



SPONSY

— DECENTRALIZED —

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July 03, 2018

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Section "Risk Factors" below, does not include all risks that Sponzy project can face. While Sponzy team did its best to identify main risks, you are advised to do your own risk assessment, before making a decision on purchasing of SPONS tokens.

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This Whitepaper presents a fairly large body of research about both the sponsorship industry in general and solutions we propose. We propose several ways of reading this Whitepaper, depending on the free time available to you.

If you have 10 minutes. Be sure to check the list of key Sponsy features in the Section 2.4, understand what Sponsy is all about in 230 words in Section 1, look through quick facts regarding the sponsorship industry in Section 3.1, familiarize yourself with the main features of our platform, described in Sections 5 and 5.1 and take a look at the description of unique opportunities delivered by sponsorship tokenization mechanism that we've built in Section 5.2. Consider studying details about our Token Distribution in Section 6.

If you have 30 minutes. Be sure to check the list of key Sponsy features in the Section 2.4 and learn the main figures of the sponsorship industry in Section 3. Take a look at Section 5 as it describes solutions that we provide to the industry of sponsorship and elaborates on token mechanics. Keep in mind, that Section 5 represents a limited description of technical parts of our platform; please refer to our *Technology Paper* for exhaustive description. Read Section 6 to learn more about our Token Sale. In order to understand problems faced by companies trying to sign a sponsorship deal today, read Section 4.

If your time resources are unlimited. Read the entire Whitepaper. In addition, study our *Technology Paper*, which elaborates on how precisely we do solve technical issues arising from tokenization and digitalization of the sponsorship processes. This is the best way possible.

TECHNOLOGY PAPER

Available at: www.sponsy.org/sponsy_tech.pdf



Our 30-pages long technology paper presents a detailed description of approaches we employ in order to enable seamless coordination of sponsorship business. This includes sponsorship tokenization, mechanisms allowing for secure and efficient experts collaboration, token holders voting functionality and applications of blockchain technology.

This is a must-study document if you wish to absorb the technical vision behind Sponsy.



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1. Sponsy in 230 words

Sponsy is a decentralized platform that connects brands and events wishing to conduct sponsorship deals.

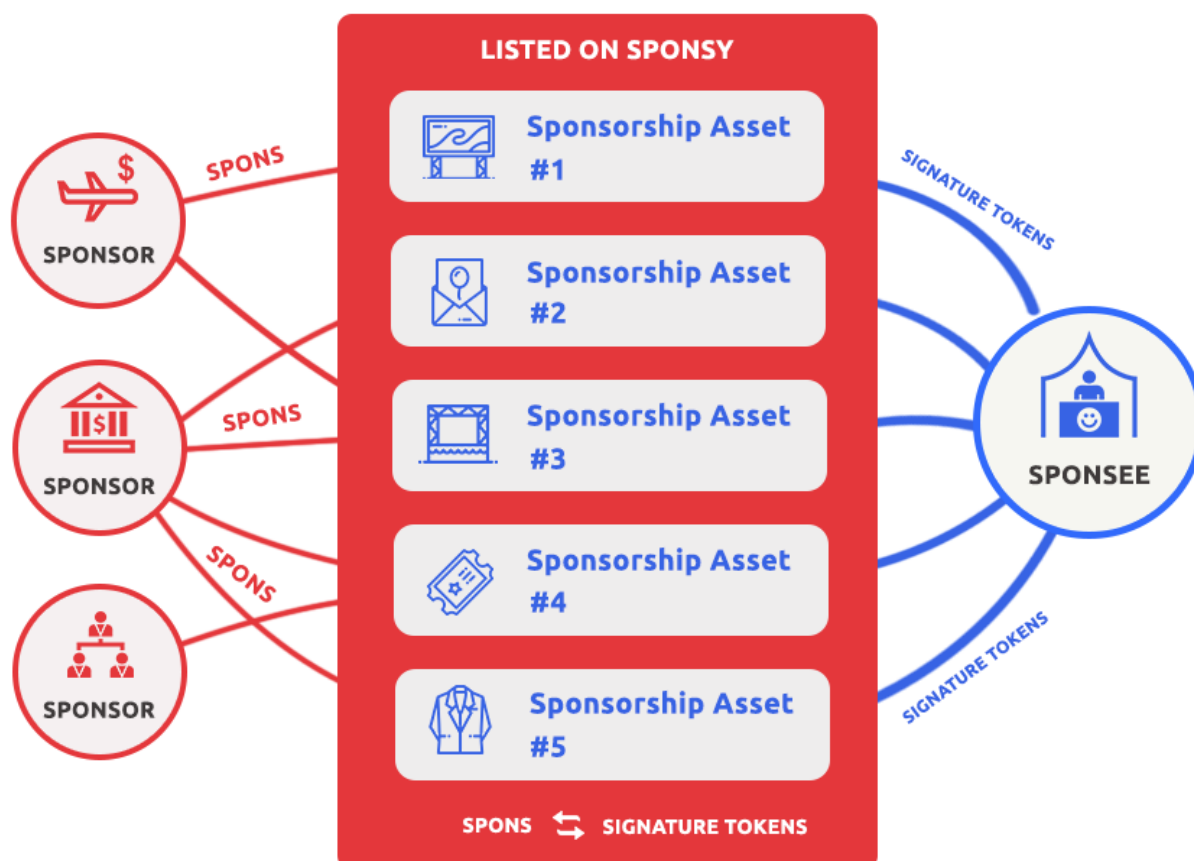
Despite the fact that the industry of sponsorship is the fastest growing and most effective marketing segment, it's biased towards AAA-sized brands and events (like FIFA, Coca-Cola). Mid-sized businesses are limited in the extent to which they can conduct sponsorship campaigns. They are required to seek sponsors or sponsees manually.

We propose a **Net Sponsorship Asset (NSA)** as a unit that sponsors are willing to pay for in sponsorship business. This unit is backed by the attention of the audience/clients of sponsee. We enable sponsees to issue their own Sponsy-backed tokens, assign them to sponsorship assets, and subsequently sell the assets to sponsors. This reduces the time and efforts required to conduct a sponsorship deal and allows sponsee to receive sponsorship funding from multiple sponsors simultaneously.

While traditional sponsorship agencies spend long months carrying out sponsorship deals, our automated approach will allow sponsees to issue their tokens in a matter of minutes and start selling them to sponsors available on our platform.

All the sponsorship-related information, including previous deals, other sponsors' reviews, intellectual property rights and licenses, is stored on Ethereum blockchain, thus enabling potential sponsors to track the history of each sponsorship asset.

Sponsy intends to cater to the untapped market of SME sponsorships by imposing no restrictions on companies that are willing to join Sponsy.



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2. Introduction

2.1 General info

Sponsorship is currently considered one of the fastest growing marketing segments not only in the USA but also worldwide.^[1] Everybody today has probably been exposed to a sponsorship deal in one form or another – be it a sports championship like FIFA partnering with McDonald's, some athlete making arrangements with Nike or a music festival affiliated with Heineken.

The market of sponsorship deals has already exceeded \$60Bn of annual investment.^[2] According to some forecasts, the market size is poised to reach \$90Bn by 2019. This incredible growth is happening because of the popularization of large sponsorship deals and the performance of previous transactions.

Large media, such as Forbes, Fortune, and WSJ, are often full of sponsorship related headlines.^[3] As a rule, these articles tell about another big deal. Large Big Four audit firms regularly conduct a thorough analysis of the entire market. The conclusions of such studies always end up arguing that the growth of the sector is unprecedented even despite financial difficulties in the world or political uncertainties. Industry problems are also not uncommon to be mentioned. McKinsey & Co has written a rich article under the rhetorical title of *Is Sponsorship Worth It?*^[4] It clearly shows the ups and downs that the industry is facing today.

In general, we have not seen a single study calling for cutting sponsorship spending or pausing the sponsorship activity altogether. Conversely, everyone anticipates an incredible increase in investment injection into this sector. Some statements below, made by representatives of influential organizations, are worth recalling:

“

Sponsorship is likely to be of increasing importance to most sports organizations and major events over the coming years. As sponsorship becomes more important for both the sponsor and the sports body, the need for accurate measurement will increase.

PwC^[5]

”

“

Sponsorships have become an integral component of marketing strategy

McKinsey & Co^[4]

”



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2.2 The problem

In spite of its size and significance, the whole sponsorship industry, **with 40% of dissatisfied sponsors and sponsored parties**, begs for improvement. Sponsorships today are mostly done with the help of intermediaries, which are called sponsorship agencies or brokers. Main problems of the industry arise from an incredible centralization of the market. Brokers dictate their own terms. As a result, the industry is heavily biased towards AAA-sized brands and events, such as McDonald's, FIFA, and NASCAR. Small and medium businesses, which are well aware of all the benefits that sponsorship brings, are constantly overlooked by agencies. These agencies are notoriously known for being terribly slow (a deal can take more than 12 months to complete) and charging insane fees (up to 35%). Inability to measure return on investment (ROI) of sponsorship, litigation troubles, fraud, non-transparent pricing, and contracts are just a few key problems to mention.^[6]

The history of sponsorship deals is full of examples of multimillion-dollar litigations, which occurred because of the inability of some lawyer to conclude the contract in a correct way.

2.3 Our vision

The lack of clear and proven mechanisms in the market of sponsorship financing led us to the decision to create a solution that would be equally beneficial for every party wishing to immerse himself in the world of sponsorship.

According to our vision, we are going to shift the balance in the market of sponsorship services towards small and medium businesses, who are also well aware of all the benefits sponsorships provide but are constantly overlooked by typical agencies because of their small size. By providing a convenient platform for sponsorship organization and maintenance, we will gain a decent support among SME. Later, after having ideally perfected our strategy and tactics, we will pay attention to large companies. We expect the first client from the Fortune 100 list to join our platform by the end of 2019.

Our goal is to create a whole world of sponsorship with Sponsy, which will eventually become the de facto and de jure standard for doing sponsorship. We are going to create a kind of ecosystem featuring an infrastructure that contains all services, people, and information required to conclude a transaction. We believe that implementation of blockchain and tokenization will turn this industry in a competitive, healthy and transparent business arena. **The expertise of our team and advisers, who have repeatedly participated in sponsorship deals, constitutes our invaluable collection of skills with which Sponsy platform is predisposed to succeed.**



2.4 Key Sponso features

Below are the key solutions we offer. The description of our services is not exhaustive and provided for mere introduction purposes. The way Sponso will operate takes full advantage of the advancements offered by the Internet and the blockchain.

1. The key feature of Sponso is sponsorship tokenization. We developed a robust system for doing sponsorship that is predicated on sponsorship assets and minting of custom tokens. Every business that is willing to raise sponsorship financing is free to list all the items it possesses that could be sold to sponsors. Banners, exhibitions, introductions, branded gifts – everything that can attract the attention of audience can be tokenized.
2. Sponso features an ecosystem connecting sponsors, sponsees, and experts. Experts – skilled geographically distributed professionals – will take part in every sponsorship transaction. They can handle any relevant task, be it a website development or architecture. We are not going to hire hundreds of full-time employees, such as designers, lawyers, etc., because then we will constrain our collective intelligence to the people we have hired. *Proof-of-work-done* mechanism ensures the quality of work performed by experts.
3. Sponso allows businesses of every size and type issue their own Signature Tokens and sell them to sponsors. Tokens minting enables ample sponsorship opportunities. Sponsees are not restricted in partners whom they can sell their tokens to. Even sponsee's customers could purchase tokens to obtain certain memberships, discounts, tickets. Tokens creation also facilitates the development of the secondary market of sponsorship assets. The tranches, packages and other derivatives could be sold to intermediaries and resellers.
4. One of the most important advantages we can be proud of is the speed of work. The sponsorship industry today is notorious for being terribly time-consuming and unpredictable. The average sponsorship deal can take up to a year to complete! Because of sponsorship tokenization, sponsee will be able to issue custom tokens in minutes and start selling them to sponsors.
5. Sponso decentralizes decision-making. Unlike traditional sponsorship brokers that tend to conduct sponsorship deals with help of their limited circle of employees, we enable our token holders to express their unbiased opinion about each potential transaction. Holders of our tokens get the freedom to express the boldest ideas about partnerships, even those ideas that have never ever taken place before. If the proposal ends up being successful, its initiator will be rewarded. We are going to provide sponsors and sponsees with a level playing field.



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6. SPONS tokens are deeply woven into the structure of our network. SPONS tokens back all the custom Signature Tokens that are minted by sponsees and are purported to be sold to sponsors. This reduces the risks associated with a purchase of custom sponsees tokens. Aside from serving as collateral in sponsorship deals, SPONS tokens can be used to pay for experts' services.

By relying on SPONS tokens to remunerate experts, businesses become eligible for a discount of up to 25% of the costs of services rendered by experts.

7. We utilize Ethereum blockchain to store the information regarding sponsorship deals, signature tokens issued by sponsee, and sponsorship assets. Not only this improves transparency but also makes sponsorship deals easier to be done. Storage of intellectual property rights and other legal data on the blockchain allows for spending less time doing due diligence. Would-be-sponsors can track the history of each sponsorship asset, including its previous owners, sponsors, reviews, and the performance it used to deliver. By making historical prices of sponsorship assets available to everyone, we eliminate market inefficiency.

Making use of smart contracts based on Ethereum also simplifies the process of custom tokens' issuance and escrow management. It speeds up the whole process.

The information given above is an informal generalization of the entire whitepaper. For details about the market, our solutions and the business model, please carefully study the relevant sections of this document.

2.5 Competitors

Our competitors are traditional sponsorship agencies, such as CAA, Wasserman Media Group, as they are deeply involved in offline sponsorship business. In addition, we closely follow the development of Internet-based solutions, like SponsorMyEvent, GetSponsoredFast, OpenSponsorship, Sponsia, and others. We observe no competitors in the blockchain space that are engaged in the sponsorship industry. **This is our first mover advantage.**

The major competitive advantage behind Sponsy lies in the fact that we are building a one-stop solution for businesses to not only discover new partners but also manage their sponsorship deals. We put sponsorship-related data on the blockchain, thus making the information equally available to every party. By automating the work and rendering the industry an online-enabled one, we open the world of sponsorship opportunities to small and mid-sized business.

The table below covers the advantages of Sponsy in comparison with other major market participants (online and offline).



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Features	 Sponsy	 Sponsia	 SponsorMyEvent	 Wasserman
Open registration				
Transparent & Predictable pricing				
Collaborating with sponsorship experts from all over the world				
Flexible sponsorship assets listing for sale				
Marketplace connecting brands and events				
Smart AI-based matching				
Raising sponsorship financing from own customers				
Transparent history of previous sponsorship transactions				
Issuance of custom signature tokens				
Secondary market for sponsorship assets				
Tracking performance and ROI of sponsorship assets				
One-stop solution for sponsorship deals				
Unrestricted sponsees categories				
Availability of end-consumers opinions				
Fast workflow				
Attracting sponsorship capital collateralized by future assets				



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3. Overview

3.1. What is sponsorship?

Sponsorship is the fastest growing marketing segment not only in the USA but worldwide. Sponsorships are a financial or in-kind support for some activity. Sponsorships are often mistakenly associated with an activity used to support only charitable or sports events. That is incorrect. Though sports activities constitute a dominant part of sponsorships deals, any music festival can agree on sponsorship. It's extremely important not to confuse sponsorships with advertisements. Employing traditional ads is a typical quantitative approach, aimed at acquiring new customers; while sponsorship is a qualitative way to attract attention to a brand's image or product. Sponsorship is not a traditional direct-way marketing we are used to. Sponsorship promotes a brand in association with a sponsored event (we call it "*sponsee*").

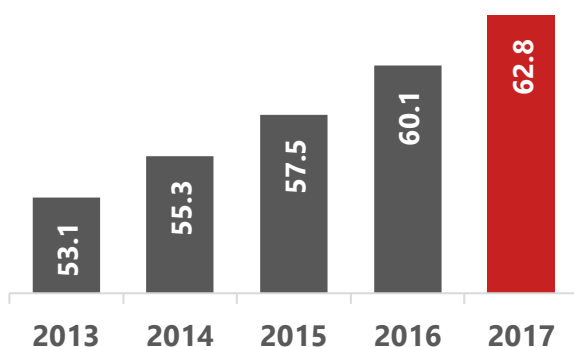
Sponsorship can take various shapes, starting with logos and promotional products, and finishing with setting up marathons and other sports events. Here is a list of some of the typical examples of sponsorships, which every person has probably happened to see: participation of certain speakers, the presence of logos and product design, in this or that way related to sponsor, audiovisual materials, rewards, etc.

Sponsorship is a unique in its kind type of marketing activity, equally positively perceived by both companies-sponsors and *sponsees*. Indeed, the act of sponsorship entitles sponsor's brand to be viewed by target audience in a new, unusual way. Sometimes it allows sponsors to participate in an event, which is uncommon inside their business sphere. This can attract additional attention from press and consumers, creating new vectors for discussions.

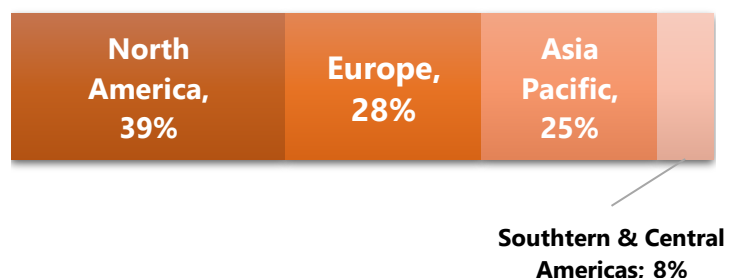
IEG in its 32nd annual industry analysis forecasts sponsorship activity to grow more than 4.5% in 2017. This essentially means that the worldwide sponsorship market is expected to grow from \$60 billion in the previous year to \$62.8 billion. For comparison, in 2011 companies across the world only spent approximately \$46.3 billion on sponsorships.

One factor that could prove to be a drag on spending is the lingering gap between sponsor expectations and properties' ability to deliver when it comes to both personalized marketing opportunities based on audience data, and valuable digital content and platforms.

Global Sponsorship Spending



Global sponsorship spending by region



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North American region remains to be a major source of sponsorship spending all across the world, with USA and Canada responsible for 39% of the market size. North America is followed by Europe and the Asia-Pacific region.

Europe (EU members states only) captures roughly 28% of the forecast spending this year. The fastest-growing region for sponsorship spending last year was Asia-Pacific (5.7%), and it looks forward to improving its growth this year even more. This increase would bring the Asia-Pacific region closer to Europe, thus lowering the gap between their spending. Despite the huge variety of available sponsorship opportunities, sports still account for the lion's share of spending, with a projected 70% share this year. Sports also command the fastest growth rate of 4.3%. With spending expected to equal \$16.37 billion, sports activities would almost equal entire sponsorship spending in Europe. However, this fact does not mean we should abandon any other category of sponsorships, such as events, festivals, fairs, charitable activities etc. ^[7]

Sponsorships offer a great way to generate revenue and acquire new customers. Instead of traditional marketing channels, like display advertising, which bombard people with multiple intrusive marketing messages on a daily basis, sponsorship creates a quality dialogue between a brand and its potential customers. The effectiveness of traditional push-advertising is strongly declining. It's becoming more and more difficult for businesses to get noticed in today's background noise. That's why sponsorships are now attracting 18% of total marketing investment, up 4% in the past 2 years. **Unlike other forms of advertising, which are frequently intrusive and unwanted, event sponsorship allows consumers and businesses to connect through meaningful real-time interaction.**

Quick Facts About Sponsorship Industry^[8]



38% of marketers report being totally **dissatisfied** with their ability to **measure ROI of sponsorship** ^[8]



75% of event sponsors are constantly looking for **new partnerships** ^[8]



Total global sponsorship spending **increased 4.2% in 2016** ^[8]



70% of events sponsorship in North America are for **sports-related events** ^[8]



Average sponsorship size is **\$12k** ^[8]



77% of marketers would **outsource all sponsorship aspects to agencies** ^[8]



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The sponsorship market is becoming more and more complicated. Due to ever-accelerating globalization, brands and sponsored companies demand bigger resources to land and maintain a reliable sponsorship collaboration. Obviously, relations between sponsors and sponsored companies do not last forever – they are subject to changes. Therefore, it's increasingly important to be able to quickly arrange new deals or, sometimes, to support multiple sponsorship deals at the same time.

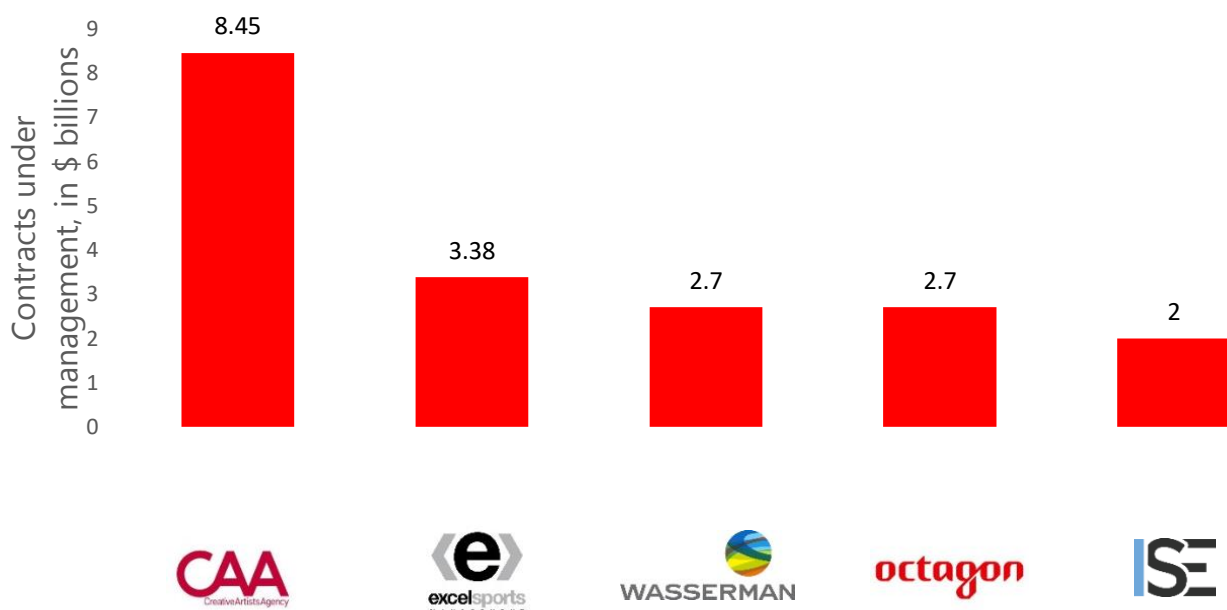
Companies are certain to have troubles conducting sponsorship deals without adequate external evaluation, preferably coming from real consumers. This evident need is often overlooked, leading to difficulties in the process of sponsorship cooperation.

According to a recent study, 72% of consumers positively view brands that provide quality event experiences and 74% of respondents admit that engaging with brands that create memorable moments makes them much more likely to buy their product.^[9]

The numbers point us to the fact that being the right kind of sponsor means much more to your target audience than being just an advertiser.

One can gain credibility and respect by only providing best-in-class quality and listening to consumers. Regrettably, today most sponsorship campaigns are conducted without participation of customers. Moreover, small players in the sponsorship market, such as not so big brands or local events, simply do not have access to the level of expertise required to exercise prominent sponsorships.

World's top five biggest sponsorship brokers ^[23]



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Contracts under management	Sponsorship broker
\$8450M	Creative Artists Agency
\$3380M	Excel Sports Management
\$2700M	Wasserman
\$2700M	Octagon
\$2000M	Independent Sports & Entertainment

3.2 Why sponsors sponsor?

It is becoming more evident that investing in experiences and building strong relationships is much wiser than spending money on advertising spaces. Being under the same roof and engaging with hundreds or thousands of potential customers offers a greater return on investment in the first place. A company can benefit from sponsorship in many ways, such as:

- **Enhancing image / Shaping Consumer Attitudes**
- **Driving sales**
- **Creating positive publicity and heightening visibility**
- **Differentiating from competitors**
- **Improving business, consumer and VIP relations**

The mere act of sponsoring an event, especially an exclusive sponsorship, is a significant way to create competitor differentiation. The company's name gets the opportunity to stand out above the competition. Sponsorship allows businesses with small or no advertisements money to gain more exposure than competitors with large ad budgets.

Sponsorship allows smaller companies to compete with industry giants.

Unfortunately, today's sponsorships agencies tend to favor big deals between prominent brands and properties over affairs between smaller companies and venues. This is a huge disaster for yet-to-grow brands struggling to find ways to promote themselves. Small local events are also usually overlooked by traditional sponsorship agencies as being unable to provide a substantial financial return.

A centralized approach to finding sponsorships proved to be ineffective when used by smaller players in the market.



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4. Fundamental challenges in the sponsorship industry

Sponsorship has evolved into a sophisticated marketing technique that goes much beyond promoting awareness and association of an event to a brand. Sponsors now know that the most authentic way in which they reach their goals is to provide and support an exceptional experience that the target audience will receive during the event and their interaction with the sponsored product. Whether it is a team, a sport, an event or a cultural undertaking, the most powerful way in which a sponsor truly connects to a customer is to show that customer how their brand has added to the value of the experience. ^[10]

In order to achieve such a spectacular brand affinity marketers have to work well with research, data analytics and vast sources of information. However, nowadays the sponsorship industry is undergoing multiple storms and transformations. With the market getting hotter, **brands pay little to no attention to small local events**, thus impairing small and midsize businesses so beneficial to the overall economy. Mediocre properties holders, who aim to achieve great heights, are simply unable to sign a contract with huge brands because the latter are inundated with requests for sponsorship. Smaller brands, in their turn, in many cases are unwilling to take any risks of sponsoring some unknown event due to lack of proper expertise. Agencies in the sponsorship market are used to working with AAA brands and event organizers. They do not even take into consideration smaller venues.

Consequently, **midsized properties are left with no choice at all**. All they can do is to continue organizing events with a limited sum of money, therefore not delivering a proper level of service. It again brings them to the point of not being able to excite big brands. This is a non-stoppable wheel of hell.

Those event organizers who manage to attract some financing have to pass through all possible types of bureaucracy, waste tons of time and eventually **agree on disadvantageous terms**.

In this chapter, we would like to examine key challenges across the sponsorship industry that businesses face today and demonstrate our solutions.

4.1 Challenges for events holders

For event organizers, recruiting effective sponsors has become very complicated. Cramming an event with hundreds of brands, each competing for the same audience, doesn't work. Who wants to share their logo with 50 other brands jammed on a billboard? Getting some business venture, project, or event sponsorship can be the difference between a successful and exciting collaboration and a failure. Event holders get much higher chances of being noticed only by utilizing a correct way to approach sponsors.

Here is a list of activities every property holder must consider doing today in order to get noticed.



Finding a right person to approach in the company

It's generally recommended to ask for the marketing department. However, in some companies, the appropriate department might be public relations, community affairs, public affairs, supplier diversity or brand management. One can spend long days of tedious searches while trying to arrange a meeting with a person who is entitled to making money-related decisions. Given many companies a typical event organizer must talk to, simple hunt for contacts may take an unacceptable time span.^[11]

Sponsy Solution

Sponsy frees event organizers from the burden of finding the right people. All the necessary contacts can be discovered inside our online interface. They are called "*partners*". Sponsy clients can communicate with partners through a convenient chat. In case of necessity, one can easily arrange a telephone conversation. All these interactions can be done with a couple of mouse clicks.

It's finally time to forget about the manual search for the right people.

Amount	Company
\$370M - \$375M	PepsiCo, Inc.
\$360M - \$365M	Anheuser-Busch InBev
\$275M - \$280M	The Coca-Cola Co
\$260M - \$265M	Nike, Inc.
\$200M - \$205M	AT&T, Inc.

The table to the top shows the **list of the top five biggest sponsors in the world.**^[12]



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Sponsor seeming spotty or unreliable

Sometimes brand may turn out to be broken. It means the publicity of business has grown so negative and the reputation has become so poor, that most people would not love to see some event being affiliated with it. Basically, it's important for event organizers to look into what people around are saying about a sponsor before agreeing to work with him.

Sponsy Solution

Ethereum blockchain will store all the sponsorship-related information that may be of interest to potential future sponsors. Sponsorship assets' performance, reviews, the history of legal issues – everything you need to conduct an exceptional sponsorship deal.

Targeting companies with the right fit

Companies are interested in reaching audiences they typically do not have at their fingertips. It's less expensive than purchasing traditional media advertising and helps them target these individuals through an intermediary that already has their attention and trust. Event holders should make sure they can articulate exactly who they serve.^[11] *Are your customers male or female? How much income do they make? Do they have children? Do they travel frequently?* These are some basic questions corporations are sure to ask.

Sponsy Solution

Sponsee's AI-based matching approach guarantees a statistically significant coincidence of sponsor's and sponsee's interests. This is done with help of information about the audience of the project and analyzing news feed and social networks feed.

4.2 Challenges for sponsors seeking events and properties to finance

Modern consumers want a more personalized approach and as a result, the effectiveness of unidirectional marketing channels continues to decrease. Nevertheless, live experiences can provide brands and organizations with the opportunity to connect directly with their target audience and build long-term relationships with their customers.

One of the most important decisions facing potential sponsors is **choosing the right sponsorship opportunity**. What should a potential sponsor look for in a sponsorship deal and how should it decide what to sponsor? Intelligent sponsorship involves much more than placing a sponsor's logo on a T-shirt or event program. A sponsorship partnership involves identifying a shared set of objectives and leveraging a set of additional benefits from the relationship. **There are several issues – both legal and commercial – to consider before entering into a sponsorship deal.** ^[13] On a business level, the main issue is whether a sponsorship proposal represents good value for its financial cost. Since sponsorship is a business arrangement, standard evaluative criteria can be used to determine the suitability of a proposed sponsorship.

Sponsorship is not an act of charity and should show some form of positive return on investment. Before getting involved in a sponsorship deal, a sponsor should be confident that the **sponsee will be successful, has a proven track record, good prospects and is generally aligned with the sponsor's brand and business objectives**. A sponsorship arrangement should be considered an extension of a company's overall marketing strategy. Thus, there should be a clear link between a sponsor's own target market and the sponsee's consumers or audience.

Today, a company looking for properties to sponsor and identify its products and services with has a myriad of choices. In theory, almost anything can be sponsored, as long as it is capable of promotion. **Regretfully, today's sponsorship agencies prefer to deal with primary and well-known sponsorship opportunities, like sports events, music fairs etc.** Practically speaking, since promotion is often connected to media, a useful product may be one that is likely to attract media coverage. A sponsor should also consider whether the sponsee is already well serviced by other major sponsors. If so, the addition of a new sponsor may not attract the same degree of publicity and the costs may be higher.

If a company is entering a sponsorship arrangement for the first time, it may consider looking for an established sponsee whose existing sponsorship agreement has expired. This will allow the sponsor to evaluate the past success (or failure) of a particular sponsorship opportunity. Other practical issues that potential sponsors should consider depend on the nature of the sponsored product. For instance, different considerations are important when the sponsorship arrangement involves an event, a facility or building, or an athlete.

The problems sponsors are sure to face while carrying out sponsorships deals are not limited to those described above.

- **The existence of articulation between sponsor and sponsee**



Articulation of the nature of the event and sponsor relationship was shown to be effective in making consumers to form strong memories regarding branded content.

There was an experiment trying to figure out whether each sponsored event leaves the same impression on visitors / future sponsor's consumers. The results of the experiment strongly supported the value of congruency and of articulating a relationship between a sponsor and an event. It means that events and brands should be selected carefully based on their unique characteristics and features.^[14] That is the point usually overlooked in traditional sponsorship deal but taken into consideration at Sponzy.

- **Surprising costs**

Blockchain technology

Both brands-sponsors and companies willing to get financed, are obligated to provide us with their financial information derived from audit, which is always to remain in secret thanks to the use of encryption and decentralization. At the same time, smart contracts will allow people who might get interested in sponsoring or, on the other hand, in getting sponsored, to receive information about a potential partner and his\her financial results as soon as the access to such information is granted and all the confidentiality agreements are concluded.

Sure enough, no 3rd party will be capable of getting access to some corporation's financial statements or any other sensitive information without obtaining required permissions and approvals from the ultimate owner of such information. We will implement a mechanism for data owners to share their information in a secure and convenient way.

We provide a way for sponsors and events to peek into both parties' financial details to see whether this deal would make sense at all.

Prospective partnership evaluation

End-consumers are literally the only people to be able to provide brands and events with a truly independent and robust assessment of their potential interaction. After all, these end-consumers are the very people called the *target audience*, which is a holy grail of any sponsorship endeavor.

- **Evaluation of a potential sponsorship deal way before it occurs allows both brands and sponsored organizations to explore the feasibility of an idea and refrain from non-performing ideas, saving time and money.**
- **Sponzy solves this problem by offering a possibility for our token holders to vote for future events and sponsorships. Token holders may be able to make money in case their opinions prove to be correct. All the voters sign a Non-Disclosure Agreement (NDA).**



Our decentralized network of core specialists in sponsorship marketing will help brands and sponsored parties to craft a truly unique and unrepeatable branding experience.

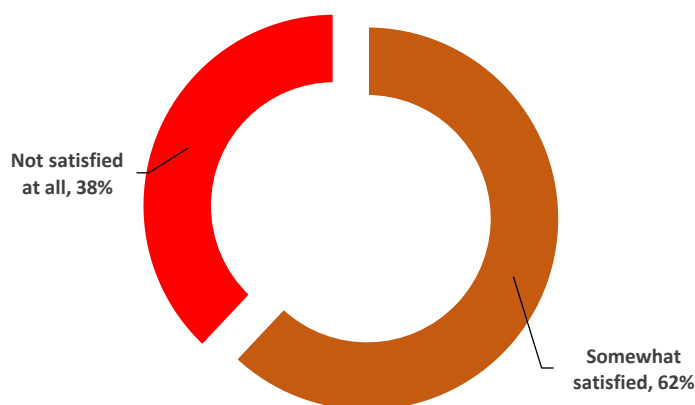
4.3 Measuring Return On Investments

According to a study conducted by the Association of National Advertisers, a quarter of event marketers do not gather, analyze or use data in sponsorship decision-making. Those who do evaluate the results on their sponsorship efforts consider product or service sales, the amount of media exposure generated, brand awareness and attitudes towards the brand the most valuable metrics for measuring the effectiveness of the sponsorship.^[15]

Most marketers (62%) report being at least somewhat satisfied with their ability to measure the return on investment (ROI) of sponsorship and event marketing initiatives, according to a recent report from the Association of National Advertisers. **Astonishing 23% of respondents say they are not very satisfied with their ability to measure ROI, and 15% percent say they are not at all satisfied.** Similarly, most marketers report being not fully satisfied with measuring their Return On Objectives (ROO). But frightening one-third of polled people say they are dissatisfied.^[15]

The most common metrics used to measure ROI and ROO of sponsorship/event marketing initiatives are the amount of media exposure generated (used by 70% of respondents) and social media buzz (also 70%). That is definitely not enough in our today's age of information, which is available in abundance. The problem is how to make use of it.

Satisfaction with the ability to measure ROI



Measuring ROI

Approaches used by today's marketers are broken. Approximately one-third (!) of marketers struggle to receive tangible results of their sponsorship campaigns. This is a very, very bad signal. Considering the high penetration of technologies into everyday life, **it's mandatory for every sponsor to review the ways of measuring effectiveness of sponsorship deals they use.**



Sponsy Solution

Sponsy's platform will offer sponsors and sponsees an ability to utilize Internet of Things for tracking of events' performance. Events will broadcast cameras' footage, microphones' audio, data from presence sensors and other smart things through Sponsy directly to sponsors' screens. This provides brands with a full picture of what is happening on the stage.

Tokenized Sponsorship Assets Benefits

According to Sponsy's protocols, all the data pertaining to sponsorship assets will be stored on a distributed ledger. This data includes the history of assets' transactions, prices, and, most importantly, ROI and performance reviews. Would-be-sponsors will access this unforgeable data and instantly recognize promising sponsorship opportunities.

MARKET RESEARCH



Available at: www.sponsy.org/sponsy_market_research.pdf

The information in Sections 3 and 4 provides a subtle glimpse over what is happening in sponsorship markets. In order to gain a wider outlook of the market, kindly refer to our market research.



5. Our solution – Sponsy network

In the previous chapters we have shown the key challenges faced by companies willing to sponsor or get sponsored. We are talking about both legal challenges and difficulties related to finding a reliable sponsor, whom we can trust. It's slowly becoming obvious that today's dangerously centralized sponsorship system, concentrated in the hands of a small number of large agencies, is getting less effective and reliable. This poses a threat to the integrity of the market. **These agencies are not interested in working with small clients, local events, exhibitions and charitable fairs simply because these endeavors would not bring the high return that agencies are used to.** There is now a mandatory requirement of having either a capacious budget or good connections in sponsorships circles to get yourself a sponsorship deal.

In addition to the unwillingness to work with small customers, agencies are not able to do their best cooperating with their current clients. Not so long ago we cited a research about marketing professionals' satisfaction with their ability to measure ROI of sponsorships. **60% of marketers claimed to be only somewhat satisfied with their investments, while almost 40% said they are displeased with them.**

This means that sponsorship brokerage in a way that is done today is obsolete. We need a new, decentralized approach to the whole industry, which will become equally promising for all market participants. That is exactly what blockchain technology is all about!

TECHNOLOGY PAPER



Available at: www.sponsy.org/sponsy_tech.pdf

Technical details discussed hereinafter represent a summary of our solutions only. Study our Technology Paper for additional information.

5.1 Sponsy overview

We propose solving modern agencies' issues by creating a single platform featuring a convenient online interface, which will allow for managing all the needed processes and affairs while not getting up from the sofa, and will allow doing it in a more efficient and reliable way when comparing with traditional sponsorship intermediaries.



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Today's sponsorship agencies' activity is flawed in many ways. They are trying to do everything on their own: legal support, negotiations' maintenance, strategy building, finding partners, working with social media and press relations... This list has a long way to go. They even offer event organization services, such as catering, music, and entertainment. One doesn't have to be a manager to understand the inefficiency of the scheme. We decided to decentralize the work of agencies by establishing partnership relations with those representatives of the aforementioned professions who have a significant experience in their field. We call them *experts*. We select first-class lawyers who know their business. These lawyers will help our clients not to get stuck in dark and sticky legal disputes. We are in talks with creative design studios, which will create exclusive logos, mockups and beautiful visual solutions for our customers. To see some examples of our experts, please refer to Section 3.6 of *Technology Paper*. To see the full list of professions that will be represented on our platform, refer to **Appendix A** in our *Technology Paper*. Our role in such a scattered system is even more important: we undertake the regulation of successful cooperation between our clients – both sponsors and sponsees – with experts by providing them with a platform for doing their business and doing it well.

Sponsorship tokenization is probably the most prominent feature of Sponsoy. We basically introduce a brand-new model of managing sponsorship deals. Sponsees can issue custom tokens backed by SPONS token and tokenize their sponsorship assets. The assets can then be offered to sponsors, either separately or in packages. Tokenization accompanied by smart contracts renders the sponsorship process very flexible. Sponsees are free to sell only certain portions of their sponsorship assets and can meticulously choose the right offer to each sponsor. It maximizes the number of sponsors simultaneously enrolled in sponsoring of a particular sponsee.

Each user of the Sponsoy network can be attributed to one of the following cohorts: **sponsors, sponsees, and experts.**

- **Sponsors.**

Brands and companies that want to spend part of their budget on marketing activities. Sponsors expect to enjoy a public opinion improvement as the sponsorship deal progresses, reaching out to a new audience and getting coverage in the press.

All the activities that are required to carry out a sponsorship deal can be easily organized and ordered right within our network. A decentralized network of experts will get any kind of work done. We eliminate geographical restrictions, which have been plaguing traditional offline sponsorship sector for ages, by empowering local specialists to monitor all sponsorship-related preparation work without flying the whole team of executives to the actual place of the event.

After buying SPONS tokens, sponsors can browse a list of tokenized sponsorship assets presented by sponsees from all over the world and choose the ones that are most likely to correspond to their target audience expectations. SPONS tokens can be converted to Signature Tokens of sponsees chosen.

- **Sponsees (events, fairs, etc.).**



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Events, exhibitions, concerts, museums and, generally speaking, any company that desires to find a sponsor, can do this with the help of Sponsoy. Sponsorship is a wonderful way to get easy financing. With automated business processes, Sponsoy will help any company find a sponsor with record low expenditures in terms of both time and money.

Sponsee can list every item that could be potentially sold to sponsors – labels, t-shirts, banners, signs, website featuring, billboards, etc. Each item will be assigned a price denominated in custom tokens issued by sponsees. Selling of asset will constitute a sponsorship deal.

- **Experts.**

A decentralized network of experts will deal with the whole variety of problems that arise during the sponsorship deal. These experts are lawyers, and designers, and programmers, and marketers, and architects and others. Thanks to us relying on the storage of transaction details on the blockchain, other experts will check the quality of the work done. The use of smart contracts adds an impressive layer of security to all ongoing transactions. Also, they reduce total costs, as we don't anymore need to employ people who perform monotonous work to control and manage experts. This is done automatically. This constitutes one of the reasons for our ability to offer a truly unprecedented discount of up to 25% on the costs of services rendered by our experts.

Take a look at **Appendix A** in our [Technology Paper](#) to see all the types of experts that will be represented across our network, as well as the discount provided for the services of each of them.

On the scheme below you can see how Sponsoy components are interconnected and support each other.

We will cover these components in detail through the next chapters.

Partners



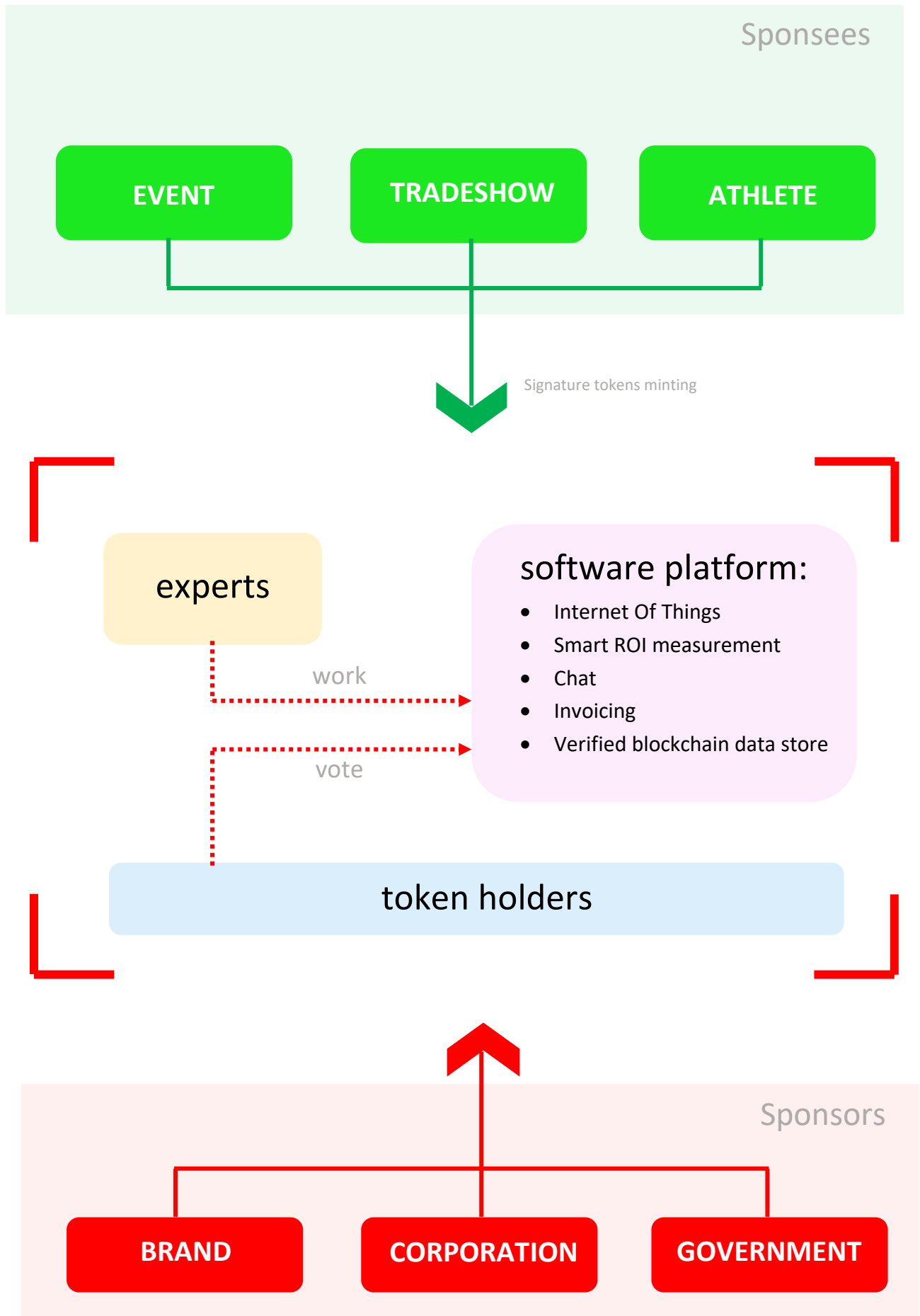
Team Experience



Sponsoy

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Sponsy network



Sponsy

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5.2 Sponsorship Tokenization

The opacity of sponsorship industry, the presence of multiple legal hurdles and its high transactional costs entail a significant rise of complexity involved in small and medium-sized business entering this industry. We propose sponsorship tokenization as a solution to many of these challenges. Business that is in need of sponsorship financing can use Sponsy to issue his own custom SPONS-backed tokens and sell them to sponsors. The act of buying those custom tokens will constitute the sponsorship process.

There is an emerging trend in blockchain industry towards mass tokenization of everything – starting with traditional financial assets like stocks, ETFs and various indices and finishing with such an ephemeral metric as a unit of human's attention (*refer to BAT – Basic Attention Token*). Having deeply familiarized ourselves with the needs and challenges of today's sponsorship market, we realized the lack of flexibility that business has with respect to sourcing sponsorship financing. **We propose a Net Sponsorship Asset (NSA) as a unit that sponsors are willing to pay for in sponsorship business.** This unit is backed by the attention of the audience/clients of sponsee. Sponsorship assets are desirable for sponsors to be purchased as they can feature anything sponsors may wish (putting its branding and logo in its simplest implementation), thus drawing the attention of sponsees end-consumers that can eventually convert to sponsors' new customers. Sponsorship assets are to be defined broadly and can imply both physical objects (banners, stands, music pieces and their likes) and virtual opportunities (getting mentioned in an online app or website, playing a sponsored video, mentioning a sponsor in an introductory talk) – literally anything that could be of interest to sponsors. Sponsees can tokenize any of its sponsorship assets and offer them to sponsors either separately or in form of various sponsorship packages. The tokenization opportunities are only limited by sponsees' imagination. For example, a trade show could tokenize each of its stands or exhibition tables as a surface where sponsors' ads could be placed and offer them to sponsors for certain prices. Alternatively, the whole exhibition floor can be tokenized, as well as each speaker's talk. It is important to understand how many businesses, while not being engaged in sponsorship activity, could consider themselves sponsees in a context of Sponsy sponsorship assets tokenization. Every successful business can augment its incoming financial flows with simple tokenization of its sponsorship assets that are subject to people's attention. Let's say a hotel of 200 rooms is aiming to tokenize its sponsorship assets. There are lots of opportunities – it can be a stand at the entrance designed in a specific way or even rooms' key cards. Given the number of tourists and business visitors typically hanging around hotels, these sponsorship assets would quickly be sold to sponsors interested in putting their ads there and consequently gaining the attention of this kind of audience.

Each **Net Sponsorship Asset** will have an *Attention Coefficient (AC)* attributed to it. AC is defined as a percentage value and represents the proportion of unique attendants or visitors who paid attention to this particular sponsorship asset. For instance, the huge banner located at the entrance will definitely have a larger *Attention Coefficient* than the same banner on the



second floor, and as a result, will be sold for a higher price. This metric is purported to assist sponsors in choosing the most cost-effective sponsorship assets among tons of them.

Sponsorship tokenization would be limited without blockchain. Ethereum network, which Sponso tokenization protocols will be based on, allows for safe and reliable storage of states of thousands of sponsorship assets and custom tokens. *There is no partner you can trust in sponsorship business – sponsors will always be wanting to pay as little as possible, while sponsees will always be overstating the results their sponsorship assets deliver.* According to our tokenization implementation, the information regarding each particular sponsorship asset will be immutably stored on the blockchain. It will include the number of previous deals with respect to the sponsorship asset in question, the ROI it has managed to deliver to sponsors, and general reviews.

5.3 SPONS – Sponso token

Tokens, issued by Sponso (SPONS tokens), represent an inseparable part of our network. There is a hard cap of tokens that can be created.

SPONS tokens are vowed into every sponsorship operation within Sponso. SPONS tokens back all the custom Signature Tokens that minted by sponsees and purported to be sold to sponsors. This reduces the risks associated with a purchase of custom sponsees tokens. Aside from serving as collateral in sponsorship deals, SPONS tokens can be used to pay for experts' services.

Though not required, it would be highly recommended for Sponso members to rely on SPONS tokens for aforementioned purposes within Sponso network. One is free to decide upon in which way to pay for expert's services and to conduct sponsorship activity – either in SPONS tokens or in any other fiat way. However, a transaction involving SPONS tokens do include additional protection mechanisms, including but not limited to *Sponso Safe TroubleShooting*. Moreover, in order to stimulate usage of SPONS, we offer a unique discount (compensation) of a certain share of the amount claimed by an expert for some rendered work. Sponso clients are only eligible for a discount when the transaction is being carried out in SPONS tokens. This guarantees 100% utilization of SPONS tokens across all the bargains exercised within our network.

We also assume that SPONS tokens will be used in deals that go beyond our system. We are talking about the additional reward that our experts can receive from external activities (in other words, freelance) during periods of insufficient number of orders coming from our internal clients. In this case, we still undertake to compensate a certain share of the amounts due for rendered services, according to the fees stipulated in **Appendix A** in our *Technology Paper*. We believe that such a step that effectively creates attractive financial conditions for external customers will bring new clients and increase the word-of-mouth effect.

SPONS token is an ERC20 compatible token. The main functions of SPONS include:

- **Backing sponsorship tokenization**



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It's sponsee's obligation to mint custom **Signature Tokens** to receive sponsorship funding. In order to ensure free circulation of custom tokens, we enforce a mandatory requirement for signature tokens value to be tied to SPONS. Signature Tokens in their turn are used to create multiple unique sponsorship microeconomics that includes physical and virtual items subject to being tokenized and monetized by selling them to sponsors. Companies willing to engage in sponsorship business thus will have to deal with SPONS every time sponsorship deal is concluded, either explicitly or implicitly.

- **Carrying a voting right**

The availability of SPONS tokens in one's hands allows for taking part in voting about the appropriateness of a future partnership between some brand and some event. One possessing a greater number of tokens has a greater voting power. The owners of the tokens will be motivated to exercise their voting capabilities, as the votes that convert to real signed sponsorship deals may bring the voters additional tokens coming as a commission of a contract.

- **Acts as a discount.**

The fact of relying on SPONS tokens to pay for the services rendered by experts within our network is the basis for obtaining a discount of 9-25% of the amounts charged by the expert. This is achieved through several factors. Firstly, due to the consistently large volume of orders that we can provide our experts with, we significantly reduce their transaction costs. Experts are no longer forced to spend hours searching for clients and discussing repetitive details with them. Our platform will implement standardized and predictable processes, which will save a lot of time and make it easier for experts to discover new orders and make money. Secondly, as we are not a traditional freelance exchange, we do not intend to profit from charging fees on the money paid to experts. Though we charge a fixed *Expert Payment Fee* of 10% on money experts receive, we use it to provide a discount to Sponsy clients. Moreover, we plan to create a special purpose fund called *Sponsy Compensation Fund*, which is not replenishable. The money from this fund will be used to provide discounts to Sponsy clients in the beginning of Sponsy business, until the fund is drained.

Everybody aiming to enter the Sponsy platform should consider participating in our token sale.

Note that **SPONS tokens are not a source of passive income and are not a source of income at all**. Nevertheless, SPONS tokens deliver solid bonuses to those people who wish to involve into the services of our decentralized network. These bonuses come in a form of discounts provision and special membership opportunities. Bonuses are tailored to the possession of tokens.

As a result of consultations with legal experts, we declare that **the SPONS token cannot be considered a security in any jurisdiction under current laws, in particular under the regulations of the Securities and Exchange Commission of The United States**.



Thus, the SPONS token is implemented as a combination of a token-as-collateral, a token-as-discount, and a token-as-membership.

5.4 Delivering sponsorship opportunities to SME

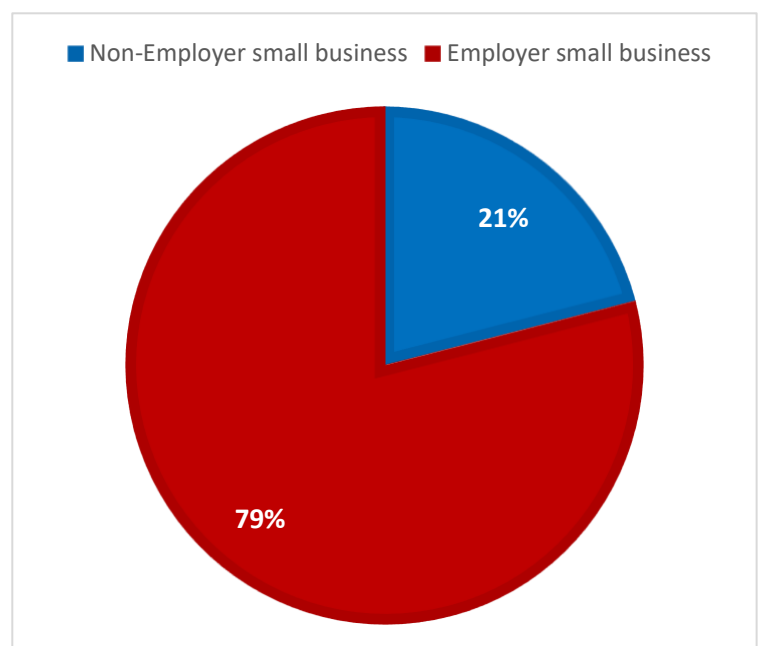
Small and Medium Sized Businesses is the backbone of every nation's economy, including one of United States. SME are the biggest employers, job creators, and contributors to Gross Domestic Product (GDP).

In 2010, there are 27.9 million small businesses and 18,500 large businesses (business with 500 employees and above)²⁴. Though no estimation or research exists covering the sponsorship market potential for SME, having conducted our own analysis, we believe that *there is a strong correlation between the issuance of small business loans (under USD 100,000) to small businesses and the inclination of such business to accept sponsorship financing if there were such an opportunity.*

In 2014, 5.2 million loans under \$100,000 (and valued at \$73.6 billion) were issued by US lending institutions to small and medium businesses to run their businesses to break even. There are quite a lot of small businesses with great and innovative ideas, which will improve the GDP of the United States but could not implement that because of insufficient funding. Thus, we estimate SME sponsorship market potential to amount to at least \$100bn of annual investment, excluding existing sponsorship business turnover, which is expected to exceed \$90bn annually. It is our justified expectation to assume us to be able to cover substantial chunk of SME sponsorship market shortly after release of the product. We observe no competition in the field of sponsorship services provision to SME. This puts us in a highly advantageous position.

With Sponso Sponsorship Tokenization Approach, SME are enabled to not only easily attract reasonable sponsorship financing in return for their sponsorship assets, but also get the capital for development and/or construction of the physical property or virtual asset that will become attractive for sponsorship in the future. The cost of capital for SME is reduced substantially. We allow SME to get access to a thriving source of capital. It is the consumers' attention that sponsees should pay back to sponsors

for the capital inflow, instead of interest demanded by traditional financial institutions. This truly



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aligns with the sponsorship economy – an economy of attention, discussions and awareness – not money, rates and bankruptcies.

By providing SME with an alternative way of raising capital for their endeavors, we facilitate the emergence of socially useful and beneficial events, non-profit organizations and other foundations that will ultimately improve the life of local communities.

5.5 Sponsy Token Lending

Our platform is an infrastructure B2B solution. This means that the companies willing to engage in sponsorship activities, as well as experts who wish to perform various sponsorship-related work within our network and get paid for it, are those parties who are most likely to fully appreciate all the advantages that Sponsy can present. Our future clients, while feeling inclined to take full advantage of the possibilities of Sponsy platform, might be not capable of financing their activities themselves. These clients will be able to enjoy a mechanism for lending SPONS tokens called *Sponsy Token Lending*, which was conceived with the sole purpose to make Sponsy platform equally available to every client.

Created for convenience and security of platform users, *Sponsy Token Lending* will act as a marketplace that brings together people who can lend SPONS tokens, and people who need SPONS for intended purposes. The process of lending will be somewhat different from the generally used one. Instead of the interest rate, we are going to offer for use the mechanism according to which the borrower will share its discount for the services rendered by experts with the lender according to a predetermined ratio. Ratio of the discount achieved to be passed to the lender, if any, in addition to the underlying asset (amount of SPONS borrowed), will be determined by lender and borrower at their sole discretion, without the participation or any influence of us as a platform. We as a platform will charge a small fee for each transaction. More details can be found in Section 7.

TECHNOLOGY PAPER



Available at: www.sponsy.org/sponsy_tech.pdf

Technical details discussed hereinafter represent a summary of our solutions only. Study our Technology Paper for additional information.



Sponsy

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6. SPONS Token Distribution and Supply

Name: Sponsy Token

Ticker: SPONS

Total tokens expected to be sold: 237.000.000 SPONS

Payment methods: BTC, ETH, LTC, DASH, USD (wire transfer)

Hard cap: \$14.000.000

Soft cap¹: \$2.000.000

Min purchase: USD 50k (pre-sale), TBA (main sale)

Token Sale Date: TO BE ANNOUNCED

Official website: <https://sponsy.org>

6.1 SPONS price

SPONS base price: USD 0.10

Contribution bonuses ²			
	Bonuses	Hard cap	Dates
Private Sale		Round closed	
Pre-sale	20%	USD 2M	TBA
Public Sale #1	10%	USD 7M	TBA
Public Sale #2	No bonus	USD 5M	TBA

Referrals bonus: Two-tiered referral system employed. Both referrer and referral enjoy bonuses.

	Tier 1	Tier 2
Referral bonus	3%	
Referrer bonus	3%	1%

¹ The Sponsy token sale will only be considered to be successful if the soft cap of \$2M (USD) (in crypto equivalent) is collected from selling tokens. If the token sale does not reach the soft cap, all pre-sale and public sale purchase amounts shall be returned to the token sale participants within thirty business days, minus of any blockchain transaction fees and any funds that may have already been allocated by the Sponsy as per the use of proceeds.

² Any unsold tokens after each stage shall roll over to the next stage. Any excess tokens will be burned after the token sale.



6.2 Sale Details

- All unsold tokens from the Sale Fund will be burned after the SPONS Token Distribution finishes
- SPONSs received by contributors will be transferrable 7 days after the end of the Distribution Period
- The distribution of tokens is regulated by smart contracts based on Ethereum
- The exact date and time of the beginning of the Token Distribution will be announced across our social media channels and on the official website no later than 20 days in advance
- Token Distribution will run for 45 days or until the hard cap is reached
- Token Distribution is expected to be furious. We strongly recommend everyone to ensure participation by emailing us at info@sponsoy.org with the email subject of *Reservation*.
- Additional generation of SPONS tokens will not occur in the future.
- Possessing a large number of SPONS tokens gives the holder a proportionally large voting power
- Details of the bounty campaign will be published in social media

6.3 SPONS allocation

- **474.000.000 SPONS** are expected to be created after the token sale event. The exact number will depend on the number of tokens sold and will equal to exactly twice as many tokens sold. This will be the first and last instance of generating SPONS tokens

Of them:

- **237.000.000 SPONS³** planned to be sold during the Public Sale
- **237.000.000 SPONS** are not intended to be sold. They will be used to fulfill the funds essential for the stable operation of the Sponsoy platform, as well as to motivate the members of our team.

Below find the distribution of generated SPONS tokens.

- **Team - 15%⁴**
Includes Sponsoy founding team, advisors and social bounty campaign (1%). The funds intended for members of our team will be locked by a smart contract for 18 months, thus

³ Total number of SPONS tokens in circulation will be twice as many as total number of SPONS sold during pre-sale and public sale. Since we might end up not selling all of the initially planned 237.000.000 SPONS, the total number of SPONS tokens in circulation may be substantially less than specified.

⁴ Team tokens will have a vesting period of 9 months and a holding period of 3 months following the completion of the token sale



creating 1.5 years vesting with a 3-month cliff. Rewarding our team with tokens guarantees team members' high motivation.

Advisors will receive no more than 5% of the generated SPONS. The vesting and cliff rule does not apply to them.

- **Public Token Sale - 50%**

These tokens will be sold to the public during the Token Distribution period, including pre-distribution.

- **Legal & Compliance Fund - 7%**

This fund will be relied upon when there is a need to compensate the injured party that lost its money because of a fraudulent transaction made within our network. Such cases will be extremely rare. The fund will be replenished as soon as the required amount is recovered from the guilty party, which takes no more than 45 days after some compensation occurs.

- **Sponsy Ecosystem Funds:**

- **Sponsy Compensations Fund - 18%**

This fund is non-replenish able. The money from this fund will be used to provide discounts to Sponsy clients at the beginning of Sponsy business until the fund is drained. While the fund is not empty, we will charge businesses not a regular full commission stipulated in Section 7, but a discounted commission. This will stimulate SPONS turnover at the very beginning of our business, and will create especially attractive terms for first Sponsy clients.

- **Sponsy Exchange Fund - 3%**

This fund is essential for the instant conversion of fiat currencies such as USD and EUR into SPONS. Some Sponsy clients may opt to instantly convert their fiat to SPONS without losing time but paying us an additional fee.

- **Reserve Fund - 5%**

The fund can only be used to solve company-related issues. Each funds withdrawal requires token holders approval. This fund is an airbag guaranteeing stable development of Sponsy.

- **Advisors - 2%⁵**

We ask all participants of our token sale to be extremely cautious and not be deceived by scammers. The only reliable source of sensitive information is our website listed above and at the bottom of each page of this document. We strongly encourage you to subscribe to our updates on the website. This way you will not miss important announcements and reminders.

Feel free to contact us through sale@sponsy.org on questions related to buying tokens and any assistance or special conditions request.

⁵ Advisors tokens will have a holding period of 3 months.



6.4 Sponsoy VIP Membership Card

We issued a limited edition of 100 VIP cards with intention to empower cards' holders with additional capabilities. Each Sponsoy VIP Membership Card has a unique number containing 12 digits. Owning a card gives the owners access to exclusive terms and offers within our network. We will organize special promotions aimed both at distributing our cards and at providing special opportunities to their owners.

One of the advantages of holding a card **is a 20% discount on the purchase of SPONS tokens throughout the Token Distribution Period!** The number of tokens that can be purchased in this way is unlimited.

Stay tuned, as we plan to release new details about additional benefits to cardholders soon! Everybody will have a chance to own the VIP card.

6.5 Sponsoy Lottery

We plan to organize lotteries both among those who have already participated in the purchase of tokens, and among those who are only planning to become our token holders. Various valuable items might become the subject of the lottery. But, as a rule, lottery participants will almost always have a chance to win a big bonus for buying tokens or just free tokens.

The lottery was drawn up with a view to adding an element of entertainment to the routine Token Distribution.

6.6 Use Of Proceeds⁶

The table below shows our plans for the attraction of new experts and expectations about a total number of clients served by the ends of the following 3 years.

	Experts Drawn	Target Markets	Anticipated Number Of Clients
2018	> 320	US, UK, EU states	> 500
2019	> 910	US, UK, EU states, Australia, Canada	> 1110
2020	> 1400	US, UK, EU states, Australia, Canada, Asia-Pacific region	> 1500

⁶ Please, note that expenses and plans mentioned in this chapter are our expectations only.



According to our business plan, we expect Sponsy expenses to amount to at least \$14M during the next 4 years. The table below elaborates on each expense channel.

Annual expenses in USD k	2019	2020	2021	2022	TOTAL
Team & Management					
IT employees	253	328	630	757	1,968
Financial employees	107	166	261	296	830
Marketing employees	552	445	360	353	1,710
Legal employees	360	546	623	433	1,962
Sponsy specific operational costs					
Experts Recruitment	79	113	142	192	526
Rewards Pool for community	416	283	22	0	721
Further Platform Development	233	512	194	109	1,048
General Business Costs					
General Administrative Costs	571	573	575	526	2,245
Sales + Marketing Activity	512	516	480	470	1,978
Business Development	373	220	430	514	1,537
TOTAL	3,456	3,702	3,717	3,650	14,525

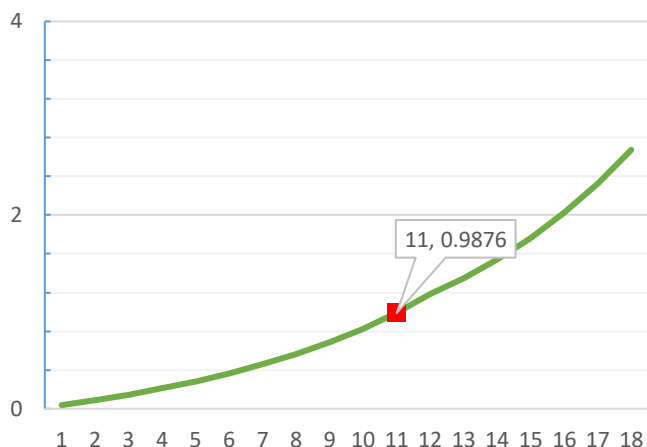
We analyzed Sponsy tokens economic model and calculated an expected velocity dynamic of SPONS tokens in the future. As a result of the estimation, we expect SPONS tokens deficit to occur 11 months after Sponsy begins its operations.



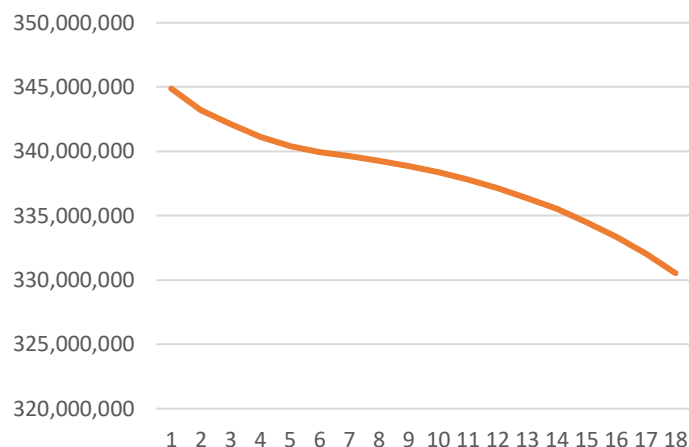
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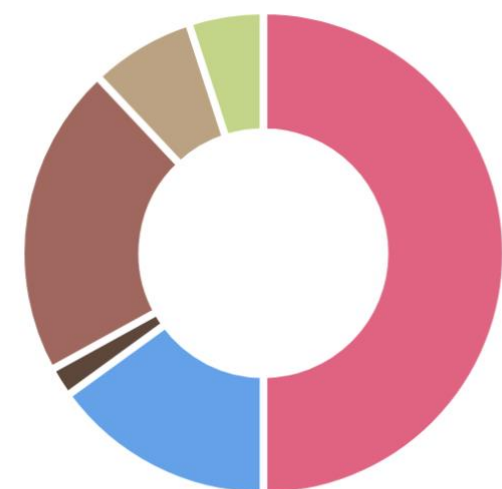
SPONS Tokens Velocity



SPONS Tokens In Circulation



Tokens Distribution



- Token sale: 50%
- Team*: 15%
- Advisors**: 2%
- Sponsy Ecosystem: 21%
- Legal & Compliance Funds: 7%
- Reserve Fund: 5%

Use of Proceeds



- Team & Management: USD 6,470,000
- General Administrative Costs: USD 2,245,000
- Sales & Marketing: USD 1,978,000
- Business Development: USD 1,537,000
- Further Platform Development: USD 1,048,000
- Rewards Pool for Community: USD 721,000
- Experts Recruitment: USD 526,000



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7. Our business

Traditional sponsorship brokers charge their customers both a fixed commission from a sponsored sum of money and some upfront fee.^[18] **An upfront fee** is charged because there is a lack of balance between sponsors and organizations striving to get some money. This means the agency is unable to guarantee to find a sponsor for every considered organization. Nevertheless, the employees performing manual work to find a sponsor must be paid anyway. This is why every agency charges an upfront fee. **Commission from the sponsored sum** varies and usually constitutes a fraction of 20% to 35%.

The commission from the sum sponsored that is charged by agencies is quite acceptable for large brands, whose everyday operations are streamlined. Unfortunately, small and mid-sized businesses cannot afford such high commissions.

Our business

We do not charge upfront fees. We only take a dynamic commission from the sponsored sum, which varies based on the type of event being sponsored, and cannot exceed 15%. The commission is not charged twice (i.e. from both sponsor and sponsee), but only once. Sponsor and sponsee can choose to split the commission between them on their own terms. The money we make by taking this commission is used in the following way:

1. Provision of discount on experts' services.

As we undertake to provide a discount on experts' services, we do this by, among other approaches, using a part of the commission we charge

2. Remunerating arbitrators and personal deal managers

3. Burning 65% of our profit

We burn 65% of SPONS tokens that are left after we compensate the discount.

4. The remaining 35% is our Net Profit

The Net Profit is used to develop new platform features and bring new clients.

Below find an explanation of a typical sponsorship deal conducted within Sponzy.

- 1) Let's assume there is a *total of 260.000.000 SPONS tokens generated*. No sponsorship deal has ever been conducted through Sponzy.
- 2) Sponsor comes to the platform with an aim to spend **1.000.000 SPONS** sponsoring some event. In return, this sponsor expects to receive increased brand awareness and new clients.
- 3) Sponsor finds a *Literature Event* that is looking for sponsors. There is a match! As soon as negotiations related to the sponsorship deal are finished, sponsor convert SPONS to sponsee's Signature Tokens. A sponsored sum of 1.000.000 SPONS is transferred to a smart-contract and put in escrow.
- 4) Sponzy now takes the commission on the sponsored amounts. *Literate Event* represents an *Arts and Science* kind of event, which effectively means Sponzy is going to charge 9% commission – 90.000 SPONS. After applying the fees, event owns **910.000 SPONS**.



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- 5) Literature Event decides to hire two software developers so that to develop a website featuring its affiliation with a sponsor. These two software experts invoice the event with **24.000 SPONS**. According to our *Fees Schedule*, an expert receives 90% of money paid to him. It means, that Sponsoy charges **2.400 SPONS** (*Expert Payment Fee*), and software developers receive **21.600 SPONS**.
In total, commissions charged by Sponsoy now amount to $90.000 \text{ SPONS} + 2.400 \text{ SPONS} = \mathbf{92.400 \text{ SPONS}}$.
- 6) After paying for the experts' services, a *Literature Event* owns **886.000 SPONS**. However, thanks to the fact that the transaction was executed through SPONS tokens, we must compensate a part of the services' price. According to the **Appendix A** (refer to *Technology Paper*), we must compensate 14% of sum charged by Web Software Developers. As a result, we must transfer $24.000 * 14\% = \mathbf{3.360 \text{ SPONS}}$ back to the *Literature Event*. To do this, we use commissions previously charged by Sponsoy. After the compensation process is done, *Literature Event* owns $886.000 \text{ SPONS} + 3.360 \text{ SPONS} = \mathbf{889.360 \text{ SPONS}}$. While Sponsoy owns $92.400 \text{ SPONS} - 3.360 \text{ SPONS} = \mathbf{89.040 \text{ SPONS}}$.
- 7) Having compensated all the discounts, Sponsoy has a profit of **92.400 SPONS**. According to our business strategy, we must burn 65% of profits received after discounts applied. Thus, we burn $92.400 * 65\% = \mathbf{60.060 \text{ SPONS}}$. After burning these tokens, Sponsoy owns **32.340 SPONS**, which is our Net Profit.
- 8) The sponsorship deal finishes. In the end, the total SPONS circulation is reduced from *260.000.000 SPONS* in the beginning to *259.939.940 SPONS*. Thus, during the transaction **0.0231% of all the tokens were burnt**. The effective burn rate of this particular sponsorship transaction (with 1.000.000 SPONS sponsored) was 6.006%.

Below you can see a table of commissions charged from a sponsored sum of money, depending on the type of event:

Event type	Commission
Arts and Science	9%
Sports	15%
Music festival / fair	13%
Not-for-profit event (501 (c) (3) companies only) *	5%
Not-for-profit event (other charitable endeavors)	9%
Governmental affairs	12%
Seminars & Conferences	12%



Trade Shows

15%

(*)As you can see from the table above, we provide non-profit organizations with especially favorable conditions. Such conditions, though, apply only to corporations registered under 501 (c) (3). Consult your lawyer and us on whether your event is eligible for lowered commission.

Another source of profit for us is providing our clients and experts with an opportunity of instant conversion of fiat currencies into our SPONS tokens. The effective exchange rate, however, will differ from the real exchange rate by 3% in our favor. It's so-called *speed fee*.

For instance, let expert A desire to exchange his\her **1500 SPONS**, received by him\her as a compensation for rendered services within our platform, to US dollars. Let's assume that the exchange rate is **1 SPONS = 0.8 USD**. Then, if expert A asks us to provide him\her with an instant exchange service, we will employ the exchange rate of **1 SPONS = 0.776 USD** for calculations. As a result of the conversion, expert A receives **1164 USD**.

The **Fee Schedule Table** below demonstrates some key fees that Sponsoy network charges its clients.

Fee description	Fee size
Instant Conversion Surcharge(see above)	3%
Token Lending Fee (see Section 5.5.)	15%
Experts' services compensation (see Appendix A)	9-25%
Sponsorship transaction Burn Rate	65%
Expert payment fee	10%
SPONS to Signature Tokens conversion fee	0.8%
Escrow withdrawal fee	0.5%



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7.1 Key factors affecting the development of Sponsy platform

Major driving forces for the success of Sponsy platform are listed below:

- **Clients of traditional sponsorship agencies are getting dissatisfied with high fees charged.** As soon as we deliver our product to the market, carry out a PR campaign and manage first happy customers, we expect a rapidly growing demand for our services. Our clients, being motivated to disseminate information about us with the expected referral reward for every new client, will help us to increase the client base even faster.
- **Attraction of small and mid-sized business.** Prospects for concluding a sponsorship contract seem equally appealing to both large corporations and small businesses. The problem, however, is that today's sponsorship brokers do not deem small businesses real clients because of the inability of them to bring desired profits. We at Sponsy are equally ready to accept both small and large business clients. Given that small business is the main constituent of every developed country's economy and also the fact that more than 500.000 new companies are established each month in the US alone, there will definitely not be a shortage of potential clients.^[19]
- **Increased marketing costs.** Marketing expenses are growing 4-5% annually. Sponsorship marketing is considered the fastest growing marketing channel.^[20]
- **Carrying payments out exclusively through SPONS.**
- **Sponsorships market size is growing; SPONS will follow**
Sponsorships market size is expected to exceed \$90Bn, while the total market cap of Sponsy cryptocurrency will be about \$30M by the end of token sale.
- **Providing an unprecedented discount on experts' services.** Since the SPONS token has a discount capability, it will be duly appreciated by a variety of companies requiring a lot of labor force, as it allows them to achieve a significant economy of resources. Sponsy Token Lending and Sponsy Experts API mechanisms would enhance this effect.

Due to our business model is based primarily on sponsorships industry, the development of the Sponsy platform is likely to react to the market news about this industry.

Potential token holders must be aware of a generally unknown regulatory stance on crypto industry.

7.2 Roadmap

The long-term vision of Sponsee's team is to grow our project to a state when it would become a completely obvious place for any company, willing to get sponsored or sponsor, to seek partners – be it a huge brand or a small family business.



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The plan below is not exhaustive and may be outdated. Though Sponsy team will do its best to comply with the roadmap outlined below, we do not guarantee any of the steps to be performed in specified timing.

October 2016 The Idea

The idea of a decentralized sponsorship platform was conceived after a conversation with an industry expert

April 2017 The Very Beginning

The concept created. Main components of the platform outlined. Team assembled. We are self-funded.

September 2017 MVP 1.0 released

MVP 1.0, consisting of a Web App and an iOS Mobile App, released.

Q1-Q2 2018 Big brands

Negotiations with top international brands. MOUs signed and partnerships established.

July 2018 MVP 2.0 released

MVP Redesigned/ MVP 2.0 released.

Summer 2018 Token sale

Q4 2018 Integrations with blockchain projects

Winter 2018 Major partnerships announced

Q1 2019 Product – stage 1

Beta version of platform — stage 1 — launched on testnet, allowing businesses match and conclude deals.

Spring 2019 The first ever real crypto-based sponsorship is conducted through Sponsy

Q2 2019 Product – stage 2

Final version — stage 2 — launched on mainnet. Businesses can issue Signature Tokens and sell them to sponsors. Experts marketplace launched. Mobile apps released. API for external apps released.

Q3 2019+ Product – stage 3

Stage 3 released. SponsyMatch AI system launched. Algorithmic risk management functionality implemented. SPONS-based events ticketing launched. Development continues.



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8. Team



Dan Vail

CTO

Dan Vail is a highly experienced software expert, who have occupied leading positions in big corporations like Experian, Credit Suisse Bank, Acxiom and others. He has an ability to optimize every aspect of database performance, including hardware implementation, schema design, index optimization, hardware placement of SQL objects.



Ivan Komar

EMEA operations, Co-Founder

Ivan Komar is a successful entrepreneur with a passion for technology. Ivan has experience with developing and selling multiple mobile applications, including casual game and anonymous social network Amody. Ivan is responsible for Investor Relationships and Europe Expansion at Sponzy.



Bob Cowe

Head of Mobile

Bob is the technical driving force behind the team. With 40+ years in software development, he is an engineer with 35 years of experience across various industries, and CTO/Owner of a software engineering company in Europe, and a Mobile Apps development company in the US.



D.C. Noye

VP of Software Development.
Co-Founder

Experienced VP of Software Engineering with a track record of building successful teams and delivering projects utilizing both agile and scrum methodologies. Strong engineering professional skilled in Machine Learning, Python, PostgreSQL, and Web Applications.



Chris Bouchard

Chief Strategy Officer

Chris Bouchard is a creative coach and consultant who helps artists and non-profits position themselves for success and realize their full potential. Chris is responsible for organizing Sponzy's operational activity and long-term plans.

Visit www.cbouchard.com to get access to his coaching programs.



Lawrence Chua

Chief Growth Officer

Lawrence believes in startups. He is an early stage angel investor as well as business advisor to multiple startups that spanned across diverse industries such as Fintech, AI (Conversational and Finance related), Coal and Rock mining, Global Citizenry and Food Logistics. He helps startups go to market, scale, partner, improve their products.



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Raymond Villa

Head of Mobile & Web

Raymond is a strong leader who makes his team, peers and organization perform better. Raymond has great expertise in both marketing and mobile development. He understands, practices and teaches the craft of leadership.

He is proud of a proven track record of success in meeting financial and consumer goals.



Travis Yates

Head of Machine Learning

Travis has a major in Computer Vision and Machine learning. He has deep knowledge for good algorithms as well. Travis is proud of rich experience working on implementation of OpenCV and Machine Learning algorithms into various mobile/web tools. While working at Microsoft, Travis learned a lot about OCR, Face Detection, Object Tracking.



Richard Rosenthal

Sr. Frontend Developer

Richard's focus is on the experiential and practical applications of technology. He brings a strong understanding of psychology and human perception to his projects, backed by over a decade of experience developing in over a dozen languages across every discipline from websites to videogames and computer vision.



Juho Keski

Senior Web Developer

Juho is an experienced Web Developer. He has graduated from Turku University of Applied Sciences. Juho has been coding since he turned 16 years old. He completed many projects in various programming languages, including Lua, Python, C++ and Ruby. His favorite frameworks to develop with are Angular2+ and Node ExpressJS.



John Akwei

Director of Data Science

John Akwei has extensive qualifications in Data Science, Data Analysis, and Data Management. John founded ContextBase. Now John brings his passion for data to Sponzy.



Anson Yong

Project Officer

Over 12 years of experience with various Fortune 1000 companies, Anson has vast analysis exposure in the capacity of Financial analysis, Pricing analysis.



Paroma Indilo

Risk and Compliance Officer

Paroma is a lawyer and has served as an early advisor and investor to several blockchain companies. She has experience of working with venture capital funds, established companies.



Viktor Shevchuk

Blockchain Developer

Viktor fell in love with blockchain technology since when he got acquainted with it. He has a deep background in Computer Security.



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9. Risk Factors

Purchase of SPONS tokens (hereinafter referred to as the "Token" or "Tokens") may be associated with a high degree of risk. To protect the interests of Token's potential purchasers, Sponsoy team conducted an analysis of such potential risks and outlined the result of this analysis in this chapter of the Whitepaper. **IMPORTANT: THE LIST OF RISK FACTORS DESCRIBED BELOW IS NOT EXHAUSTIVE. IN ADDITION TO THE RISKS DISCLOSED IN THIS WHITEPAPER, THERE MAY EXIST OTHER RISKS, WHICH SPONSOY TEAM AT PRESENT CANNOT REASONABLY FORECAST.** These risks can materialize in other forms of risk than those specified here. Prior to acquiring Tokens, each potential Token purchaser is advised to carefully review all the information and assess the risks of such purchase, including but not limited to, the risks set forth in this WP and to decide upon purchase of Tokens based on such assessment.

9.1. Technical and technological risks.

9.1.1. Risks of the blockchain. Tokens are released on Ethereum blockchain. In this regard, any malfunction of the Ethereum protocol may lead to a restriction in the use of Tokens, and / or to the fact that Tokens or the platform will function in an unforeseen manner.

9.1.2. Risk of hacker attacks on the platform, smart contracts, or Tokens. Tokens can be expropriated and / or stolen, by hacking Tokens, or otherwise. Hackers or other groups or organizations may attempt to intervene in a smart contract or Tokens in various ways, including, but not limited to, virus attacks, DDOS attacks, concerted attacks, network attacks, and denial of service attacks, and others. In addition, since the Ethereum platform is based on open source software, there is a risk that Ethereum smart contracts may contain intentional or unintentional errors or shortcomings that could adversely affect Tokens or lead to loss of Tokens, or loss of access or control Tokens. In the event of such an error or weakness of the software, there can be no remedy, and tokens owners are not guaranteed any compensation or compensation.

9.1.3. Risk of hacker attack on the computer of token holder, or loss of passwords / of private keys. Purchased Tokens can be stored by the token holder in her\his digital wallet or safe, for which a password, a digital key or a combination of digital keys is required. Accordingly, the loss of the necessary keys associated with such digital wallet or safe, can lead to loss of access to Tokens. In addition, any third party that gets access to such passwords and / or private keys (by way of getting (through hacking, or negligence of token holder) access to login credentials of token holders' hosting-wallet, or otherwise), will be able to use Tokens of the token holder. Sponsoy assumes no liability for such losses.

9.1.4. Risk of using new technologies, and changes in technology in the future. Tokens and blockchain are fairly new and relatively untested technologies. Although at the moment they have largely proven their efficiency, reliability and security, there is no guarantee that in future these technologies do not fail in any way. Further, as technological progress develops, flaws can be found in these technologies, which will prevent their functioning in the way that they function at the moment. Finally, there is no guarantee that these technologies will be compatible with any new technologies invented in future. In the event of such incompatibility, use of Tokens and blockchain can be found unreasonable and stopped.

9.1.5. Risk of incompatibility of the crypto wallet service. An electronic crypto wallet or wallet service provider that token holder has chosen \ will choose for obtaining and storing Tokens, must be technically compatible with Tokens. Failure to comply with this condition may lead to the fact that the token holder will not be able to get access to her\his Tokens. Token holders must independently determine the fact of the compatibility of the crypto wallet she\he registered, with the Tokens. Sponsoy assumes no responsibility for any errors related to wrong determination of the above fact.

9.2. Regulatory Risks.

9.2.1. Risk of regulatory uncertainty. Regulatory status of cryptographic tokens, digital assets and blockchain technology, is unclear or not defined in many jurisdictions. It is possible that such technologies, and, in particular,



Tokens, will in future become subject to one or more (adopted or new) interpretations of laws (or other regulations), court judgments, or actions by various regulatory bodies around the world, including, but not limited to, the imposition of restrictions on the use or possession of digital tokens, such as Tokens. Such changes can adversely affect Tokens in various ways, including, for example, determination that Tokens are regulated financial instruments that require registration or compliance with other legal requirements and procedures. Sponzy may stop distributing Tokens, developing a platform or terminating operations in a particular jurisdiction if the actions of regulatory authorities of the relevant jurisdiction make it illegal or not commercially viable to proceed.

9.2.2. Risk of inability to obtain, maintain or renew licenses and permits. As of the date of Tokens sale, there are no statutory requirements requiring Sponzy to obtain any licenses and permits necessary for the sale of the Tokens, but the risk that such legislative requirements may be enacted in the future cannot be ruled out. In this event, possibility of sale and further use of Tokens will depend on the procedure of issuing such licenses and permits, and on compliance with their terms. We cannot exclude that requirements of the law will be technically or economically unachievable for Sponzy. Sponzy may stop distribution of Tokens and development of a platform, or terminate operations in a particular jurisdiction in the event of economic, technological or other inability to obtain the required licenses or permits under such jurisdiction.

9.2.3. The risk of governmental action. The industry of blockchain and tokens is new, and simply by virtue of novelty can be subject to increased supervision and regulatory control, including investigations or enforcement actions. There can be no guarantee that the government will not study the activities of the parties. Such an investigation may have a significant negative impact on Tokens and / or platform development.

9.3. Business risks.

9.3.1. Risk of failure in development. It cannot be excluded that for various reasons, including but not limited to, reasons of insolvency of business or technological strategies or business arrangements, technological problems, emergence of new technologies, etc., that the model that Sponzy developed and described in this Whitepaper, will not achieve the desired functionality, be inoperative, or work in a way different from what developers designed it for. Also, we cannot exclude the risk that for these or other reasons, development and implementation of the model can take longer than Sponzy predicts at the moment, and when the model is ready, it will appear to be outdated and/or irrelevant.

9.3.2. Risk of insufficient implementation. It cannot be excluded that, for various reasons, including, but not limited to, for reasons of insolvency of marketing strategies, external constraints, or competitors' actions, the model developed by Sponzy and described in this Whitepaper model may appear to be unpopular and/or unclaimed, lacking use and application.

9.3.3. Risk of dependence on third parties. Even after the launch, the model developed by Sponzy and described in this Whitepaper will rely, wholly or partially, on third parties, for adoption and implementation of certain functions, as well as for continuing its development, maintenance and support. Though above-mentioned third parties are carefully selected by Sponzy team, there is no insurance or guarantee that these third parties will do their job properly, or otherwise meet users' needs, and this can have a significant adverse impact on the platform.

9.3.4. Risk of loss of cash. The project described in this Whitepaper, the model developed by Sponzy, the platform being created, as well as any funds collected within the framework of the ICO described, are not insured. In case of failure of the project for any reason, loss of functionality of the Token or platform, there is no private or public insurance representative to whom token holders can apply for reimbursement.

9.3.5. Risk of force majeure. In the future, there may occur extraordinary circumstances that Sponzy cannot reasonably anticipate or prevent and that may become subject to restrictions or impediments to the operation of Sponzy or Token platform.



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