A low-fee, distributed labor marketplace for computer-based work

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Abstract: Building on the well-established business model of "gig-economy" labor markets such as UpWork and Gigster, the CoinJob project creates a low fee, distributed labor marketplace for computer-based work featuring the Jobi (XCJ), an Ethereum-based digital token. CoinJob is able to substantially reduce fees in the marketplace and offer automatic third-party arbitration in the event of dissatisfaction of work product. The conception of the project and its core elements are outlined in this paper.

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THIS IS NOT A PROSPECTUS OF ANY SORT

This document does not constitute a prospectus of any sort; it is not a solicitation for investment and does not pertain in any way to an offering of securities in any jurisdiction worldwide. This White Paper constitutes a description of the functionality of CoinJob and its associated crypto-token, the Jobi.

1. Introduction

The “on demand” economy is increasingly disrupting traditional labor markets. Players in the fiat-economy like UpWork, 99 Designs, Fiverr, and others have been successful by using technology to allow anyone to complete tasks from the comfort of their own home and be paid immediately by the task-giver. However, these platforms are inherently limited by higher transaction costs, a high degree of manual work-worker matching and time consuming and expensive arbitration. In addition to reduced fees and lowered friction in the marketplace, utilization of blockchain technology can allow for automatic confirmation of work and mediation if necessary. CoinJob hopes to capitalize on these trends by offering a low-friction labor marketplace based on the Jobi (XCJ), a token based on Ethereum.

The CoinJob marketplace will be an online platform where task-givers can post work and workers can complete tasks from the comfort of their computer. We anticipate initial projects to focus on software development, web development, graphic design, financial modeling, and other tasks that need nothing more than a computer and expertise to complete.

The process starts when a task-giver posts a job to our platform, complete with job description, timeline, and reward offered for completion. In order to ensure payment upon completion, the task-giver will deposit the reward in a multi-signature escrow wallet upon acceptance of work by a worker.

Workers on the platform will be able to highlight expertise in their profiles and select projects matching their expertise. Task-givers will then select the worker or workers they want to complete the task.

Upon completion, the worker will send the finished files to the task-giver, who will then mark the project as completed. Once the task-giver marks the project as completed, the funds will be released from the escrow wallet to the wallet of choice of the worker.

In the event of sub-par work, an automatic arbitration process helps determine the release of funds (See 3.4 Arbitration).

We believe that use of crypto-tokens is necessary for the cost reductions we are looking to bring to this system.

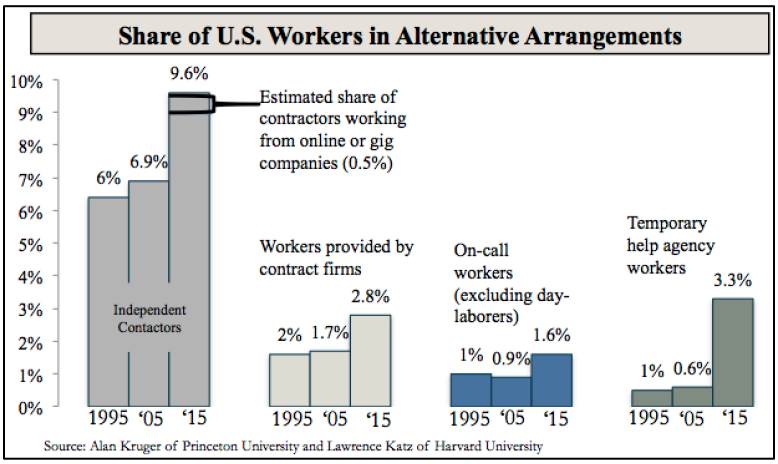
The paper is organized as follows. The first section will outline the market we are entering and discuss competitors, trends within the market, and why we believe it is an attractive market for disruption. The second section will discuss further the problems with the current market and solutions that CoinJob provides for those problems. The third section will discuss the token and the Initial Coin Offering and the fourth section will discuss roadmap and future plans.

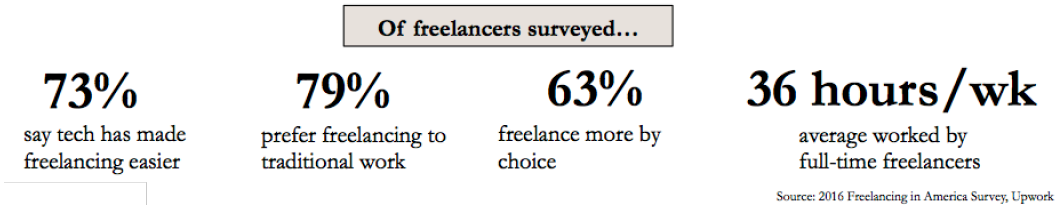
2. Market Overview

2.1 Market Background

As the overall labor market shifts for job-based labor to task and project based labor, labor marketplaces in the “gig” economy are increasingly prevalent. Freelancers on these marketplaces appreciate the ability to make their own hours, supplement their income, and be paid promptly. In fact, according to the 2016 Freelancing in America Survey completed by UpWork, freelancers report higher levels of job satisfaction than traditional workers. Furthermore, alternative work arrangements, including self-employment, contracting, and “gig” is the largest growing segment of the labor market. According to Alan Krueger of Princeton University, *“All net employment*

growth in the U.S. economy from 2005 to 2015 appears to have occurred in alternative work arrangements."





While traditional jobs still account for the majority of labor on the market, the "gig" economy continues to grow, with high-skill, technology-based labor accounting for a large percentage of the increase. Companies like Fiverr, UpWork, TaskRabbit, and Gigster are taking advantage of this trend in the traditional economy. However, each charges substantial fees for platform use, cutting into earnings for workers and costing more for task-givers (See 3.2 High Fees).

2.2 Market Sizing

The market for alternative "gig" work is currently small, with less than 1% of the working population currently relying primarily on online "gig" websites for their livelihood. However, this is changing as companies increase labor outsourcing to reduce costs and workers look for additional flexibility and ownership of their work.

Determining total addressable market (TAM) is key in determining viability of the business as a long-term player in the space. As the CoinJob platform will initially appeal to software developers, the TAM depends on the number of software developers, the number likely to use a "gig" economy service, the income of each developer and the fee charged by CoinJob.

According to the 2017 Evans Data Corp Global Developer Population and Demographic Study, there are approximately 21 million professional software developers worldwide, including nearly 4m in the United States. Furthermore, according to the U.S. Department of Labor, this figure will grow 17% in the next 10 years. In our model, we assume software developer growth of 17% and an independent worker rate of 20% in ten years. Additionally, we assume average wages stay constant at the current $95,195 per worker as outlined by the Department of Labor. With these numbers, the total U.S. market wages we are targeting is:

4,000,000 x (1.17) x (20%) x ($95,195) x (fee charged) = $89.1B x (fee charged)

Due to decreased costs coming from automatic arbitration and reduced payment friction, we think an 8% fee will allow profitability over the long-term.

$89.1B x (8%) = $7.2B U.S. TAM in 10 years

A 3% market share at a reasonable valuation will allow CoinJob to be a $1 billion business.

This is only taking into account software developers, which will be our initial target population. Including graphic designers, financial analysts and other professions that can use the platform, the TAM is much higher.

3. Market Problems and Solutions

3.1 Introduction

Issues in the current structure of the market are two-fold. First, existing platform providers charge high fees in order to finance arbitration of work and the sizable technological lift of building and maintaining a platform from scratch. This is further exacerbated by transactional fees on credit cards and similar payments methods.

3.2 High Fees

Current "gig economy" offerings charge an average of 20%+ of total worker pay for the same type of small, technology-heavy project that CoinJob caters to.

Fee on a $1,000 project		
Company	**Fee**	**Funding**
CoinJob	$80	
Freelancer	$130	$15m
Upwork	$150	$169m
Fiverr	$200	$111m
99Designs	$200	$45m
Catalant	$200	$34.6m
Gigster	$250	$12.5m
TaskRabbit	$300	$37.7m

These fees are necessary for dollar-based gig economy startups for two reasons:

1) Friction in the payment method in the form of transaction and interchange fees
2) When projects go awry, platforms bear the burden of costs in the form of a refund or arbitration

We believe that CoinJob will solve both of these problems, allowing for lower fees and automatic arbitration in the event of dissatisfaction with produced work. A purpose-dedicated crypto-token allows for low transaction fees while automatic arbitration reduces operating costs. We anticipate settling on an 8% transaction fee for work done on the CoinJob platform.

3.3 Arbitration

In the dollar-based gig economy model, a "gig" platform allows for arbitration by platform managers if the delivered work product does not match expectations. This process is often time-consuming, expensive and leads to bad blood between parties.

We anticipate circumventing this by mandating funds be held in a multisignature escrow wallet while the project is underway, with the funds being deposited upon agreement of desired work product between task-giver and worker.

The multisignature escrow wallet has three signatories: the task-giver, the worker, and CoinJob. In order for funds to be released, two of the three parties must enter their signature, with the worker's signature entered upon delivery of product and the task-giver signature delivered upon confirmation of receipt of requested work.

If the task-giver disputes the quality of the finished work product and refuses to sign for completion within a reasonable time period, an automatic arbitration process will begin. The job description and work product will be automatically redacted and randomly distributed to platform users, who will vote if the work product matches the work description. If users determine the work produced *did* match the work description, CoinJob will automatically sign the wallet and the funds will be released to the worker.

However, if users determine the work produced *did not* match the work description, CoinJob will release the funds back to the task-giver, amounting to a refund.

In this way, arbitration becomes cost-effective and automatic; workers are incentivized to produce thorough, professional work, and are assured quick payment upon successful completion of a project.

4. Token System

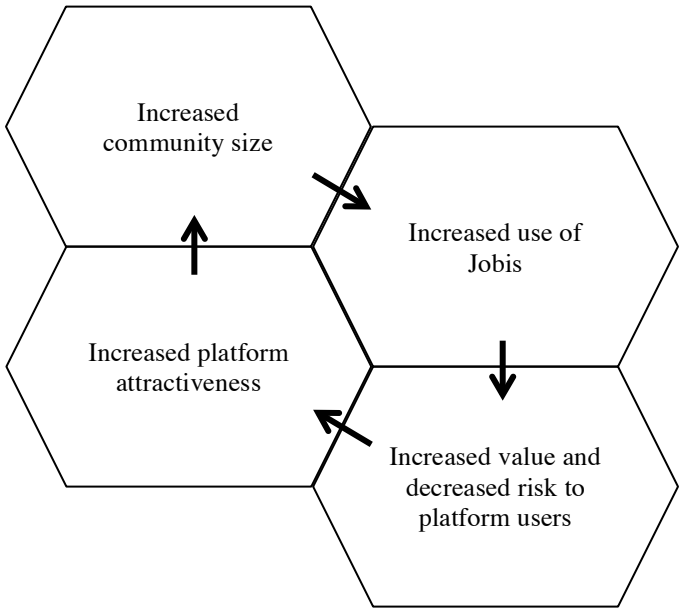
4.1 Rationale

CoinJob will use an Ethereum-based crypto-token, the Jobi, as the primary payment mechanism between task-givers and workers. There are two main reasons for adopting the token system:

1) It is a means of raising enough money to develop the project. A well-implemented crowd sale, with carefully defined objectives and guarantees, is one the best ways to both generate capital and to build a community that has a stake in its success.

2) The token represents a simple universal measure of the value of the CoinJob platform, the rising number of CoinJob projects, and operating efficiency of the company.

Completion of additional projects on the CoinJob platform should lead to an increase in our overall platform strength, which in turn will allow marginal costs to reduce, increasing the profitability of the business. The ever-increasing flow of projects across the platform will increase financial flow, which should lead to a further increase in the price of the tokens. This process is depicted in the figure below:



Although we anticipate a natural increase in the strength of the network over time and therefore an increase in the price of the token, we emphasize that the CoinJob team cannot guarantee a monotonic increase in the price of tokens and is not responsible for the possible losses associated with such speculative use of tokens.

4.2 Token Specification

Our Jobi token (XCJ) is an Ethereum-based digital token that allows transactions to occur on the CoinJob platform. On the CoinJob platform, tokens will be used as a medium of exchange between workers and task-givers, and as rewards for successful arbitration. The term of the token is unlimited and therefore does not expire and the number of tokens that can be purchased by a single user is unlimited.

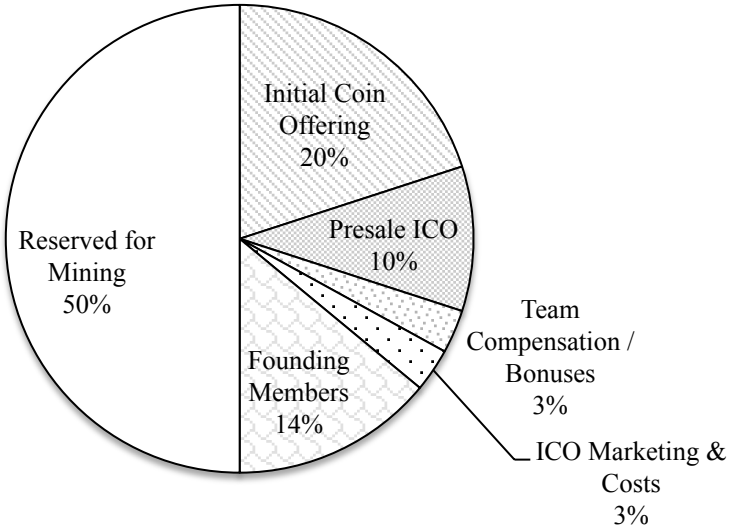
XCJ tokens are divisible, i.e. their number need not be an integer. Fractional shares are introduced for convenience. The smallest fraction is 0.00001 XCJ.

The total number of tokens is limited in perpetuity to 2,000,000, with 1,000,000 pre-mined and 600,000 available during the Initial Coin Offering.

4.3 Initial Coin Offering

The Initial Coin Offering (ICO) will commence on July 14th and run for 1 month or until the allocation has been claimed. The total number of tokens sold during the ICO is 600,000, with the remaining 400,000 of available tokens being retained by the company at the disposal of the Board of Directors. We anticipate using these remaining 400,000 tokens as outlined below:

Allocation of Jobi in CoinJob



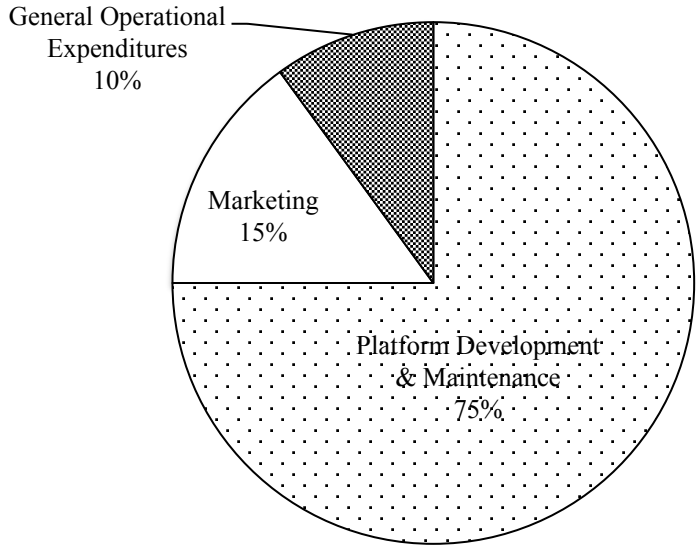
During the ICO, payment can be made in Ether, with potential buyers holding fiat and other cryptocurrencies to use third party conversion services.

The base XCJ/ETH exchange rate will be 10/1, with bonuses given for early exchangers. Please see the table below for full details:

XCJ/ETH Exchange Rate by Date of Exchange				
Date	**7.13.2017**	**7.14.2017**	**7.15.2017 - 7.21.2017**	**7.22.2017 - 8.14-2017**
XCJ/ETH	15/1	12/1	11/1	10/1

The funds raised during ICO stage will be kept in a multi-signature wallet supervised by the two founding members of the organization. An approximate breakdown of raised funds is depicted below.

Allocation of Funds Raised from ICO



The ICO campaign will take place until the purchase of all 600,000 tokens, but for no longer than 1 month. If, not all the tokens are sold by the end of this period, the unrealized balance will also be placed at the disposal of the board of directors. CoinJob platform token expenditures will only be allowed after the end of the ICO campaign.

4.4 Mining

Users of the CoinJob platform will be able to "mine" tokens for preforming actions that are beneficial to the use and stability of the program and network. These tasks include verifying the payment from task-givers to workers, participating in the automatic arbitration process, successfully reaching volume work milestone bonus levels, and providing other beneficial functions to the platform. Mining will continue until all 2,000,000 coins have been mined or January 1st, 2024, whichever is sooner.

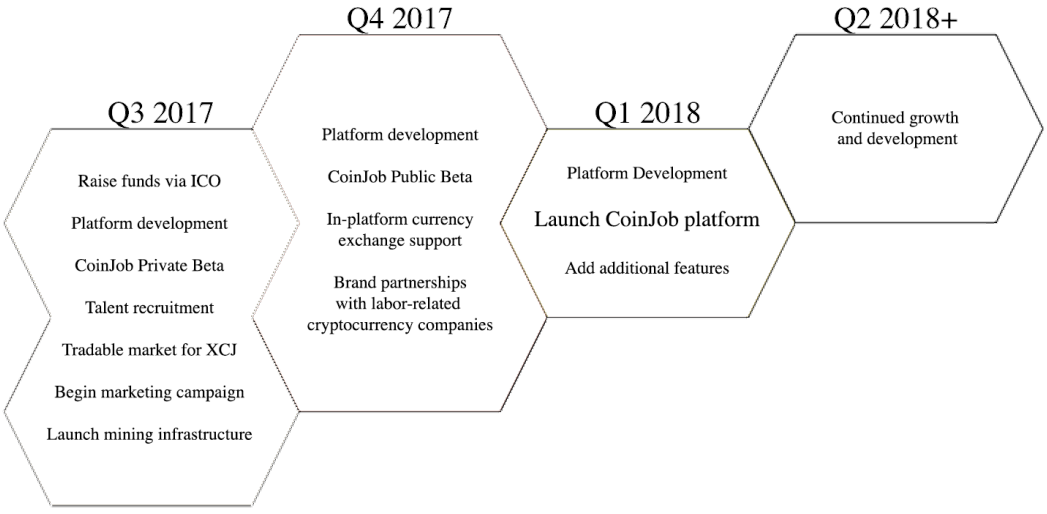
5. Roadmap and Development Plan

5.1 Development plan

With the funds raised from this offering, we plan on hiring additional staff to speed production of the platform, add functionality and finalize it for wide-adoption. We will also work to build partnerships between currency exchange platforms to facilitate easier conversation from other currencies, fiat and crypto, into Jobi.

Additionally, we intend to spend considerably on marketing to promote the platform broadly and draw current top talent away from traditional "gig" economy platforms.

We plan to launch a public beta version of the platform for U.S. customers by Q4 2017 with full launch and additional features including collaborative working coming in early 2018.



6. Risk Factors

6.1 Introduction

Our business and the associated crypto-token is subject to numerous risks and uncertainties, including those highlighted below.

6.2 Limited operating history in an evolving industry

CoinJob has no operating history and is in an evolving industry that may not develop as expected. Assessing its business and future prospects is challenging in light of the risks and difficulties it may encounter. These risks and difficulties include its ability to:

- navigate complex and evolving regulatory and competitive environments;
- increase the number of customers;
- increase the effectiveness of its direct marketing and ability to identify the trends relevant to its targeted demographics;
- successfully develop and deploy new products;
- successfully maintain its funding strategy;
- successfully navigate economic conditions and fluctuations in the financial services market; effectively manage the growth of its business;
- successfully expand its business;
- continue to develop, maintain and scale its platform; effectively use limited personnel and technology resources;
- integrate and retain an appropriate number of qualified employees.

6.3 We may not be able to execute on our strategic vision

We are currently in the process of building our platform and, if we cannot execute successfully on our strategic vision in a timely manner, the very development of the platform will be at risk. Furthermore, disagreement between co-founders may lead to a disagreement in vision and delays in executing on that vision.

6.4 We may be outcompeted by traditional “gig” economy companies

Offering on-demand work with crypto-tokens as the means of transaction is unproven and workers and task-givers must be motivated to use our platform over our competitors. If we cannot offer substantial enough cost savings to motivate switching, or if our target audience of programmers, graphic designers, and other computer-based professions is unwilling to switch, we may not have a sustainable business model.

6.5 Crypto-tokens are not yet a mainstream method of transaction

Although we believe that our cost reduction to task-givers will incentivize growth, the process of buying and selling crypto-tokens is still relatively complex, and may prove too large of a barrier for potential users to overcome. If this is the case, we will not be able to grow at the desired rate.

6.6 We must depend on servers we cannot control

Our platform will initially be hosted on servers that we do not own, and we will not have control over restoring outages. Furthermore, our service providers have broad discretion to change and interpret its terms of service and other policies with respect to us, and those actions may be unfavorable to us.

6.7 We may incur substantial operating losses in the future

Developing and launching a brand new platform is expensive and we may incur substantial operating losses before we generate revenue. If we cannot generate revenue in a timely fashion to cover these loses, our business model may be at risk.

6.8 Other risks

Other risks besides those listed above may also arise. Jobi owners are encouraged to perform their own due diligence and accept the risks inherent in owning Jobi.

7. Team

CoinJob is managed by Max Oltersdorf and Ryan Allen, with other individuals serving as strategic advisors.

Max Oltersdorf

Co-Founder & President

Max Oltersdorf is Co-founder at CoinJob and in charge of all business-related matters. Max has worked for the Obama White House, Goldman Sachs, and Alpine Investors and is a Co-founder at Duo Collective. Max received his degree in Economics from the University of California, Berkeley and has three citizenships.

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Ryan Allen

Co-Founder & CTO

Ryan is Co-founder at CoinJob and in charge of technology-related matters. Ryan has worked as Senior Software Engineer at Applied Predictive Technologies, and is a co-creator of JukeBox. Ryan received with degree in Computer Science from the University of Virginia and plays in the Starcraft II Master's League

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Strategic Advisors

Nicholas Jones

Nick is a Strategic Advisor at CoinJob. He currently works at a long/short equity hedge fund based in NYC, and previously worked in investment banking at Moelis & Company.

Jake Miller

Jake Miller works as a machine learning engineer in the field of AI based fraud detection. He holds degrees in mathematics and Computer Science from NYU's Courant Institute

Other advisers to be announced