

# HoToKeN [HTKN] L I T E P A P E R

Version 1.0



A unique gamified token economy built upon democratizing token that reinvents digital marketing to optimize the value of money for consumers while increasing revenue for businesses.



HotNow platform provides merchants in SE Asia with cost-effective, high-efficacy marketing tools, while encouraging merchants to transfer some of that value surplus to consumers of their goods and services. The platform will become a network that utilizes strict open source protocols, smart contracts, and developments in distributed ledger and other decentralized (permissioned) data structure solutions. HotNow will transform into a gamified ecosystem based on a utilitarian access token (ERC-20 standard, symbol: HTKN) and micro-transactions. The HotNow token economy will reward its participants with HTKN for every economic activity they perform. Other innovations include individually-tailored loyalty programs for cash-based businesses and tools that enable merchants to create organizations and solve coordination problems. In addition, deep analysis of the spending history data of consumers can create "credit profiles" for individuals without financial history to enable them to access micro-loans. For these and other benefits, HotNow is asking for your support in establishing HTKN.

Global advertising revenues in 2016 surpassed \$532B, and are expected to reach \$590B by the end of 2017. Yet, the industry has many problems. Consumers are bombarded with irrelevant or location-impractical promotions, while Merchants are beset with significant increases in the costs of Mobile Marketing provided with limited telemetry as to the effectiveness of such costly marketing campaigns. HotNow has solved several of these problems by integrating LBS into its platform, and creating statistical targeting tools.

HotNow delivers value to users by providing (exclusive) discounts on goods and services and by providing information to find the lowest-priced goods and services. By creating value for both the buyer and the seller, HotNow ensures that its ecosystem will continue to grow. As merchants reduce their promotional expenses, they are better able to share the savings with buyers.

HotNow recognizes the need for constant innovation, and will develop a portfolio of casual games to integrate into the HotNow app, and will evolve into an on-map augmented reality (AR) game. Such LBS reality games represent one of the most successful genres, along with "treasure hunting", "conquering" and user-journey and achievement elements. All achievements and contributions will be accumulated and eventually lead to actual rewards in HoToKeN™ (HTKN). As HotNow evolves from an LBS marketing platform into a highly gamified network, consumers and merchants (as users and participants of the network) will use HoToKeN™ (HTKN) to participate in the activities and access the functionalities in the network.

HotNow views itself as the network's initiator, and once its token economy is functional, as the ecosystem's governor (only in the sense of members-adding and permissions-granting). HotNow will use distributed ledger and blockchain technologies to initiate a platform that allows merchants to aggregate purchasing power and to negotiate better pricing from the currently inefficient supply chain in SE Asia. These are just some examples of how the ecosystem and the permissioned distributed ledger solution suggested will solve acute real-life synchronization and efficiency problems.

We are all witnessing a shift towards new business models which automate and establish trust in processes of value creation and its transfer, all being supported by consortium activities and transparency of protocols (in the form of an open source code). This is the new paradigm – a paradigm that places the social benefit of any business before its maximum profit. As part of this paradigm, every business looking to gain crowd support and raise funds via an ICO (ITO/TGE in the case of HoToKeN™), should offer clear social benefits. HotNow's ecosystem will continue to create greater (quantifiable) consumer surplus, while supporting small businesses and pushing for a greater distribution of spending across the network's map.

HotNow will have to utilize the most advanced solutions available within blockchain and distributed ledger technologies, and some that will be introduced in later stages of the R&D. The network must support permissions, micro-payments with zero-fees, scalability and channels, and the ability to create organizations and affinity groups. At this point, with constant developments in technology, it is right not to commit to a specific blockchain technology for the network. However, HotNow decided to adopt the ERC-20 token technology for HoToKeN™, since it is the most mature for token issuance and is already integrated with other blockchain solutions, such as Hyperledger. The role of HotNow's protocol for transaction approval and the injection of new HoToKeN™ to the ecosystem, is to ensure that "Rules of The Game" are well-known to all participants, and HotNow's network model will always be an open code for public review.



This simple illustration above shows basic HoToKeN™ transactions within the network; HTKN is utilized to gain "services" provided by each contributing party in the system.

HotNow's members, users and merchants, have two ways to earn HTKN from HotNow:

1) By completing each "Mission" determined by HotNow. Each Mission will require members to perform a certain activity or a collection of activities that are deemed contributive to growth and sustainability of the platform. The amount of HTKN rewarded depends on the value each mission contributes to the network. The higher the incremental value, the greater the HTKN reward presented to the member. Actual figures for rewards will be determined by market equilibriums, same as for HTKN's value. New HTKNs will be injected from the initial reserve (i.e. "mined") only when the HTKN balance of HotNow's operational balance has been depleted.

Below are examples of the most basic actions that earns HTKN rewards:

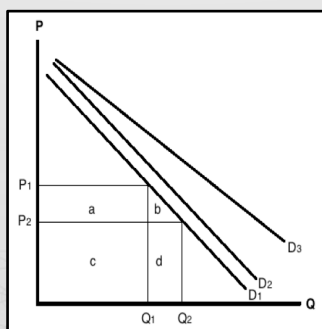
- a. HotNow shall reward users with HTKN when:
  - users invite new users to join the network and they become active.
  - users use HTKN to access a promotion advertised by a merchant.
  - users perform actions like - promote\rate\view on the app.
- b. HotNow shall reward merchants with HTKN when:
  - merchants provide promotions of outstanding value to users.
  - merchants receive relatively higher rates\attention from users.

2) By accumulating HotPoints consumers will be rewarded with HTKN when certain thresholds are reached. HotPoints are used internally by HotNow as a metric system to track and calculate consumers' contributions to the network and as a part of customer relationship management service and loyalty program that HotNow provides for its merchants. Consumers use their HotPoints as the virtual currency for all casual games found inside the HotNow app, including social competitions and tournaments.

Besides being rewarded with HTKN directly from HotNow, the network's participants also transfer HTKN amongst themselves:

1. Consumers transfer HTKN to the merchants when consumers access the promotions provided by the merchants.
2. Merchants rewards HTKN to consumers once consumers fulfill certain conditions defined by the merchants.

The illustration below probably represents the widest agreement possible of Economic Theory, facts, and accuracy. We will use it to define the token's basic impacts on social benefit, mainly on consumer surplus and expected merchant revenue growth.



The added value to consumers from using HTKN, accessing promotions that lower the price of goods or services from  $P_1$  to  $P_2$ , is defined by areas  $a+b$ . The benefit to "their pocket" is assured and HTKN's value for them will be quantified accordingly. For merchants, dependent on the price elasticity of consumers' demand, the case is a bit more complicated. In case  $a < d$ , the merchant sees growth in profits and will value HTKN in (at least) its average per unit ( $Q_1$ ). The case where  $a > d$  is obviously the opposite, but we find it very unlikely; since already HotNow is making consumers' demand rise, shifting from  $D_1$  to  $D_2$ , so it is very unlikely that a gamified app will not have an even greater effect on demand by changing significant characteristics (e.g., slope) of the price elasticity of consumers' demand represented by  $D_3$ .

10,000,000,000 (Ten Billion) units of HTKN will be minted. The hard-cap for the pre-sale and ITO, together, is 3,000,000,000 (three billion) HTKN. 500,000,000 (five hundred million) will be locked for the network's employees and the rest will be placed in HotNow's Initial Reserve, and will only be injected to the ecosystem as the economic activity level justifies it and the operational balance is depleted. The pre-discount price of HTKN during both these offerings is US\$ 0.10, which is equal to 1/10<sup>th</sup> of the current minimum discount per transaction (and equal to the minimum possible discount) at HotNow. During the private pre-sale, starting on November 24th, and the crowd ITO, early buyers of HTKN will receive discounts of up to 65%.