

FLEXCONOMY

Sell Anything. Anywhere. Instantly.

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Flexconomy augments direct sales organizations of any size with blockchain infrastructure that dramatically reduces overhead, trivializes global expansion, and circumvents red tape. It also is a marketplace that connects these blockchain-enabled sales organizations with companies who are looking for partners to distribute goods and services of any kind.

The Flexconomy future is one where those looking to sell anything can easily find and contract with a new class of hyper-efficient direct sales organizations anywhere in the world. Flexconomy doesn't just make it easier to run a sales organization - it is a new kind of distribution network that helps its users sell anything, anywhere, instantly.

Flexconomy is built on Ethereum smart contracts that do the heavy lifting for sales organizations. These snippets of code on the blockchain automatically calculate and distribute compensation, update inventories, track revenue, and otherwise do anything and everything your back office would typically do - all in realtime.

Empower your salespeople to operate in any country instantly. Flexconomy uses a combination of payment gateways, stablecoins and its cryptocurrency, the FLEX, to eliminate the complexity of operating in other countries. No matter where you sell, Flexconomy can and will work for you.

Power up your back office by connecting it to the global computer that is the Ethereum network. Our app makes it easy to get started. Select from an assortment of customizable smart contracts to easily encode their organization structure and partner relationships on the blockchain.

Flexconomy has already attracted the interest of multiple large organizations in the direct selling industry. Included in the list of partners are banks that will enable us to provide the payment gateways and stablecoin infrastructure necessary to facilitate global expansion.

Flexconomy's team is composed of top-tier software and business talent, with decades of experience in direct sales and software development. Its board of advisors is chaired by the finance guru Chan Heng Fai who's invaluable experience will help ensure the success of the platform.

Flexconomy is an evolution of direct sales that will help turn the growing \$190B industry into one of the main means of distribution globally. In the process, we will capture a large percentage of industry revenue, creating billions of dollars in value for both Flexconomy users and holders of its cryptocurrency the FLEX.

Flexconomy Overview

Flexconomy is a **DAO protocol** for the direct sales industry; it is a “language” and software interface that enables users to easily describe sales organizations and their contractual relationships in the programming language Solidity such that their operations can be understood and autonomously executed by the Ethereum blockchain.

The Flexconomy DAO protocol is standardized code that can be used and extended by sales organizations to describe themselves programmatically, a process that enables extensive automation of any organization activity that can be written in discrete logical steps. It also enables the creation of a new kind of distribution marketplace in which those looking for a partner to sell a product can easily contract with direct sales organizations in predictable ways governed by logic defined on the blockchain.

Why DAO Protocols Matter

DAO protocols like Flexconomy enable organizations to encode their operations into smart contracts that can be understood and executed by the blockchain. This means we can describe in code how an organization should respond to a specific situation such that an action can be taken automatically on its behalf by miners processing transactions on the blockchain. All work in an organization that can be boiled down to a set of discrete logical steps can be offloaded to the Ethereum network.

For instance, a sales organization that encodes their compensation plan using Flexconomy smart contracts can rely on the blockchain to handle all related calculations and payouts without necessitating additional oversight.

Any organization activity that does not require human subjectivity can be completely automated. Back office jobs do not exist in a DAO-driven economy - as long as smart contracts are well-audited we can rely on blockchain consensus mechanisms to get it right every time.

What is a DAO

DAO is an acronym for “decentralized autonomous organization”.

A DAO is a type of **organization** that operates according to rules written in a computer language that can be interpreted and **autonomously** executed by transactions processed by the **decentralized** nodes of a blockchain.

A DAO is, for the most part, an organization like any other. It has rules that determine how decisions are made and contracts that describe its current and potential relationships with members and external parties. A DAO works the same way. the only difference is that it is wrapped by an “API” that translates its operations into code.

By representing an organization in a way that can be interpreted by the blockchain we can easily leverage the processing power of the Ethereum network to automate operations. Other benefits of restructuring as a DAO include the fact that it makes it trivial for the organization to transact in cryptocurrencies and to enter into binding and auto-executing contracts with other parties on the blockchain in the future.

Connecting to External Parties

The Flexconomy protocol doubles as an “API” that enables vendors to instantly integrate their operations to partner sales organizations. The standardization provided by our “language” makes it easy for vendors to contract with any of the many sales organizations on Flexconomy to distribute their product.

This makes Flexconomy, in addition to being infrastructure for autonomously running a sales organization, a marketplace where vendors can browse and connect to sales organizations for the purpose of distributing their product or service. Similarly, sales organizations can use Flexconomy to find and partner with vendors of quality products and services. Through Flexconomy vendors can literally go from no distribution to being contracted with multiple direct sales organizations anywhere in the world in minutes.

Once connected through Flexconomy smart contracts, sales organizations and their vendors operate in lockstep as a single organization with shared tracking of inventory and revenues. This flexibility provided to vendors and sales organizations to seamlessly connect with partners is the reason we call our direct sales protocol Flexconomy.

The Flexconomy App

Flexconomy hides the complexity of DAO infrastructure behind a simple to use app. Through it, users can translate their organization into code on the blockchain without knowing anything about blockchain technology. All the complexity of implementing smart contract infrastructure is hidden behind an interface that will be familiar to anyone using software in the past decade.

The Flexconomy app guides users with a simple-to-grasp creation wizard that helps them define organization roles, compensation plans, vendor relationships, membership rules and whatever

else is necessary to faithfully recreate a sales organization on the blockchain. Our backend then takes these selections and translates them into blockchain transactions that call on the appropriate smart contracts.

Once created, organizations that opt-in are made visible to vendors through our marketplace. Vendors who have also gone through a similar organization creation process can then contact and contract with sales organizations to build out their distribution network. Similarly sales organizations can browse, contact and contract with vendors to sell their products and services.

Transacting in Your Currency of Choice

Sales organizations of Flexconomy have the option to make and track sales in an established currency like the USD and still reap the benefits of our blockchain protocol. Flexconomy is integrated with traditional and crypto banking infrastructure that make it possible to transact on Flexconomy in the currency of your choice.

The key to making this work is a system we're developing with our banking partner, American Pacific Bank, that connects payment gateways to custodial accounts that serve as the underlying asset for a new stablecoin.

When a salesperson makes a sale on Flexconomy, they collect payment from the customer via credit card through our application as they would on any other platform. The difference with Flexconomy is that the Fiat received from this transaction is held in reserve in a custodial account by our banking partner who then issues a stablecoin that can be redeemed for this currency at a future point.

This conversion into a cryptocurrency representation of the underlying is necessary because we need a version of the currency being transacted that can be passed through our smart contracts. Accordingly, it is this newly issued stablecoin that is used in the smart contracts as a digital representation of the actual Fiat stored in the custodial account.

At any point, the holder of this stablecoin is able to redeem it for its underlying minus a small fee for processing. Thanks to this stablecoin conversion process, Flexconomy sales organizations can work exclusively in whichever currency they prefer - regardless of whether it is Fiat or crypto.

The Cost of Using Flexconomy

While Flexconomy is significantly cheaper than comparable software, utilizing its protocol is not free: Flexconomy smart contracts charge sales organizations 2% of total sales revenue. The majority of the fees collected for utilization of the Flexconomy protocol is paid out to the holders of the Flexconomy cryptocurrency FLEX, with a small amount being earmarked for the Flexconomy Foundation - the organization in charge of developing the network.

The portion of this utilization fee allotted to FLEX holders is automatically subtracted from smart contracts and funneled to holders of our cryptocurrency the FLEX through an auction process described in detail later in this paper.

The remainder is deposited directly into accounts governed by the Flexconomy Foundation to fund development of the network.

The Flexconomy Foundation

The development of the Flexconomy network will be directed by an organization called the Flexconomy Foundation. It is a for-profit entity responsible for developing the Flexconomy DAO protocol and its software interface.

It will derive its funding from three sources: sales of the FLEX cryptocurrency, a percentage of fees collected by the Flexconomy network and additional charges incurred by users of the Flexconomy app.

The sale of FLEX by the Foundation is split into two phases: A presale in which 10-15% of the total token economy is sold to private investors to fund initial development, and an IEO in which 30% of the FLEX token economy is sold through an exchange.

The fees that are paid out to the Flexconomy Foundation will begin at 50% of total network fees in year 1 and decreasing linearly by 5% every year thereafter. By year 10, the Flexconomy Foundation will receive no funding from network fees, effectively decentralizing the network.

We believe that a non-profit is not the right structure for continued development of a network because of the lack of proper incentive to run the organization efficiently. We believe this hybrid model that ends with complete decentralization of the network after a period of 10 years will lead to the best outcome for the network.

The Flexconomy Advantage

The Flexconomy app and protocol is an all-inclusive direct sales industry solution. It is a translation of the contractual agreements that bind the industry into smart contracts that can be executed autonomously by the Ethereum network, providing an unparalleled increase in operational efficiency, and instant integration with the entire direct sales industry.

Why Direct Sales

Direct sales is a large and growing market segment. In 2017 alone global revenues from direct sales companies totaled an impressive \$190b USD.

While already a significant global economic presence, cultural trends suggest direct sales is still in its infancy. Many expect significant growth in the coming decades due to the following:

- The growing importance of influencers
- A greater demand for self-employment and autonomy by younger generations
- The decline of traditional advertising effectiveness

In tandem with this natural growth trend, Flexconomy's novel technology will both facilitate participation in the industry and expand what can be sold through this distribution model to include virtually anything and everything.

Additionally, we will also be leading the charge in reframing direct sales to remove the unwarranted stigma that is preventing wide-scale adoption of this powerful model.

Growth Trends

Macro cultural trends heavily favor the kinds of lifestyles enabled by direct sales organizations. Younger generations show a heavy preference for more flexible living situations, and advances in technology have made them more available.

As the internet has matured, more and more have taken their jobs online; forgoing an office in favor of a nomadic working life. Additionally, almost as if to meet this growing demand for autonomy, the emergence of the gig economy has shaken up the notion of what it means to work.

As blockchain matures it will enable a new wave of gig economy applications that leverage smart contracts to make it trivial for people to participate in organizations of any kind. Flexconomy will be the first to apply these concepts to sales organizations, enabling anyone to start selling and earning commissions on quality products and services overnight.

The Flexconomy Future - Sell Anything, Anywhere, Instantly

Flexconomy is as flexible as its name suggests - our smart contracts are capable of modeling any and all sales organization structures.

Users of our platform can sell anything. Insurance. Real Estate. Financial Services. Products. Vehicles. Loans. Anything that can be sold can be sold more efficiently and effectively using Flexconomy.

This expansion of direct sales into industries that previously have relied on other methods for distribution will be a major source of growth for direct sales in the coming years.

Reinventing Direct Sales

It's no secret that many direct sales companies have a bad reputation, but the model itself is not to blame. Direct sales when done correctly only empowers participants with the ability to sustain themselves by sharing quality products with the world around them.

By creating an open ecosystem of blockchain-enabled sales organizations we are creating a free market that will lead to the natural death of the overtly exploitative compensation plans that have given this industry a bad name.

In time we believe Flexconomy, and the public success of our users, will reduce the stigma surrounding the industry and attract millions to the industry.

The Blockchain & Direct Sales

Direct sales, more than any other industry, is a natural fit for the blockchain. This is because the contracts that define sales organizations are relatively simple.

Generally speaking, organizations can be boiled down to a set of contractual agreements. Owners and employees have contracts defining their relative compensation and company role. External relationships with partners and vendors are also defined by contracts.

While contracts can vary in complexity, those governing sales organizations are relatively simple; the majority of them can be defined as mathematical formulas. For instance, when a salesperson makes a sale, they receive some predetermined compensation that can be reliably calculated without the need for additional oversight.

Putting Sales Organizations on the Blockchain

To actually encode this information on the blockchain we use smart contracts. Flexconomy smart contracts are snippets of code stored on the Ethereum blockchain that users can interact with to create and manage an organization on the blockchain.

These snippets include functions to add/remove salespeople, assign organization roles, define compensation plans and do whatever else is necessary to run a sales organization. Users interacting with our frontend interface are effectively creating transactions on the blockchain to change the parameters that shape their DAO on the Ethereum network.

Smart Contract Back Office

Organizations that are willing to make the switch to Flexconomy will see a dramatic decrease in the time and effort needed to manage their operation.

The bulk of back office work in sales organizations can be replaced by smart contracts. Business concerns such as supply chain management, payment collection, compensation calculations and revenue tracking are relatively easy to translate into code.

By plugging their organization into Flexconomy, owners will be able to do all of the above instantaneously without needing any additional input on their part beyond initial setup.

Salesperson Benefits

This dramatic reduction in overhead also benefits the salespersons themselves.

Salespersons on Flexconomy will earn higher commissions, receive instant payouts on sales in an easily redeemed stablecoin and rest easy with the certainty that their compensation was calculated accurately.

Technical Details

In order to connect an organization to the blockchain we need to first translate its bylaws into a DAO smart contract.

This initial smart contract for creating a DAO is not itself a DAO. It is a blueprint saved to the blockchain - its functions and rules are written to describe a DAO to the Ethereum network. To actually create a DAO you must first submit this smart contract in its own transaction and then reference it in a future transaction which includes the parameters that are specific to your organization.

This contract, once uploaded can be reused to create as many DAOs governed by the rules described on the contract as you want. This is what it means for a smart contract to be reusable. Additionally, a well designed DAO boilerplate contract will include logic that will enable users to upgrade and amend the organization with additional functionality by referencing other smart contracts.

We provide all users of Flexconomy with this boilerplate smart contract infrastructure. whatever other smart contracts you need to describe, deploy, extend and manage your sales organization on the blockchain.

Creating a DAO on Flexconomy

In order to create a Flexconomy DAO, users select a DAO smart contract from our library and pass it the parameters describing their organization. All of this happens through our interface which abstracts away the complexity by boiling it down to a simple form.

The creation of the DAO on the blockchain is identical to what is described above except for the fact that Flexconomy DAO contracts require a nominal amount of FLEX, our cryptocurrency, to be included in the transaction. This small amount of FLEX is a staking mechanism we've included to discourage spam creation of DAOs.

The Ethereum address of the user in this initial transaction is whitelisted as the owner of the sales organization. From this point on, they can, through the Flexconomy interface, manage this new organization by calling transactions on the blockchain that interact with the various functions exposed by the boilerplate contract.

Adding a Compensation Plan

The first step for most sales organizations will be to define their compensation plan. In our smart contract library users will find a variety of stock compensation plan models to use as a base for their organization.

For instance, let's imagine the case in which an organization owner chooses to implement a binary compensation plan. From their perspective, this process will once again be as simple as filling out a form defining the parameters unique to their implementation of the model. The resulting transaction will extend the organization on the blockchain with a binary compensation plan.

Once a plan is defined, salespeople can be added to the organization with a link that will guide them through the process of connecting or creating an Ethereum address to act as their identity on the Flexconomy network.

Parameters defined in the compensation plan contract used to extend the DAO dictate how your new salesperson can interact with your organization and at what rate they are compensated for sales.

Every extension to a DAO's structure happens through this same process of selecting the relevant contract through our interface and initiating a transaction on the blockchain to confirm the change.

Recording Sales

When a salesperson records a new sale it happens in two transactions. In the first transaction, the sale is confirmed, inventory is adjusted and the cryptocurrency taken in is transferred to escrow accounts as defined in the compensation plan. The second transaction, in which both the sales organization and the salesperson are compensated requires a secondary action by either party on these escrow accounts.

The reason for this split is the fact that compensation plans are complex and can be time-sensitive.

For instance, imagine a commission structure in which a salesperson is given a 5% bonus if they reach a sales goal in a predetermined length of time. Up until they reach this bonus, the 5% should accumulate in an account owned by neither the organization or the salesperson. This can be accomplished by locking a separate bonus escrow account with a smart contract that can only be opened if the period is over or if the bonus tier is reached. In the former, the money returns to the sales organization, in the latter the bonus is paid out to the salesperson.

As per the rules of the smart contract, all sales are initially divvied up this way. Even if the money can be claimed immediately, this process is still divided into two steps.

FLEX Token Utility

The Flexconomy cryptocurrency FLEX has two uses. As mentioned earlier, FLEX is used in our staking mechanism to prevent spam creation of DAOs. It also the sole currency for bidding in Flexconomy fee auctions.

FLEX staking is straightforward: a small amount of the cryptocurrency is necessary to create a DAO. In the interest of masking the complexity of the blockchain - our payment gateway integration will enable users to pay this fee in Fiat; our backend will purchase and stake the tokens on your behalf.

The fee auction on the other hand cannot be done in a way that hides its complexity. Thankfully, the fee auction discussed below is not something the vast majority of users will ever need to consider despite its importance in perpetuating the Flexconomy ecosystem.

Fee Auctions

As mentioned before, Flexconomy charges 2% on all sales that occur using its smart contract infrastructure as a fee for utilizing the network. The portion of this fee that is earmarked for FLEX holders is pooled in a special Ethereum address governed by a smart contract that bundles incoming fees into 12 hour blocks. Every 12 hours, the accumulated cryptocurrencies earned through fees are opened up to a public auction that any Ethereum user can participate in by sending FLEX to the designated smart contract.

Once the auction is complete, the winner is sent the accumulated cryptocurrency fees, and the losers are refunded their FLEX. The FLEX included in the winning bid is destroyed. This process repeats itself in perpetuity.

This auction process is necessary because salespeople on Flexconomy can take in any Ethereum compatible cryptocurrency/stablecoin as payment for their product or service. As a result, the

pool of accumulated fees will be denominated in a wide variety of cryptocurrencies. This makes it incredibly difficult to value these fees and determine the quantity of FLEX they are worth at market rates such that we can automate the process.

Through the auction we offload the calculation of the appropriate quantity of FLEX to participants looking to submit a profitable bid. In burning the winning bid we effectively are adding the value of the accumulated fees to FLEX holders minus compensation for work done in this conversion process that takes the form of whatever profit auction winners earn from bidding wisely.

FLEX Token Quantity

All FLEX that will ever exist will be minted day one. The total supply at inception is set at 1,000,000,000 (1 billion).

Because the FLEX paid into fee auction smart contracts by winning bids is destroyed, the total amount of FLEX will decrease in perpetuity. Thankfully, by extending the ERC20 contract we can add functionality that enables us to infinitely divide FLEX such that there will always be some amount of the cryptocurrency to make the math for the bidding process make sense.

Because network fees can only be earned by bidding FLEX via this auction process it can be said that the value of the entire FLEX token economy at network inception is the total value of fees collected by the Flexconomy network in perpetuity.

Roadmap

Flexconomy is an ambitious project that will require significant development over a period of multiple years.

Being one of the first DAO protocols, much of what we will be doing is without precedent. That said, the technology we will be using exists today at a scale that already makes our vision possible. Our innovation will be in the careful application of these technologies.

Flexconomy will be developed in two phases.

The first phase is development heavy; we're setting aside a year to prove in coordination with industry partners that our DAO protocol creates massive efficiencies in direct sales organization operations. The MVP that results from these efforts will then be used to spearhead an IEO campaign that will give us the runway to develop Flexconomy into the revolutionary distribution marketplace that it is designed to be.

During this first year, our priority is to make the transition onto Flexconomy as painless as possible for sales organizations looking to make the switch. Accordingly, we will be focusing most of our attention on getting compensation plans on the blockchain and ironing out the banking infrastructure that will enable users of Flexconomy to operate in a cryptocurrency world without having to even think about what that means.

To fund this initial development period we are looking to sell 15% of the FLEX token economy to private investors in a presale. We also will be reserving 18% of the FLEX token economy for use in incentivizing necessary work over the period.

Once we have proven the potential of our DAO protocol by producing a quality MVP that offers genuine value to our industry partners, we will bring Flexconomy to market via an IEO in which we will sell a further 30% of the token economy through an exchange offering.

The second phase begins after the IEO, during which we will refocus our efforts on broadening both our user base and the Flexconomy platform itself to include the distributor marketplace that we've touched on in this paper.

Phase two will be an expansionary period in which we focus on developing the smart contracts that connect the sales organizations we're powering together with the rest of the industry.

It is our goal that Flexconomy becomes the protocol for the entire direct sales industry. This requires that we develop smart contract infrastructure that does more than just help organizations track internal operations.

This second phase will continue with this mission in perpetuity.

FLEX Distribution

1,000,000,000 FLEX will be distributed accordingly:

%	QTY	LAEL	DESCRIPTION
12%	120M	Founders	Distributed to founding members
18%	180M	Working Group	Compensation for contributors prior to IEO
15%	150M	Presale	To Raise \$1.5M for Flexconomy Foundation
15%	150M	Advisors/Partners	Mr. Chan & Others
30%	300M	IEO	\$15M+ Target - proceeds go to Flexconomy Foundation

10%	100M	Foundation War Chest	For use in compensating future contributions to the network post-IEO
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