TOKEN ECONOMY

WHAT ARE THE TOKENISATION OPTIONS FOR AN ENTERPRISE?

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Since the beginning of 2017, we see a lot of inquiries into “tokenisation of something”. Businesses are excited to enter ICO capital-market and community building opportunities, what sometimes results in having a business as a business and planned emission of the token, that … is in no way connected to it.

Scandiweb helps businesses to envision their token and place it right in the heart of their value creation process. For token to have value, demand, circulation and potential value appreciation there should be clear demand pressure and thus a need for it to be owned, in order to tap into a particular businesses products or services.

There are several ways how a token can be viably introduced into a project

1 PRIVATE MONEY FOR A PROJECT OR AN APP

Make all the services of a single project purchasable only with your token. Thus, if we assume that your project generates some value and there are people, who want to get it - the token obtains a certain value as well in the conditions of limited supply.

You can think about your businesses as a vending machine and your token as a coin that once introduced - gets your customers what they looking for. Normally, it assumes that there is a dApp or a set of smart contracts governing access to your products or services so that the redemption of a value happens automatically on the blockchain.

How can it be used for your project? Let us think about an example of cash back project, what is the services we provide and can these be traded for tokens? Our added value is matchmaking of individual consumers with merchants bypassing traditional PPCs - we are getting paid for bringing users.

Thus, we can ask to pay us in our tokens instead of pure cash back as a fraction of USD price. Then, if we drive e.g. traffic that buys products and services from our affiliates for $1bn and our average cash back percentage is 5%, we would expect them to buy $50 million worth of our tokens.

It builds a quite solid case for an ICO as you can do token emission with a hard cap of say $5 million laying out a clear plan of how these will be faced with a demand of at least $50 million annually.

ALERT! We should not forget that the tokens we would receive from merchants for us bringing them consumers are expected to be received by consumers themselves... OK, we can do it - passing them over to the consumer wallets. Or we go to an exchange and exchange the tokens to fiat and move the fiat to consumers accounts available for spending immediately.

if we do not do an exchange to fiat, then we need to either enable consumers to pay with our tokens for services and products provided by merchants or put it upfront that they will need to move it to exchange with an expectation of price rise due to new merchants buying it to pay for the platform services.

2 PRIVATE MONEY FOR A PLATFORM - MARKETPLACE

The difference here is that there is no explicit promise to produce anything valuable for the exchange, but instead, you usually commit to building a platform - marketplace, where other people would sell and buy products and services using exclusively your token. Thus, its value will depend on the value generated by community operating in the marketplace and the population of consumers looking to acquire them, thus driving demand for tokens as they need them as a settlement currency.

Think about building next Disneyland infrastructure and inviting 3rd parties to build their popcorn stands and roller coasters there and making sure that people, who come there can only pay to them with your initially distributed tokens.

How can marketplace idea be related to our project?

If we keep the original value proposition - matchmaking of consumers and merchants, then this matchmaking has to be decentralised with different parties enabling it and getting paid by merchants directly, while our projects create certain marketing and tech ecosystem to spawn such relationships, measure and enforce payments.

One can think about a global platform, where the white-label type of the apps are being spawned and pools of merchants are matched with pools of consumers. The rule is that the transactions are carried out in the original token issued during ICO.

ALERT!

Relationships within the apps, however, will default to (1) and one needs to address the token usage that a consumer would get in the form of a cash back. An alternative to it would be allowing individual apps operate with fiat money of their region, but to maintain a certain balance of platform tokens to be able to exist on the platform or e.g. channel 10% of their revenue for tokens buyback.

3 MASTER NODE-TYPE TOKEN STACKING

In our case, would mean that certain amount of tokens issued during ICO would need to be stacked in order to access certain platform/project features or to receive extra rewards. Can be applied to (2) as a way to statically ensure adoption of tokens growing linearly with the expansion of the platform globally.

This idea can be played in many ways e.g. you can transform it into token buying “capacity” e.g. the first app on the platform will have 100% of the tokens and then the next one will have to buy a certain amount in order to launch their white-label app.

4 REVENUE-SHARING, BUY-BACK, EQUITY TOKEN

Very clear, traditional setup, where the token is not used as a means of transacting, but represent kid of e-share that accrues revenue or profit share in cryptocurrency. Is not discussed there due to compliance regulations restricting emission of such tokens.

CONCLUSION

The above points can be summarised in a way that token represents either means of payment on the platform or the app or certain “membership” with granular levels depending on the holding amount. Whichever is preferred, one needs to model token circulation along with the transfer of created value to make sure that all parties involved will accrue wealth.