

OTB Gray Paper

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Project Name: Crypto Currency implementation scheme

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Description

Out of The Box (OTB) Gray paper

- *I define an out of the box gray paper as a unique and improbable idea that looks to provide a solution to a portion of a particular challenge. In this case, the challenge of getting early majority and late majority adopters (regular people) to use crypto currency.*

Crypto Currency has the potential to revolutionize the way we transact across the world. Bitcoin gave us a glimpse into the future and was a great first step but as with all new technologies, bitcoin brought to light some obstacles in the way to full implementation.

I believe there are two main categories of challenges:

1. Technical
2. Societal Implementation

This article is not a white paper for a particular crypto currency. It is the beginning of a thought process on different approaches to bring early majority and late majority adopters into the process of using and being comfortable using crypto currency. ***This is not meant to be a technical paper*** and does not take technical issues into consideration.

Why customers and merchants do not use crypto currency

- Lack of understanding
 - Customers
 - Generally, people understand that crypto currency is something you can use to buy things in a few places but beyond that there is no real understanding or, more importantly, desire to use this new means of commerce. And, to throw a wrench into everything, the most popular crypto currency has become more known as a commodity than a currency.
 - Merchants
 - Merchants probably would be open to the use of crypto currency if it would follow the same front-end process of credit cards because of the lower fee structure that can come with processing crypto currency. The level of understanding needed can be mitigated with good front end software.

- Stability
 - Customers
 - Current crypto currencies fluctuate widely. So called “stablecoins” tend to come to a point where they break or fluctuate enough that there is no real confidence in the stable value of any crypto currency. Using crypto currency currently is akin to never knowing the price of an item and thus never knowing how much money you have or need.
 - Merchants
 - Merchants have the same issues with crypto yet there can be a mechanism put into place that will instantly convert crypto received into a fiat currency. But, that will effectively negate one of the most attractive features of crypto currency – the fee structure. Converting instantly to a fiat currency will add fees to the transaction.
- Conversion and use issues
 - Customers
 - Even if someone wants to try using crypto currency and after they have picked which coin to try... There is no easy way to acquire it and not many places to use it.
 - Merchants
 - Again, this issue can be easier to solve for merchants, but converting crypto after each transaction will add additional fees to the merchants’ bottom line. Having to convert crypto instantly because of stability issues is not acceptable.
- Association with Dark web / Black market
 - Customers
 - Unfortunately, outside the tech bubbles / communities, the use of crypto currencies is usually in the news or talked about in its capacity for its use on the dark web or in the black market. There have also been ransoms that have been paid using crypto currency because of its anonymity features.
 - Merchants
 - The stigma of crypto being used successfully for buying drugs or for paying ransom will scare away most small businesses. Small business owners don’t want to be looked at as the ‘other’ business that accepts crypto currency. It’s just a bad mental association to have associated with your business.

General description of the solution

The following proposal is built on an assumption of organic growth, I expect and need it to progress slowly for success. Trust and familiarity are achieved over time. It does not happen quickly, especially in the financial space.

The industry I picked to implement this strategy is the Family Entertainment Center (FEC), more specifically starting with indoor playgrounds. This type of business was picked for some of the following reasons:

Growth

No dominate player (ex. Coffee industry and Starbucks)

Industry is driven by kids - opposite of the dark web / black market

The idea is simple, but it addresses the problems mentioned above:

Sell multi-admission passes and pre-paid services in crypto-currency (hybrid gift card). It must be a new crypto currency with no current value - you cannot use an existing currency.

Going forward, we will call our hypothetical crypto currency 'NewCoin'.

We will peg our hypothetical coin to the dollar at 1 NewCoin = 1 Dollar

How it addresses / solves the issues above

- Lack of understanding
 - Customer
 - The customer only needs to understand as much as they want - The minimum they need to understand is their name (or whatever they want to identify the account with). For example -
 - The customer buys a pack of 4 visits for \$20.
 - Customer gives \$20 to merchant
 - Merchant credits customer account with 20 NewCoins.
 - Customer associates the account to whatever name they want.
 - Merchant offers customer usb (or some digital key). *The customer can refuse the key and just use their name to redeem the visits.*
 - On the front end it is no different for the customer. Their perception is that they are just exchanging their fiat currency for a "gift card" with 4 visits attached. In reality, they are being given NewCoins to use as currency next time they come back to the facility.
 - Merchant
 - To sell and redeem gift cards the merchant also has a very simple process and the system handles everything when a pass is presented for redemption of the visits. It is easily adapted to employees with easy training.

- Stability
 - Customer
 - The customer never has to worry about the price of the NewCoins affecting their gift card when they use it at the facility where they bought it (most families in the FEC economy go back to where they purchased their pass). It doesn't matter if the NewCoins lose value or gain value. **At the facility where they bought their gift card it will always be worth at least what they paid for it because they exchanged fiat currency for the NewCoins when they bought it.** *The smart consumer will check the value before they use their NewCoins to see if it has increased - more on this later.*
 - Merchant
 - The merchant has no stability issues. They already sold the gift card. It's money in the bank for them and it doesn't matter if the pass is used or not - it's already paid for with fiat currency.
- Conversion and use issues
 - Customer
 - This is where the organic growth matters. If, over the course of time, NewCoins are implemented at a wide range of facilities I would expect that it would find itself being traded. **It will then be a crypto currency that is actually in use.** At this point news and media should take notice and I would expect people that have NewCoins will take notice and... **There will be people who own the NewCoins already** and If you found out that you suddenly owned something of value, I think you would educate yourself about it.
 - Merchants
 - This is an even better deal for the merchants because along with the plan to have merchants sell the NewCoins, they must start with some NewCoins to sell them.
 - This is how they get it: All participating merchants are given 25,000 NewCoins. NewCoins will not be worth anything during the startup but if this grows organically and starts to be traded they will have value. All merchant early adopters will be rewarded with that value if they still have NewCoins.
- Association with Dark web / Black market
 - Customer
 - The organic growth will most likely result in the NewCoins being associated with Family entertainment centers when it receives media attention.
 - Merchant
 - Hopefully the positive media attention will motivate other merchants to want to accept NewCoins.

Further Growth

The organic growth of this idea could go in many directions or no direction at all... I would push back against the implement of something like this too quickly. Tech people, in general, are early adopters. Most others aren't. There needs to be trust among people for growth to take place. This is especially true in the financial sector for the early majority and late majority adopters.

This outline is not meant to be at all inclusive. There are many technical issues that would need to be addressed (software for merchants, hardware keys, type of crypto currency, an ICO, etc.). My hope is that this paper can be a seed in a step towards the implementation of a successful ICO.