Genus Consulting

Strategy

Brief Description

Genus Consulting helps developers mount capital campaigns. We make use of blockchain technology to efficiently transform the equity of proposed projects into asset-backed digital coins through developer-specific online portals. These coins will function as a digital claim on future cashflows of the underlying assets that can be traded on secondary markets and be integrated into the everyday functioning of the proposed projects. The portals will showcase a set of useful tools and features including analytical dashboards for demonstrating the value proposition of their proposed projects.

This projects solves three key problems:

We see the value proposition as solving these key issues.

- **1) Barriers to entry (existing market)**
  - The average investor faces increasingly significant barriers to entry in investing in urban real estate, the primary being the cost of purchasing property .
    - REITs have provided an ability to invest in real estate via large publically traded companies, but they offer a poor investment much like mutual funds, as they don't provide the investor a means of identifying value or diversifying their holdings, nor do they provide small scale developers a direct means of soliciting investment.
- **2) Liquidity (emerging market)**
  - While Crowdfunding has allowed for investments in projects outside of a REIT for small scale investors, an investment in a crowdfunded project does not provide an immediate means of divesting nor do most of these projects provide an efficient means of providing dividends. Additionally few offer a means of selling their shares through a secondary market.
- **3) Transparency and accountability (our unique strategy)**
  - Crowdfunding and proposed crypto-currencies are generally being executed under opaque business frameworks.

Solution

The portal will provide a developer an efficient means of soliciting investment through block-chain tokens. The prototype intends to brand these security tokens as "jinis" or 'genies'. The portal will allow investors to choose which projects to invest in based on extensive data analytics. The security tokens would eventually provide people a means of liquidating their investment by selling their tokens based on their speculated value through secondary markets. Ideally the use and transfer of these assets would become so efficient that the security tokens could be traded as a form currency and exchanged directly for goods and services. The infrastructure we are building is partly in anticipation of an expected wholesale transfer of security management to the blockchain in order to integrate investment security types and gain the efficiency of transferring without third parties.

---- integrate the below

The portal being constructed will provide a platform for soliciting capital investments in projects of Genus Development Partners by offering attractive investment vehicles and analytical tools among a number of other features including . The intention of the Genie Portal is to be a beta version to a Platform as a Service type business that scales to provide templated portals for developers interested in selling equity in their proposed projects. The company would manage a portfolio of investments through a trust fund. The Genie Portal will exist as the minimal viable product (MVP) for the broader vision of the project. This MVP will be optimized by considering the development needs of Genus Development Partners. The MVP will be used to solicit financing, recruit and train management and technical talent and pitch to developers.

Blockchain technology will enable financial infrastructure such that centralized portals and brokers are unnecessary. This will put more emphasis on infrastructure and marketing materials that are specific to the developer and the projects proposed.

The hope of this project is to help build this infrastructure and provide such useful tools and marketing materials for developers interested in putting the equity of their companies on the blockchain. The hope is that our site will follow a squarespace business model by allowing templated blockchain portals that can be adapted to each developer, or by offering tools and API that developers would find useful as they integrate blockchain investment functionality. The platform will cater to project-specific capital campaigns as much as developers.

The proposed tools include
- A dividend payout method by smart contract for developers
- A database of regularly updated spatial overlays developers can integrate into their portal.
- A system for providing exposure to investors through a centralized network

The Technology

Underlying technology

There are several benefits to reap from utilizing a consensus-validated distributed ledger for facilitating the securitization of an investment project. These include:

- **Reifying ownerships rights:** A blockchain is an immutable ledger and thus provides a reliable means of identifying and tracking ownership over a project, specifically whom may exercise said ownership rights to its future cash flow. Upon initially purchasing ownership in a project via a digital coin, each investor agrees to a contract establishing the terms by which they may transfer their coins, and the ownership rights that go with them. Any holder of issued coins will have these same rights, regardless of how they

acquired them. By using an immutable ledger we enable 'trustless transactions' and thus obviates the need for a centralized broker to facilitate the future exchange of one's ownership rights over any proposed project. The fee each transaction would be that associated with the 'gas' of ledgering/registering the transfer to the blockchain. Each developer making use of this technology to issue coins would still be centrally responsible for actualizing the rights they are associated with, regardless of who has the coin, per their side of the agreement, specifically the rights to cash flow generated.

- **Increased liquidity for investors:** The less third party individuals involved, the less transaction costs and barriers to selling an asset, increasing the underlying asset's liquidity and improving the attractiveness of the proposed investment. Barriers to market and the market size for a security are critical factors determining its liquidity. While conventional publicly traded stocks can be bought and sold easily through brokers, such transactions come with non-negligible fees. Admittedly, publicly traded stock brokers offer access to a much larger market than is currently available for most equity-backed digital coins, but as this technology is popularized publicly traded stocks and digital assets may be interchangeably traded in the same markets. Digital coins still mark a significant liquidity advantage over conventionally crowdfunded investments, especially real estate, as the equities purchased through such portals provide little resale opportunities. The third limiting factor is due to legal frameworks, which for most non-publicly traded companies involve varying limitations to the resellability of the issued equity.

- **Increased access to capital for developers and increased opportunities for investors:** While historically real estate and small businesses have been a critical source of wealth building for the average american, the average individual faces increasingly significant barriers to entry in investing and entering local markets, especially in expensive urban markets. REITs have provided an ability to invest via large publically traded companies, albeit with consistently poor performance relative to other investments of a similar risk/return profile. That said, they do not provide an investor a direct relationship to the investments, nor do they provide small scale developers a direct means of soliciting investment.

- **Transparency and accountability (our unique strategy):** With the advent of new technologies that facilitate easier access to capital over the internet, especially absent significant regulatory oversight, there will always be bad actors looking to exploit new technology to defraud investors. Blockchain technology's ledgering system provides a means by which to increase the transparency of the transactions in it ledgers. Information on a project's ownership and earnings can be public knowledge. We will aid companies in deploying smart contracts to increase the efficiency of every aspect of their business. It is important to note that we will insist that all development companies we work with uphold the strongest principles of transparency and investor accountability. In this spirit, we will support our clients

to adapt accounting measures that make use of the blockchain using a shadow token to maximize the transparency of their investments. We will take extra measures beyond blockchain-related tools to enshrine transparency as a cornerstone of each proposed project, such as through increased analytical dashboards and working with third party rating and consulting firms.

Overall Strategy

The consulting company will fund its operations by helping other developers adapt portals and mount capital campaigns. The first implementation will be for Genus Consulting's sister development company, [Genus Development Partners](). Providing this consultation will uncover critical considerations relating to the adaptation of the proposed technology and tools for each client. The following reflects our high level thinking on the existing and growing market for our services and our strategy to grow to meet it.

The scope of our services is developer specific and location specific. This approach reflects what we see as an unmet market need for portals that are tailored to the needs and specifics of the projects proposed by each developer. One of the critical failings of existing crowdfunding portals is that the merits and aspects of the portals themselves eclipse the value proposition of the projects and developers proposed on said portal. These portals are hoping to gain value through economies of scale by offering projects, especially real estate, as if they were ubiquitous, but in the long run, especially as digital assets become popularized on large interchangeable markets with any and all types of securities, the qualities of the developers/companies and their specific projects will become extremely important to differentiate as savvy investors and hedge funds will be looking for unique value amidst a sea of sameness.

Additionally, developers want a portal that is tailored to the branding and vision of their plans. A tailored platform will allow developers to more easily compel investors to commit to their projects. As this technology becomes increasingly easy to adopt, our company imagines that each ambitious person could develop their own portal and pitch their ideas to their communities for financial support, thus providing a broad platform for supporting innovation and a broad category of investment. The eventual goal would be to operate as a full adaptable site space much like Squarespace but for coin platforms.

These portals will reflect the context of the projects they are profiling. A local developer embedded in their community will have more leverage to compel investment from locals because the improvements in the local community will have extrinsic benefits on the surrounding area. This overcomes the so called 'critique of disconnected capital', which posits that traditional capital structures often disregards the effects on the local economy, otherwise known as externalities, in their lone focus on returns. The expectation is that the majority of investors for any one project will come from the community of that project, which provides the opportunity for the broad merits of a project to be considered alongside the potential returns any project may provide.

Target Market:

As of now we see the greatest demand for our services among real estate developers and co-op developers.

Real estate offers unique opportunities as a start because:
- Real estate projects are often straightforward investments that offer a predictable cashflow structure and thus an easy basis for evaluation.
- The real estate market is not significantly securitized and offers tax advantages, especially through the REIT Structure.
- Developers tend to be limited in capacity even though they have high capital needs, making them ill suited to take on technological support in house.
- Given the place-based nature of the business and its potential, our spatial analytical frameworks will provide a major value add.
- Further the place-based nature of the business makes it easier to compel investment from locals who will benefit from the proposals construction, and would be inclined to have a say in how the project is developed.

Co-ops are uniquely suited for this type of financing because:
- Co-ops are already crowdfunded ventures that use a place-based approach in compelling investors to contribute.
- There is an existing apparatus of networks and institutions eager for new financing tools.
- Co-op structures are afforded some legal flexibility and a relatively favorable tax treatment.
- While there are a number of start-ups focusing on helping convert the equity in real estate to digital assets, there are potentially no firms focused on doing the same for co-ops.

While real estate is an obvious focus for this firm, our ideal clients will have interesting and innovative project proposals that integrate unique approaches that will be of special interest to the surrounding community and potential investors.

Services

Platform Offered as a Service (PaaS)

The key output under development is a platform as a service (PaaS), whereby much of the work dealing with servers and the blockchain is abstracted, while giving clients an environment in which the operating system and server setup is in place. This leaves clients free to focus on scaling their venture.

The software is in beta as it is adapted for our internal development company, Genus Development. The detailed plan for its initial implementation can be found here.
The platform will be integrated with key data analytics that will provide investors with the information needed to make an investment decision, both regarding the details of the project and information about the market for each project. Having an existing project in existence will provide a proof of work to those interested in taking on these services.

GenusCon will focus on increasing measures to improve the security of the smart contracts used to deploy each issuance of equity. Using Truffle's development framework, GenusCon will iteratively improve the versions of the contract on the blockchain for each project in a systematic way. This is a major value add for a company because securities improvements for this technology are still growing, and future adaptations and improvement will be implemented across all the platforms supported.

Escrow Services

GenusCon will support clients in deploying trustless crowd-sales for the security offerings of each client. For such sales, GenusCon will facilitate the creation of and access to escrow accounts in various forms.

Financial Services

Genus Consulting will help clients conduct a valuation for each proposed project and work through the financial considerations for an issuance of equity or debt for each project.

Legal Services

GenusCon will eventually host inhouse legal support for all proposed projects to facilitate navigating the relevant legal frameworks for issuing securities. It appears that a Regulation A Tier 2 exemption under the JOBS act will be most relevant to developers. Our lawyer(s) will also assist clients in complying with local state regulations, where needed.

Further information on the legal frameworks we will be developing are outlined here.

Analytical Services

To increase investor confidence, our firm will provide a suite of tools for investors to examine and compare proposed opportunities. These tools will be integrated as spatial analytical dashboards into each portal and offer critical market research for each proposal. The dashboard, the spatial overlays they contain, along with project specific data will be available as an Analytical Overlay API for porting to other platforms. Ideally, project specific data will be public knowledge aggregatable from the blockchain, but even still, other platforms using this API will need to agree to share their project-specific data in order to build toward an ongoing database of information on investments and ventures in this space.

- Data resources for project analysis (data portal, partner with other entities)
  - API webservice
  - Drone data downloads
  - Webscrappers that are provided as an R and Python library for the underlying data being used and their outputs

Smart Contract Implementation

We will provide support for our clients who wish to implement smart contracts into their operations. One example is the proposed gym project could integrate a distribution of coins based on the achievement of certain fitness goals as a kind of lottery system. Similarly Co-ops might be interested in creating sweat equity agreements that distribute coins based on the number of hours worked.

Integrating Securities Into Secondary Markets

GenusCon will host its own exchange that is both portal specific and usable across the ecosystem of developer portals. We will also develop relationships with key exchanges for facilitating the transferability of asset-backed coins that reach a yet to be determined valuation. In the long run we will integrate with a decentralized exchange in order to improve the liquidity of these securities. The field of decentralized exchanges currently seems far too immature for its use to be immediately pragmatic for us, but it is an area of future interest.
- Help integrate securities into exchanges.

Fee Structure

- PaaS
  - 3% percent of capital raised
  - $50,000 upfront cost for small scale developers
  - $100,000 upfront cost for large scale developers
- API
  - A small one time fee of $30 for its commercial use, and potentially a donation based contribution for non-commercial uses.

Market Research

Supply Factors (competition)

In general, the nature of the disruptive and nascent nature of the technology GenusCon will aid in adapting means that there are by definitions few players in this space relative to demand, even for the most basic of use cases.

Given that the advent of blockchain technology occurred within the last 5 years, and that only in the last year did it receive mainstream exposure, companies large and small are rapidly attempting to establish themselves in this market.

There are a number of scams parading as a real estate platform, such as Recoin, that it is difficult to ascertain what projects present actual competition. Some firms such as Bitproperty and REX appear to be fairly legit, but each has a global approach to their implementation. Bitproperty is based in Tokyo and operates at two levels. The platform has tokens which are backed by solar-panel farms, which appear to be its secondary focus. They have an advantage in that they are not a U.S. based company. While their platform does not appear operational, they have sold a significant number of tokens. They are excluding Japanese and U.S. investors from their platform, at least by requiring that such investors self-assess that they are indeed not from these countries. REIDAO is another competitor based out of Singapore.

No platforms appear to be grounded in project fundamentals and as far as we can tell, there are few consulting company attempting to help developers implement their own platform, at least in a systematic way. There are consultants that are providing completely tailored approaches, indeed all major consulting companies are developing these services, including Accenture and IBM. The ability for this firm to market its services is almost entirely dependent on the the portfolio of past projects it has completed, most notably its work supporting Genus Development Partners.

Demand Factors (potential clients)

Developers
Theoretically, any developers who is interested in crowdfunding will find the use of digital ledgers a more efficient means of managing investor relations.

The market for crowdfunding of real estate is expected to grow to 3.5 billion[1]. The space will shift to using a digital means of tracking assets and manifesting tokens, especially if actively secondary markets are devised.

Investors
Efficiency and transparency for investment will make the drive to this technology primarily from investors. Developers who respond to this interest, especially early on, will receive significant interest and increased capital flow[2].

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[1] http://reports.crowdsourcing.org/index.php?route=product/product&product_id=52

[2] https://www.forbes.com/sites/navathwal/2017/02/17/real-estate-crowdfunding-3-trends-to-watch-in-2017/#71b0f6013b4b

Potential Preliminary ICO Strategy

Member structure for the gym. - Call it a co-op. Build it into the placeholder site to see if anyone takes the bait. Suggest that holders will receive distributions when legally viable. For now they are buying tokens that can be used to access the gym once it is in use. And to access gyms we partner with.

Imagine a world where crossfit is affordable. If funds raised are sufficient we can enable access internationally with cooperating xfits.

Say that if these funds are high enough, future dues will be paid with earnings and any additional earnings will be distributed.

Develop the concept and float it for ICO funding.

Other Critical Documents

- [GenusCon Implementation Plan](#)
- [GenusCon Legal Frameworks](#)
- [GenusCon Market Research](#)
- [Genie Portal Plan](#)

Questions for Mona

(prioritize and read through planning docs before your call)

- What VCs in NYC are especially interested in block chain projects, especially as they pertain to securitizing equity?
- What's the appropriate strategy for approaching a VC?
- How far along in a project should one be before doing so?

- - I am inclined to wait until we have a functional MVP, that showcases the elements of the project, including the analytics.
    - Are they looking at management systems, like should i profile that we are using the agile development framework.
    - I am inclined until we have a project working and generating revenues before we seek vc funding to scale. Sean thinks we should get funding as soon as possible to more rapidly develop. I am open to it, but curious on your take.
      - Both now and later?
  - I assume they will have specific metris and development milestones, what are the consequences for missing them?
  - I find projects that focus too much on marketing, often lack substantive product - my strategy is to demonstrate the value through demos and proto-types, rather than focusing promoting the idea of the project.
    - How important is branding?
  - Is it worth trying to highlight a social impact angle to the project or will people perceive it as not as squarely focused on generating revenue?
  - What are things you think we should clarify?
  - What are projects you suggest we watch?
  - What are return expectations?
  - Are you able to share one of your valuation models?

Stuff to send her,
- A brief on the project
- Sections on the market strategy
-