pie as friction is removed from the process and technological efficiencies are leveraged in concert with the cryptographic security of an immutable, verifiable ledger for publishing rights.

FACTOM COULD BE GREAT FOR AUTHORS TOO

By creating a marketplace for foreign rights licensing and removing frictions and barriers from the process, Factom would bring innovation to publishers around the world. Notably, Factom could expand the economic pie for foreign rights licensing of popular books around the world. With price transparency and one-click execution to secure rights for a country, language or territory, entrepreneurial publishers around the world can easily license popular best-sellers in other countries.

As publishers acquire rights, translate books and market and sell them in other countries and other languages, authors win by spreading their ideas to new audiences, winning new readers and ultimately higher-paying clients and raving fans.

FACTOM HELPS EXPAND THE REACH & REVENUE OF POPULAR BEST-SELLING BOOKS

Publishers schedule book releases months in advance and have the most insight as the sales prospects for any given book based on the author's existing platform, forthcoming media appearances, and pre-orders received from retailers. Factom allows publishers to price the rights for each book in their catalog in any way they see fit.

Here is an example to illustrate: Let's say a publisher has a forthcoming book coming out in English by an author that has a large potential appeal to Spanish-speakers. The publisher can list that forthcoming title on our platform and "bundle" rights for all Spanish-speaking countries into one offer...or, they could list rights individually at different prices for each country whose primary language is Spanish.

Factom could host the platform and marketplace for publishers, rights agents and self-published authors to buy and sell international rights to published and forthcoming books. If a publisher or rights agent is interested in multiple rights or wants to purchase a specific assortment of territory rights to a book, an Offer may be communicated across the platform. If the recipient of the Offer agrees, then a smart contract is structured to support the terms agreed upon between parties.

In this way Factom could facilitate the broadest distribution possible for good ideas to spread as entrepreneurial publishers acquire rights and market books in their home country. If a book starts as a best-seller in one country, Factom makes it easier to become an international best-seller as well.

SETTING UP A BOOK ON FACTOM

To demonstrate the utility and functionality of this new platform and the Factom blockchain, let's use the example of a publisher loading a book onto the platform. The publisher Book Lovers Press is loading the book called *My Bestselling Book* onto the Factom Blockchain via our platform and setting up the territory rights they want to sell.

Book Lovers Press logs in to the publisher portal and chooses Add New Book. Then they see the Book setup screen where the following information is entered about *My Bestselling Book* resulting in a listing laid out like this:

Title:	My Bestselling Book
Sub-Title:	The Complete Guide to Publishing Success
Author:	Reynold the Writer
Publisher:	Book Lovers Press
Publication Date:	January 2, 2018
Highlights:	3,000+ books sold to-date. Author on speaking tour through Summer 2018
Availability:	Worldwide Licensing Available (ex USA)

In addition to the highlights, which are displayed here, Book Lovers Press can also add all the metadata that they used when publishing the book such as categories, BISAC code, ISBN number, key words, etc. In such a way, Book Lovers Press enters all the information into Factom and then verifies that they are the publisher and have the legal right to represent and sell rights for this particular book. Then the hit "Submit" and an entry is made into Factom's immutable distributed ledger.

Next, Book Lovers Press is prompted to setup the territory rights and offers they want to list for *My Bestselling Book*. They can choose to list each country individually and/or bundle countries together that have a common language, or any other variation.

THE PRIMARY DECISIONS THAT BOOK LOVERS PRESS MAKES HERE ARE:

- 1.) How much they will charge for an upfront Licensing Fee, which is an advance against sales generated from the book by the purchasing publisher, and
- 2.) What percentage of royalties will be associated with the licensing deal.

Once Book Lovers Press has entered the licensing opportunities available for the book they hit "Complete Listing" and now *My Bestselling Book* is visible to other users inside the platform. When they see the listing and click "License This Book" a price menu is revealed.

Licensing Opportunities for *My Bestselling Book*:

Offer: Licensing Fee: Royalty %:

French Language Rights	300 FACTOM (\$3,300 USD) 8%
German Language Rights	400 FACTOM (\$4,400 USD) 8%
China (People's Republic)	1000 FACTOM (\$11,000 USD) 7%
South America (All Countries)	1500 FACTOM (\$16,500 USD) 10%

Each of the Offers are hyperlinks that, when clicked, lead to a complete overview of the Offer. The terms of the offer were coded into a smart contract when Book Lovers Press clicked "Complete Listing". Publishers and Rights Agents who have sufficient Factom may secure rights by clicking "Accept and Complete Transaction", which executes the smart contract and records the transaction on the Factom blockchain.

Once a licensing transaction is complete the Licensing Opportunities will update to remove the listing (or show which publisher owns those territory rights). Part of the terms listed in the smart contract are details about the files and materials that will be transferred from Book Lovers Press to the purchaser. In most cases this is the manuscript file and the graphic assets used in the book.

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One of our team members, Jesse Krieger, owns and operates Lifestyle Entrepreneurs Press, a publishing company which has committed to having several hundred published titles brought to this new platform should we be awarded an Authority Node.

SUMMARY

We as a team are passionate about building the rights licensing platform and connecting it with the Factom protocol. If we are approved to operate an Authority Node we would like to commit 80% of Factoids received for a minimum of 6 months to building the platform described above. In addition, because we know the cryptocurrency market has been in a downturn since the start of 2018 and prices can be volatile, we have also secured an additional \$50,000 USD as a standby to ensure completion of the platform in 2019. We will draw on this as needed to ensure our timeline is met and project growth continues.

Our hope is that in the future this platform could be expanded to include all types of intellectual property rights including music, art, and potentially copyrights, patents, and trademarks.

Thank you to the Factom Foundation for giving us the opportunity to share our vision with you. We look forward to working with you in the future.

OUR TEAM



Kris Hawkins

Kris is Lead Portfolio Manager and Chief Investment Strategist at TER Investments, a multimillion dollar cryptocurrency and digital asset management fund. A leading expert in Bitcoin, Blockchain and Cryptocurrency industries, Kris is at the core of revolutionizing the financing industry across the globe and currently consults and advises for ICO's and other companies. His network includes a range of accredited investors, family offices, and hedge fund professionals.

Prior to founding TER, Kris was involved in risk management and proprietary trading of equities for Swift Trade Canada, and holds the Portfolio Management, Investment Management, and Trading Training designations from the Canadian Securities Institute.

As an early adopter of cryptocurrencies, Kris believes digital assets and tokens are rapidly changing the landscape of commerce.



Jesse Krieger

Jesse sits squarely at the intersection of publishing and promotion – having signed two publishing deals on two different continents and navigated the world of becoming a best-selling author twice. It has been his honor to work with 100+ authors from around the world to achieve their dreams of writing and publishing a book.

With constant exposure to books, trends in publishing and the latest marketing techniques for authors, Jesse has a superpower to see the meaning between the lines and create compelling titles, book covers and marketing language.

In addition to being featured on over 50 media outlets for his best-selling book *Lifestyle Entrepreneur*, Jesse has been an entrepreneur his entire adult life and holds degrees from University of California, Berkeley, as well as National Taiwan University and Beijing Normal University.

Jesse believes Blockchain technology will bring innovation and transparency to the rights licensing side of the publishing industry and plans to be at the forefront of this movement.

OUR TEAM



Roan Mooij

Roan has more than 12 years of professional experience in software and infrastructure development. Having previously worked as a software engineer in the semiconductor industry at ASML, now he is a full stack integration expert.

As Chief Technical Officer for several cryptocurrency projects, Roan is quickly becoming known as an innovator and leader in the blockchain space.



Evgeny Danilchenko

Evgeny is an IT/Telecom systems engineer with over 20 years of experience in telecommunications and information technology. Evgeny holds a Bachelor of Information Technology and Mathematics and a Diploma of Engineering (Mathematics and Programming Languages).

Evgeny spent two years working for Red Hat in the position of Senior Technical Support Engineer, working on high severity and high impact cases. He prides himself on a systematic approach to quickly finding and eliminating non-standard network or system issues.

EVGENY'S EXPERT AREAS INCLUDE THE FOLLOWING:

- Cisco Routers/Switches/ASA, Palo Alto, Fortigate, Mikrotik
- Networks: Design and Operation (Certified as CCNP, CCDA, CCNA Security, PCNSE and RHCE)
- Linux setup, support and performance tuning
 - * Apache/Nginx * Postfix/Sendmail * MySQL/MariaDB * Nagios/Icinga/Munin/monit * Bind/Unbound
- Amazon AWS EBS/S3 and other services
- Troubleshooting of complex network issues
- Linux network stack tuning and optimization