



# WHITEPAPER

# Table of contents

1 Introduction .....	3
2 Mission .....	4
3 Market .....	5
4 Challenge .....	6
4.1 Cryptocurrency	
4.2 E-Commerce	
5 Bazista .....	8
5.1 Advantages for Buyers	
5.2 Advantages for Sellers	
5.3 Advantages of creating advertising campaigns	
5.4 Handling the Blockchain technology	
6 BZS token .....	13
6.1 Reasons	
6.2 BZS support and development within the platform	
6.3 Using a token	
6.4 Emission and distributing tokens	
7 Control .....	18
7.1 Registration	
7.2 Posting an advertisements	
7.3 Payment of goods	
7.4 Completing a transaction	
8 Business Model .....	23
8.1 Standard commission	
8.2 Reserve fund of the platform	
8.3 Keeping BZS tokens in an account	
8.4 Additional charges	
8.4.1 Subscription	
8.4.2 Additional services for advertisements	
9 Porter's Five Forces .....	31
10 Roadmap .....	34
11 Disclaimer .....	35
12 Contacts .....	39

# 1 Introduction

Each year, the rapid development of technologies brings different innovative solutions for people all over the world to improve their quality of living. In its time, one of such technologies was the internet whose key function consists of information exchange between users. Today, the data transmission speed, amounts of data, and ease of receiving data stir the imagination. As far back as 20 years ago, the internet was only available to programmers and computer geeks. Today, we witness the way the new technology called Blockchain is emerging and developing. This technology is to provide equal conditions for internet users to ensure that data is handled safely and transparently. Despite the fact that the technology is now rather difficult to understand, our team firmly believes that its success and global coverage are just around the corner. For this reason, we made up our mind to create a project that will allow a gradual integration of the Blockchain into users' daily life.

**This document sets out the basic provisions and principles of operation of a new trading platform that will enable users throughout the world to buy and sell any goods and services by using different cryptocurrencies when making transactions. A complex rating system incorporated into our service, encouragement for participation in sales of other users' goods and proper transaction support by the Bazista team minimize risks and make the purchase and sale process even more transparent and attractive than ever before.**

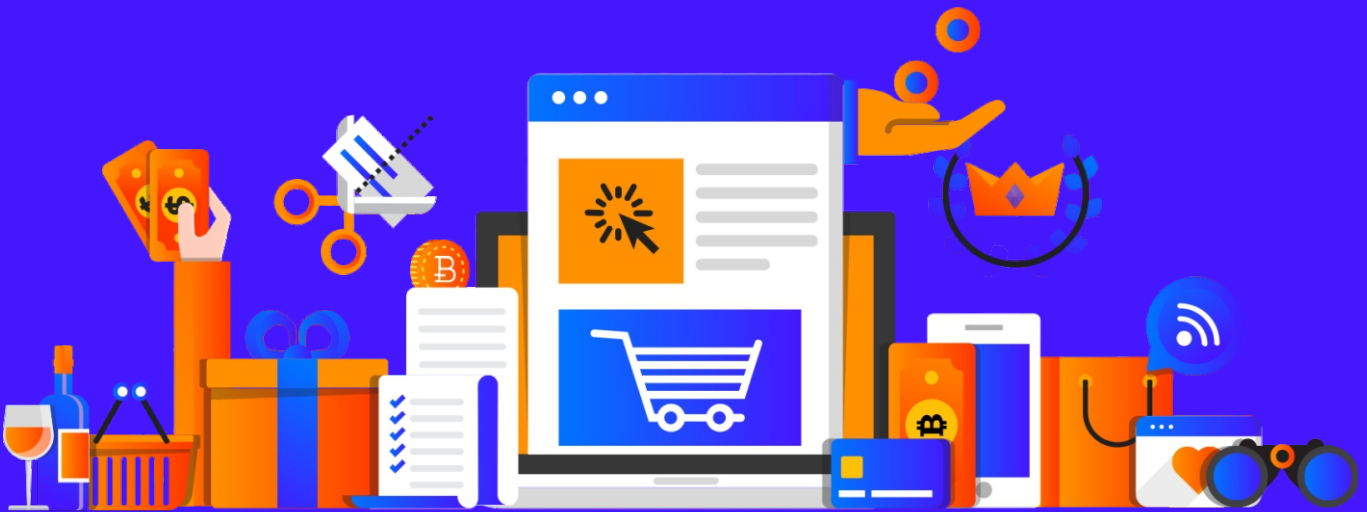
Even though we are not the first or last to try to realize our ambition, we are full of optimism and enthusiasm to rank among those who develop new infrastructure. We decided to, come up with and implement bold ideas and decisions that at the end of the day, will help make people's life easier around the world. An excellent example for our aim is the success of Amazon and Ebay companies that have forever changed the trading rules in the B2C and C2C sector. Today, we would like to introduce you to the platform that will allow you to take a significant step forward in the electronic commerce industry. By using new payment instruments and state-of-the-art technologies of data exchange and storage, we have created the platform enabling the safe and straightforward online exchange of goods and services, the **Bazista** platform.

## **This document describes major features of the project:**

- ① Describing the platform's structure and function in to exchanging goods and services for cryptocurrencies and digital assets.
- ② Role of own security tokens when it comes to creating a unique loyalty system.
- ③ Implementing the system of receiving additional income due to creating user's advertising campaigns and mutual cooperation between users on the platform.

## 2 Mission

We state our aim as being “to create a simple and safe platform enabling the exchange of goods and services, with a wide range of infrastructure solutions offered to users and holders of cryptocurrencies and digital assets.” Using cryptocurrencies and digital assets for the settlement of transactions between the users of our platform ensures transparency of transactions and creates new ingenious ways to make money due to capitalizing on user activity on the internet. We believe that the main purpose of cryptocurrencies is to make payments, in particular, with the aim of making transactions relating to the purchase and sale of goods and services, which is the key aspect of human economic activity. So we make it our task to not only make life easier for internet users but also to increase loyalty and drive up demand for cryptocurrencies at large. Due to Bazista, it won't be long now until real goods and services are available in exchange for cryptocurrencies and digital assets.





### 3 Market

E-commerce is one of the fastest-growing technological markets in the world. Such quick growth is primarily due to rapid global extensive use of broadband (fixed and mobile) access to the internet.

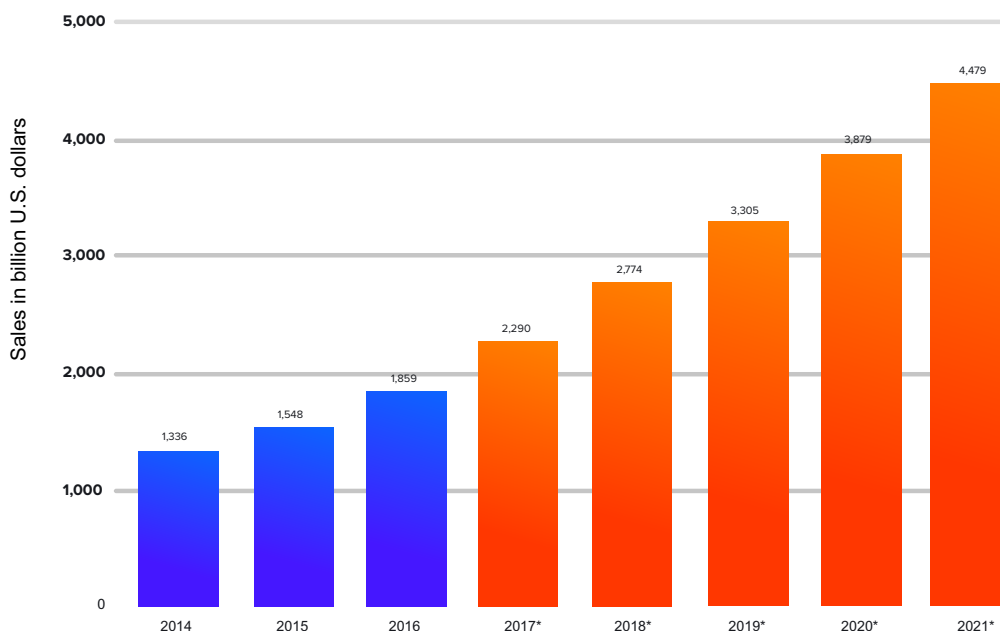
**Today we can see annual growth of a share of e-commerce throughout the world. According to eMarketer, in 2017, the total amount spent on online shopping will increase to \$2,290 billion, and by 2021, it will stand at 16% of the total of world retail trade.**

According to experts, China is expected to continue to hold leading positions as a driving force of the world e-commerce market (26% per annum), in particular, due to export online retail trading. Other developing countries, such as India (24%), South Korea and Indonesia (over 20%), are expected to show high rates of growth. Demography and rapid, extensive use of mobile internet are key factors of growth in these regions.

According to analytics, the following are TOP10 countries for the number of (fixed and mobile) internet usage:

China – 710 million users,  
India – 350 million users,  
The USA – 277 million users,  
Japan – 110 million users,  
Brazil – 110 million users,  
Russia – 84 million users,  
Germany – 72 million users,  
Indonesia – 71 million users,  
Nigeria – 71 million users,  
México – 59 million users.

Considering the statistics-mentioned above, a team of trading platform developers focuses on bringing in new business from countries in South-East Asia, BRICS countries, and the EU. An increased focus on platform users on the Eurasian continent will allow reducing logistic expenses and customer delivery time.



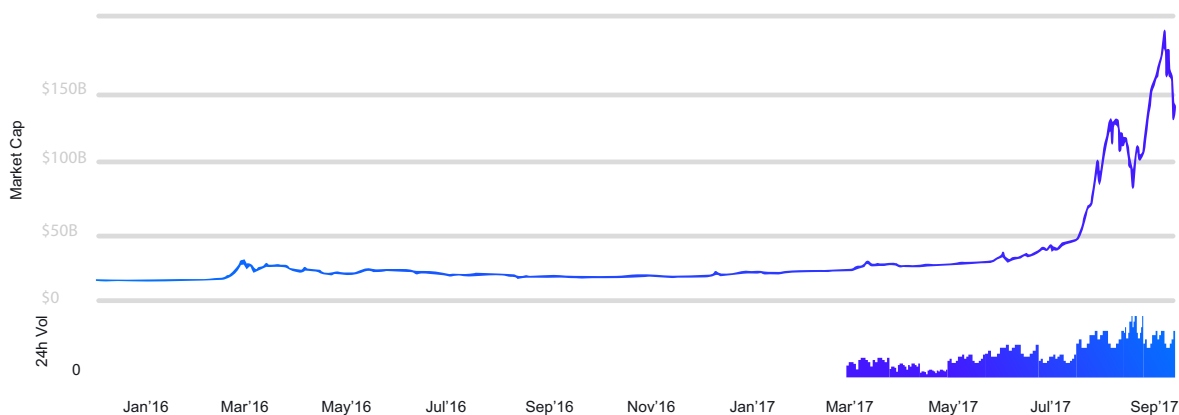
Retail e-commerce sales worldwide from 2014 to 2021 (in billion U.S. dollars)

## 4 Challenge

### 4.1 Cryptocurrency

We have recently witnessed a stable and quick market growth of cryptocurrencies, with a more than 10-fold capitalization increase for last year (\$11 billion 08/16 > \$114 billion 08/17 according to coinmarketcap.com). Nevertheless, as of today, the best part of turnover and cryptocurrency exchange between users is of investment or speculative nature. Currently, only three e-shops approve bitcoins for payment from among TOP 500 e-shops traced by internet Retailer, to say nothing of altcoins. Underdeveloped infrastructure prevents a cryptocurrency rate from increasing, which hinders development of exchange transactions. This results in slow involvement of more users and poor development of new markets, and it increases difficulties in using cryptocurrencies as a universal payment instrument.

**When a payment instrument cannot be used, it becomes of no interest any-more, and as cryptocurrencies are often not connected with physical assets, their liquidity depends much on whether they can be used in the real financial industry.**



## 4.2 E-Commerce

Selling goods and services through the internet have many points in its favour compared to offline shops. Fixed expenses associated with leasing and purchase of premises, personnel as well as utility and management expenses are lower. It means that e-commerce organisation requires no substantial investments as opposed to offline business.

At the first sight, the situation is good all way round, but apart from advantages, major disadvantages are inherent in this stage of e-commerce development. The global nature of extensive use of the internet suggests exchange and trading of goods and services for citizens from different countries, so the payment conditions and the amount of commissions substantially vary. The political relationship between countries, a multi-level payment control by local and international banks place certain restrictions on payment options, and these terms, thus, result in an increase in the final cost of goods and services purchased.

According to the report by International Post Corporation, 65% of all retail purchases made online are those on eBay, Alibaba, and Amazon. By taking into account all taxes (depending on the region, they include different amounts, so we tried to refer to minimum values to this effect) and hidden commissions (including losses on currency conversion when making international payments, commissions for the stowing of goods and account service), a seller receives only around 83% of the cost of its goods. Furthermore, in many regions which account for a substantial share of online shopping (China, the USA, the EU, and Russia) additional duties are charged when paying for high-priced goods, and the time frame for checking payments often result in a marked increase in time delay when transactions are made.

**We offer a new solution in the e-commerce market to introducing a new type of relationship between cryptocurrency users around the globe.**

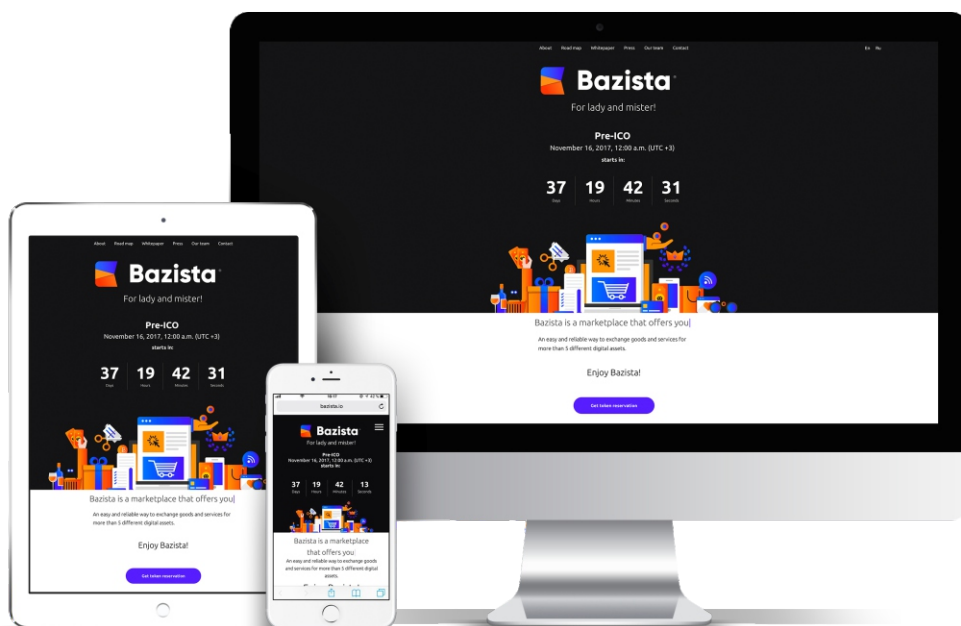
## 5 Bazista

Bazista is an exchange platform for B2C and C2C that uses new technologies of settlement of transactions between users. Our service enables a user to easily exchange necessary goods and services for cryptocurrency by interacting with other platform users. Bazista will comprise all strengths of some market giants like eBay, Amazon and Alibaba (rating system, payment depositing, delivery tracking, and transaction arbitration) and bring this business segment to a new technology level owing to using up-to-date exchange instruments.

Bazista is a competitor to the exclusive decentralised platform for trading, C2C OpenBazaar. The difference includes the smooth development of the platform that boasts a user-friendly interface aimed to simplify, to a certain possible extent, the process of exchange of goods and services by using product promotion technology through other platform users.

Our web interface is adapted to any operating systems and will enable users to post advertisements and buy goods in just a few clicks. The Bazista platform is here to help you post your ad using your mobile device by taking a few pictures of the goods or service offered.

We pay close attention to safety of any transactions made with the use of the platform. To achieve these goals, we use a complex user rating system. It is internal tokens system that will be crucial to the formation of that system. By showing their loyalty to the platform users will get additional advantages (discount on goods, access to unique offers and commission-free transactions).



## 5.1 Advantages for Buyers



- **Payment in a few clicks**

A platform where user can purchase the goods they like without having to register themselves (see “Payment of Goods”).



- **No hidden commissions**

Owing to using cryptocurrencies as an instrument of exchange, the users on this platform can avoid additional expenses associated with conversion of fiat currencies on classical C2C platforms (e.g. for cross border trading), which will allow saving 1.5-3% of the paid cost on average.



- **Tax free**

Considering that the status of cryptocurrencies is not clear in most jurisdictions, it is vital to note that exchanging goods and services for cryptocurrencies is non-assessable, which contributes to reducing buyers' expenses.



- **Instant payments**

Our platform will enable all holders of cryptocurrency assets to use them as an instrument of purchase of different goods, and this wil substantially reduce time when a transationis made.



- **Using internal tokens**

Holders of BZS tokens will also be able to buy promotional goods in exchange for tokens at a discount of up to 70% of their initial cost. It will become possible owing to forming a special reserve fund within the platform (for more detailed information see “Business Model”).

## 5.2 Advantages for Sellers



- **Low commission or commission-free transactions**

Commissions collected by the platform for making a transaction are just 4% of the final cost of the goods. Placing goods on the Bazista platform will allow reducing costs due to low commissions or commission-free transactions by depositing BZS tokens on the account balance (see section 8.3 “Storing Tokens”).



- **Instant payments**

By using cryptocurrency as a means of exchange for the goods and services offered, you will also avoid time wastage due to control and checking of payments through local and international regulators.



- **Additional marketing tools**

Moreover, you will have no trouble creating your own CPA network within the platform where you will be able to regulate fees for users that will sell your goods.

## 5.3 Advantages of creating advertising campaigns



As previously mentioned, the platform provides certain fees for those who will sell other users' goods and services. This feature is implemented due to a unique number in the member area and UTM mark. If a buyer links to the platform page showing the particular advertisement, with a link generated as part of this program, and makes a purchase, a user that posted such link will get a fee under the conditions of the advertising campaign (for more detailed information see “Business Model”).

## 5.4 Handling the Blockchain technology

The first stage of our work will consist in creating a centralised platform.

We've made up our mind to stop using this method of interaction because we are ready to act as guarantor of transparency and safety of transactions made and to fully save our platform users from harmful transactions that can pose a potential hazard.

We believe that today's lack of legal framework for regulating cryptocurrencies and possibility of anonymous transferring cryptocurrencies between users contribute to not only lack of additional expenses, value transmission rates and storing personal data, but also to offer a proper scope of activities harmless to users and the public at large.

Nevertheless, owing to settlements carried out on the platform with the use of cryptocurrencies all transactions between users and the platform will be recorded in the appropriate blockchain systems (e.g. at the time of exchange using Bitcoin, a user can see the operation on blockchain.info).

Moreover, close cooperation between the platform and the blockchain technology gives the edge over competitors that use classical financial instruments.



- When transferring fiat money between accounts, commissions can make between 2% and 10%. The cost of transfer in the blockchain system can be reduced to 0.01%. The larger the sum is, the more perceptible the difference is. When the funds equivalent to \$1,000,000 are transferred with the use of blockchain, users can save from \$20,000 to \$100,000. In some countries commissions can be much higher, and the processing of transactions can take between several days and several weeks, depending on a local communication channels, and considering the existing limitations. PayPal closely connected with Ebay is far from being present in all countries, which makes it impossible purchase in some regions.

- Embracing markets in other countries today do not necessitate establishing a legal entity. For example, China acts as the most significant participant in the Bitcoin/Ethereum mining where the largest cryptocurrency exchange is found. Those from India are well acquainted with Bitcoin due to limited banking services. The platform can function in these countries without establishing a legal entity since the movement of cryptocurrencies is not currently regulated in those regions.

- We don't have to spend money on hardware, infrastructure or technical staff. Such platforms as Ethereum provide the infrastructure that requires minimum expenses in connection with its use. Any technological innovations within the Ethereum community will be available in the platform as soon as they appear.

- Considering that the platform will be available in countries whose standard of living is lower than in the West, transactions can be small in amounts. Most services that process payments collect a minimum commission. In areas where the service can cost \$1, commissions will form a greater part of earnings. Transaction commissions in blockchain are much lower.

- We are sure that in the near future the blockchain technology will replace classical client-server architectures. Using the blockchain and further development of a decentralized platform will enable us to be several moves ahead of our competitors.



## 6 BZS token

### 6.1 Reasons

From the theoretical perspective, the Bazista platform could limit its features to different crypto-currencies that already exist. Why did we decide to create and use our auxiliary token within our platform despite both intense competition and associated risks?

- ① The single internal token is here to set the stage for the Bazista developing platform-based single standards. The successful funding will contribute to promoting the complex development of the platform.
- ② Loyalty improvement system and bringing in new users owing to creating mutually advantageous conditions. An extensive and flexible structure of the turnover of own tokens within the platform will allow implementing a wide range of fee options for buyers and sellers.
- ③ Bold undertakings require non-conventional funding methods to be used for getting an actual chance to affect the market that already exists. Selling own ERC20 tokens will allow creating new income flows for developing and supporting the platform, and will assist in building well-developed infrastructure for all those who use crypto-currencies.

We highly appreciate our investors and understand that funding the platform is direct evidence of their trust in the **Bazista** project.

## 6.2 BZS support and development within the platform

**BZS is initially created at the stage of the fund-raising campaign. Then it will include different functions within the project.**



Developers, founders of and participants in the Bounty program will get fees in BZS tokens.



Creating partnership relations with outside developers will allow using BZS tokens in exchange for their services.



Getting tokens in exchange for participation in the referral program.



Getting access to additional platform sections, participating in special promotion campaigns, and earning the premium status in exchange for tokens.



Exchanging tokens for different kind of automation, and fine adjustment of accounts for sellers.



Discounts on all platform services when using tokens.

## 6.3 Using a token

- 1 To sign up to the platform, a user has to fill in a form and enter personal data on the website. After registration is completed, unique account addresses will be generated in the member area, including those for BZS tokens. A new user intending to use the function in full and additional benefits of working with the platform will have to top up their account with the use of BZS tokens.
- 2 To this effect, one may send tokens directly to a generated wallet address or earn tokens through actions within the platform that will be detailed below. Users will not be able to buy goods and services on special promo until the minimum amount of internal platform tokens is available in their account.
- 3 Users can buy and sell goods or service by creating fixed-value advertisements or creating an auction. The platform will process rates and decide the winner under the rules set by the platform and participants. To activate additional services when posting fixed-value advertisements or by type of auction, a seller will have to use additional BZS tokens under the platform rules.
- 4 Users can keep their tokens on the platform and exchange them for other participants' goods and services.
- 5 The system will offer bonuses to participants that opt for keeping BZS tokens on the platform. So when the amount kept in the account balance exceeds 15,000 BZS tokens, a user will be offered a lower commission collected for making a transaction. As the number of BZS tokens that will be kept by a user in their account increases, different kinds of bonuses and privileges will be offered. Bazista will reward users showing their loyalty to the system. A user will still be able to spend/transfer tokens but if the balance of tokens deposited on the platform is below the minimum set by the platform, the premium conditions will be changed.

## 6.4 Emission and distributing tokens

Issuing tokens and the process of making them available the public will be arranged through the smart contract on the Ethereum blockchain. At the time of high sale a total of 440,000,000 BZS tokens will be issued. This quantity is final, and no additional rounds of emission will be provided.

Tokens will be issued within the framework of the smart contract delivering the ERC20 standard. It is important to note that in case of incorrect transaction of tokens to a particular address, of the smart contract not providing for the handling with the same, they can be recalled by using the token Fallback function. This will help prevent any loss of tokens.

**1 ETH = 11 000 BZS**

### 6.4.1 Distributing tokens

321 200 000 BZS (73%) will be available during the crowdsale

66 000 000 BZS (15%) will remain with the Bazista team

17 600 000 BZS (4%) is the reserve for marketing campaigns within the platform

13 200 000 BZS (3%) can be obtained within pre-ICO

13 200 000 BZS (3%) will be given to the project advisors

8 800 000 BZS (2%) will be paid within the bounty campaign

## 6.4.2 Pre-ICO

The conditions of obtaining tokens under the pre-ICO program provide a bonus of 45% of the initial number of tokens received. This program involves several offline rounds of investment. We are also considering initiating a series of investment online. The options, date and time of online round will be included in the document as soon as detailed information on the program is available.

### 13 200 000 BZS

will be available under the pre-ICO program.

## 6.4.3 Crowdsale

The information on the exact date of crowdsale and all related updates are available on **bazista.io**

Bonuses on tokens during crowdsale:



The funds collected during crowdsale will be distributed in a manner as follows:

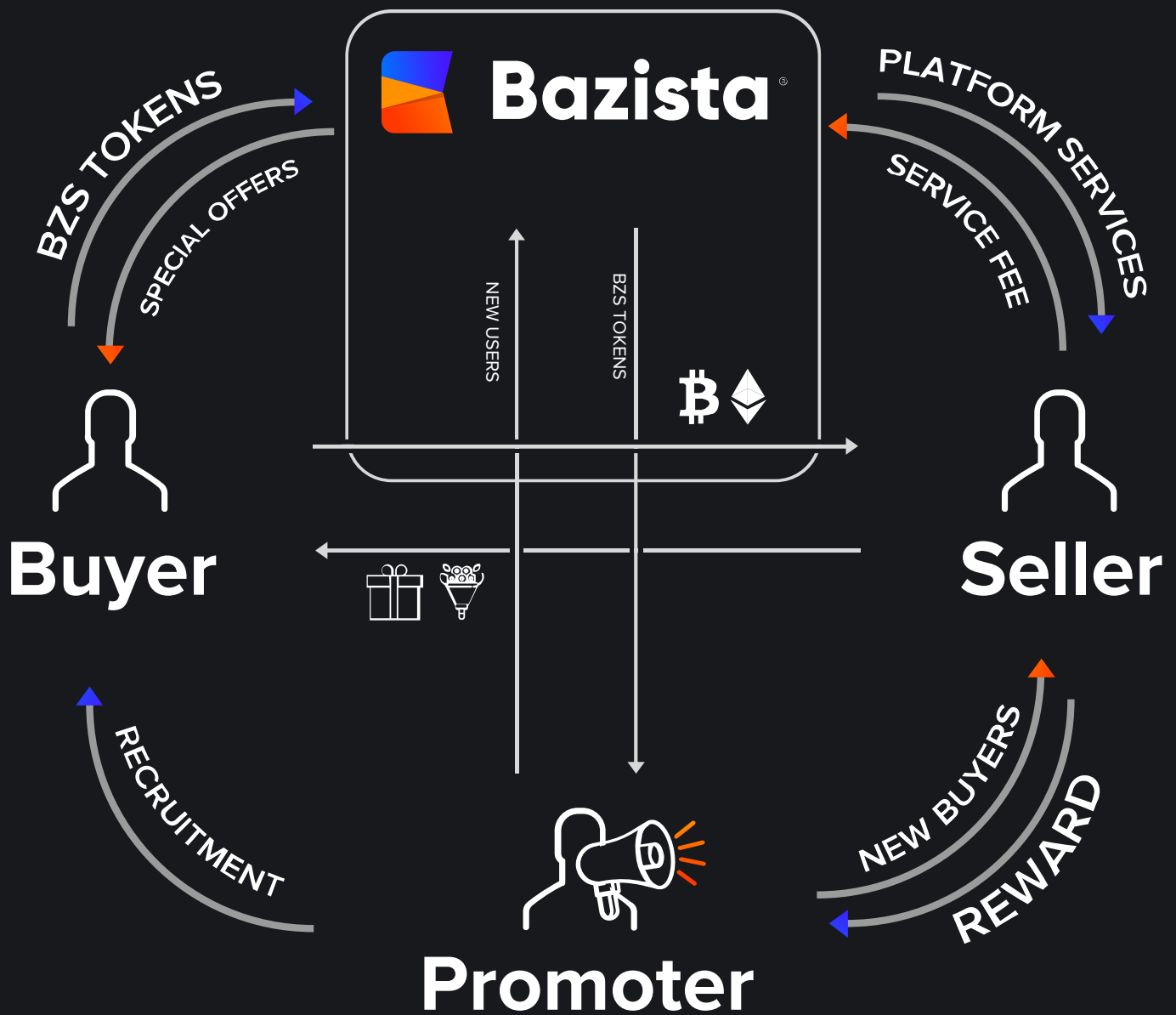
**55%** is the marketing budget

**35%** of funds collected will be spent on developing the platform

**10%** will cover administrative expenses, legal support expenses, etc.

## 7 Control

The following are the Bazista features that will help our users to get an insight about the key elements of the platform and make the whole process easy to deal with and understand.

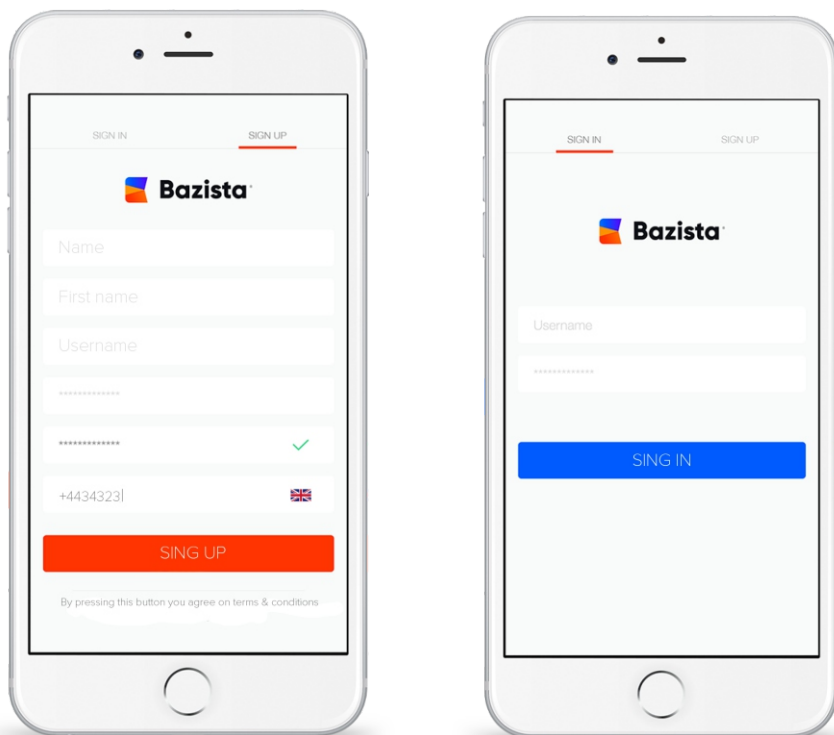


## 7.1 Registration

To ensure that a user can make use of all features of the Bazista platform, they must sign in and obtain verification. It is necessary to make the platform operation safe and easy. But you still can use the platform and view the goods or services you are interested in without having to sign in first or taking other similar actions. If you decide to buy something on the platform, you will just have to choose the goods or service you are interested in and click the “Buy” button. After clicking the “Buy” button, you will be prompted to enter contact details (full name, email, phone, and delivery address) and acknowledge the user agreement. Once this simple procedure is completed, the system will automatically create your member area on the platform (based on the information you have entered) and send you an email containing further instructions.

You can create an account on the platform by clicking the “registration button” found on the main screen when logging into the platform, and enter all information you need. Please note that to be awarded the seller status, and therefore to be able to post your own sale advertisements on the platform you have to obtain verification by filling in appropriate fields in the “verification section” of your member area.

Following the successful registration, you can log into your member area where you will have access to your wallets on the platform, and the post your own advertisements.



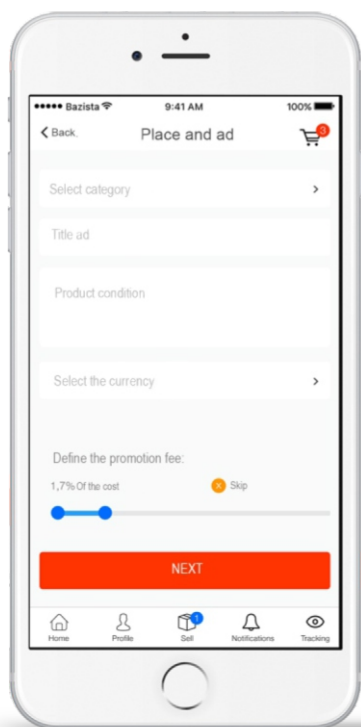
## 7.2 Posting an advertisement

A platform user can post their advertisements in the member area. A non-verified user can post advertisements to the amount not exceeding \$200 at a time (in cryptocurrency equivalent, when an ad is posted), and the total amount of all advertisements must not exceed \$700 per month, with a progressive total within 30 days of publishing the first advertisement. To remove all restrictions, a user must obtain verification.

When an advertisement is created, the main parameters should be indicated: goods category, headline of an advertisement, description of the goods, their state, add pictures, advertisement format (standard transaction or auction), methods of delivery and payment of goods.

When creating an advertisement of the auction type, a user gets rates for the goods posted and sells them to a leading bidder. Such advertisement can include a fixed selling price that enables the buyer to buy goods or service until the auction date is expired.

Considering the specifics of settlements of accounts between users on our platform, the “Payment of Goods” section is worth mentioning as a separate point.



When creating an advertisement, a seller can choose between the types of cryptocurrencies they are ready to use for payment. In addition to this, the platform involves two types of pricing:

- **A fixed price:** when selecting it, a seller states the cost of goods in the cryptocurrency they have selected. Irrespective of changes in the rate of that currency against the US dollar, the price of the goods will remain unchanged.
- **Free pricing:** in this case, a user also chooses a cryptocurrency approved for payment, but can state the price for the goods or service in dollar terms. Thus the cost of the goods in the cryptocurrency chosen will change according to the rate of that cryptocurrency against the US dollar.

It is important to know the pricing conditions set out in the particular advertisement also apply to the cost of the delivery of goods or service in terms of the said advertisement.



## 7.3 Payment of goods

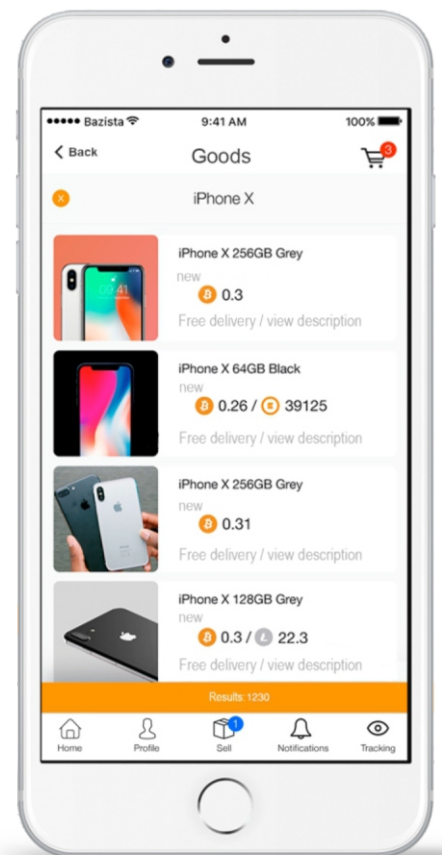
For users who were the first to log into the platform, we created the system enabling the purchase of the goods you like in just a few clicks. To use the system, a user has to choose the goods they are interested in. A fixed price is set for delivery of all goods. The user will have to click the “Buy” button after which the user will be prompted to enter a page that has information related to delivery and their contacts. After all these all, that remains is to transfer to the wallet address the appropriate amount the fund from their wallet (existing outside the Bazista platform) and check email. All necessary information and a link to complete your purchase will be sent to the email address you provided.

It is strongly recommended that you provide accurate information in case of any dispute regarding any transaction. The arbitration will refer to the information in your profile and will require the said information to be confirmed and accurate.

Please take a closer look at the methods and specifications of payment of goods and services on the platform.

Since the Bazista platform offers sellers to accept payment for the goods and services in any cryptocurrency of their choice, this leaves traces on interaction with a buyer when a transaction is made. When choosing an advertisement, a buyer can find out the type of payment accepted for such goods:

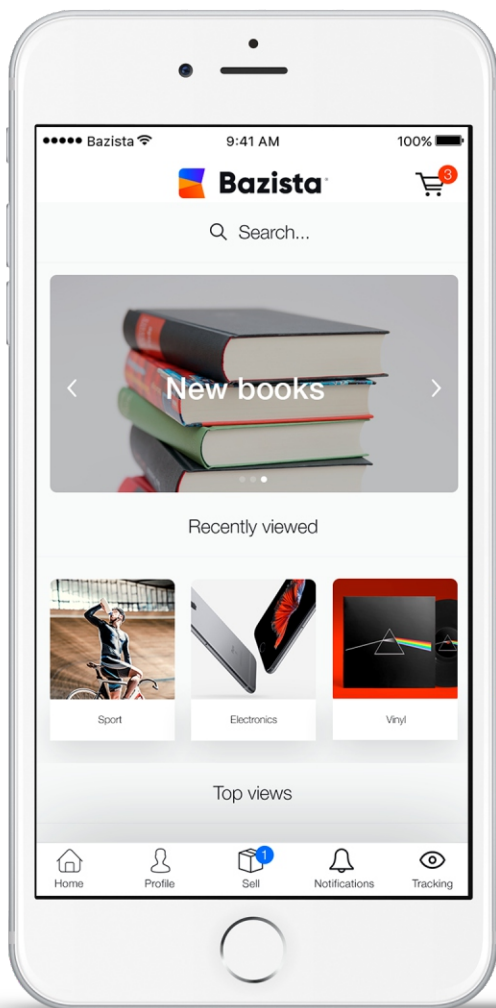
- **Varies from time to time.** It means that the free pricing system applies to this advertisement. In the event of change in the rate of the selected cryptocurrency against the US dollar, the price of the current goods or service will also be changed proportionally.
- **Remains static.** in spite of that change in the rate of the cryptocurrencies against the US dollar. In this case, a buyer should understand that the fixed pricing system applies to the advertisement. And that a seller intends to collect the exact amount of cryptocurrency stated, in spite of volatility and any market change (if the payment is accepted in any of cryptocurrencies shown, its cross rate against other cryptocurrencies does not affect the cost of goods and service either).
- **Is accepted in one or several cryptocurrencies.** When accepted in several cryptocurrencies, the goods mentioned in an advertisement can be paid in any one of the cryptocurrencies (chosen by a seller regarding any particular advertisement). In this case a seller can at its discretion choose the method of payment acceptable to it and make a payment in the cryptocurrency chosen.



It is important to know that the pricing conditions set out in any particular advertisement also apply to the cost of delivery of goods or service in terms of that advertisement.

## 7.4 Completing a transaction

After the agreement is made between a seller and a buyer, the amount necessary for completing a transaction will be blocked (deposited) on the platform until the transaction is marked by a buyer as completed. At standard conditions this deposit term cannot exceed 45 consecutive days, and unless a buyer marks the transaction as completed or opens a dispute in terms of the current transaction during the said period, the payment will be automatically released from deposit to a seller.



## 8 Business Model

This chapter sets out basic mechanisms of financial composition of the platform, standard and additional commissions, the cost of additional services, conditions and amounts of bonuses and benefits granted to Bazista users, and principles of operation of marketing campaigns created within the platform.

### 8.1 Standard commission

The overwhelming majority of C2C trading platforms work for a fee as a commission for a transaction made. An average amount of such commission for the services is 10-20% depending on the cost of the goods sold (exclusive of additional charges). Such system is widely used and accepted by interested persons. We will keep it on our platform but thanks to refusal to use fiat currencies and all related expenses, we will reduce commissions for transactions up to 4% of the amount of the transaction made. This commission will be used for covering operating expenses, expenses associated with the service of the platform and the financing of budgets. Moreover, 10% of the amount of that commission will be transferred to the reserve fund.

### 8.2 Reserve fund of the platform

As already discussed, 10% of the standard commission of the platform due to the transaction made will be transferred to the special reserve fund. The money kept by the reserve fund will be spent on the purchase of goods and services that will be sold on special terms to all platform users in exchange for internal tokens. This way we will gradually buy out our tokens in exchange for liquid goods and services provided. This business model states its aim to increase users' loyalty to the platform on the one hand, and to add value to BZS tokens on the other.

### EXAMPLE

If the total turnover of transactions (subject to the commission) on the platform reaches \$100,000 per day, the platform commission will make \$4,000, so \$400 will be reserved for the further purchase of industrial goods. In a month time this will amount to a total \$12,000, and the platform administration will use the monthly accumulation to buy smart-phones for the subsequent exchange for BZS tokens. Smart-phones of an average price of \$300 (arithmetic mean value) will be provided. In the following month, users will have 40 smart phones in place that they will be able to exchange for BZS tokens on special terms. These smart phones will be exchanged for tokens or competed for among all users participating in the auctions and benefit programs. More detailed information will be provided to users on the platform and will be based on the volume of such batches and other conditions. The quantity of goods and the composition of the batch will change depending on the calculations by the platform administration. The information stated above is just an example and may differ in the volume and name of goods. Please note that all settlements in the US dollars referred to, herein, are just for better understanding of the financial model.

### 8.3 Keeping tokens in a BZS account

For users that provide additional support for tokens, the Bazista platform is here to put forward an additional offer. For those who keep their BZS tokens in their account the standard commission of the platform will be reduced. The following table sets out information on the relevant number and the corresponding interest charged for transactions made:

Number of tokens BZS deposited on balance	Transaction commission
15 000 - 24 999	3%
25 000 - 34 999	2%
35 000 - 47 999	1%
>48 000	0%

#### EXAMPLE

If a seller effects sales on the Bazista platform to the amount of \$3,000 per month, the amount of the standard commission paid by the seller will make \$120 per month or \$1,440 per year, which is equivalent to around 48,000 BZS tokens. If a user (seller) keeps the said number of token on the balance of that user's (seller's) account, they will not have to pay any commission for subsequent sales. This rule applies for the entire period of keeping the said volume of tokens. If the minimum balance (48,000 tokens) decreases, the subsequent sales will be subject to commission set by the Bazista platform based on the number of tokens deposited (see the table).

## 8.4 Subscription

To bring in more sellers, certain loyalty conditions will be provided. For the first 50 advertisements related to the sale of goods and services a user will not have to pay additional commissions (except for a standard commission for a transaction made). After successful completion of such trial period, the number of free advertisements will be limited. Starting from the 51<sup>st</sup> advertisement posted, the user will be able to post 21 advertisements each month at most without having to pay in advance. If that number of advertisements is not sufficient, users can buy a package to post subsequent advertisements at a special price or pay an additional charge for each advertisement. Our platform includes three types of packages: basic, premium, and business. The information stated below is that on types and cost of packages for sellers:

<div>Subscription cost:</div> <div>740 BZS / per month</div> <div>5 300 BZS / per year</div> <div>Fixed price advertisements (number/month):</div> <div>100</div> <div>Charges for subsequent advertisements:</div> <div>10 BZS</div> <div>Basic</div>	<div>Subscription cost:</div> <div>2 150 BZS / per month</div> <div>17 600 BZS / per year</div> <div>Fixed price advertisements (number/month):</div> <div>250</div> <div>Charges for subsequent advertisements:</div> <div>5 BZS</div> <div>Premium</div>	<div>Subscription cost:</div> <div>10 300 BZS / per month</div> <div>99 800 BZS / per year</div> <div>Fixed price advertisements (number/month):</div> <div>1000</div> <div>Charges for subsequent advertisements:</div> <div>2 BZS</div> <div>Business</div>
--	--	---

It is important to note that a user can pay for advertisements posted using any methods available to them. The only limitation consists in the purchase of a package of services for posting advertisements (that can be purchased using BZS internal tokens only), and the difference can consist in the value of payment for each additional advertisement (compared with the valued paid for publication of the appropriate advertisement in BZS tokens).

## 8.5 Marketing

A referral programme will serve as an additional source of bringing in users. At the time of registration of a new user, they will be assigned a unique referral number which they can use to invite people into the platform. They will be able to get some discounts on some transactions made on the platform and obtain tokens and additional bonuses for such assistance.

- **Help potential users get to know the platform.**

At the time of registration of a new user by clicking the existing referral link, the owner of such link gets a bonus of 30 BZS tokens that will be credited to their account, and 30 more tokens will be credited to their account after a new user obtains verification.

- **Help other platform users sell their goods and services and receive your bonus.**

Our platform offers a wide range of opportunities for users that can make money selling other sellers' goods and services. Mutually profitable marketing partnership will be put into effect in the following way:

When an advertisement is created on the platform, sellers interested in advertising and promoting their goods and services will indicate the fee they are willing to pay users that helped in selling their goods and services. The fee will be shown as percentage of the value of the original goods or service that will be paid to advertising agents. It is important to note that the value of the goods or service does not increase if the seller will pay some commissions.

The seller's advantage is to obtain an automatically integrated CPA network that involves payments after a sale of goods or service, rather than in advance as most CPA models suggest.

Potential advertising agents can see the list of goods and services that are for the sale and the amount which the platform pays for advertising such goods and services at a special section "Advertising Programme." By clicking the said goods or service agents obtain a unique referral link that can be posted on any social media, blog, or website. If a buyer purchases goods or service with the use of that referral link, an agent will automatically get a bonus set by a seller in a cryptocurrency specified by a seller.

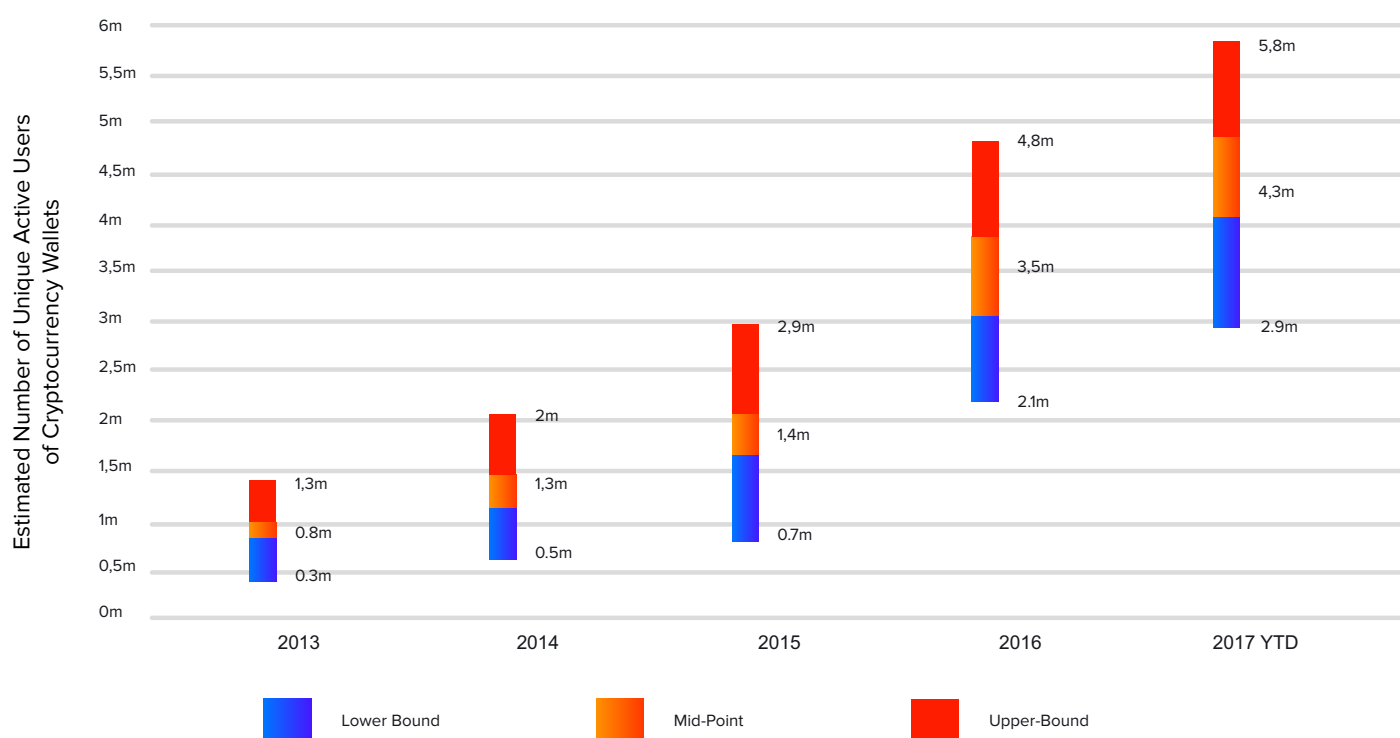
## 8.6 Profit generation on the platform

In this section we would like to discuss the financial efficiency of the model developed by us.

Please note that the following are the statistics obtained from open sources and our subjective forecasts in terms of the platform development. Thus we allow substantial inconsistencies between the values specified by us and actual values for the first operating year.

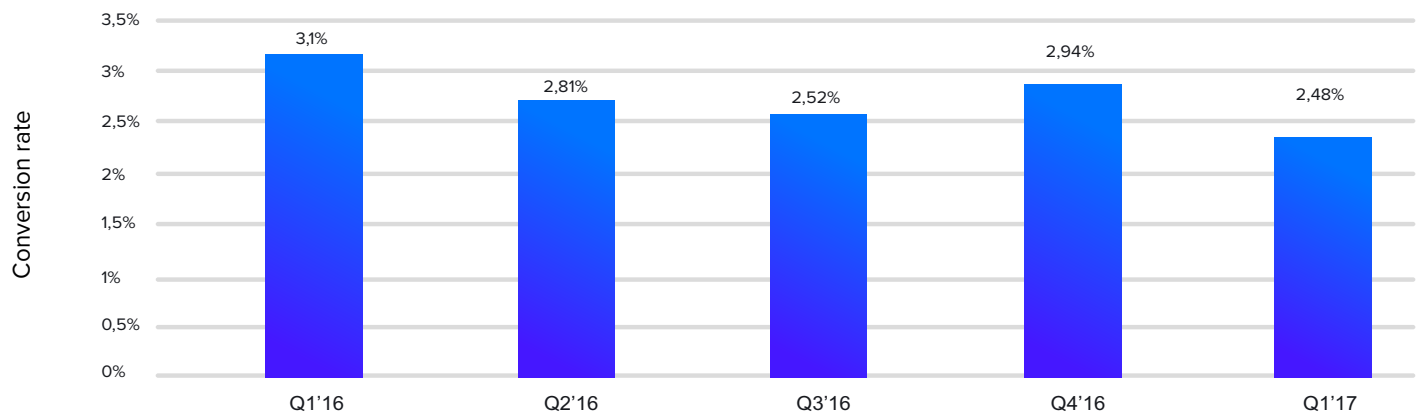
### • UA (User Acquisition) Target audience

According to the Cambridge Centre for Alternative Finance, the Global Cryptocurrency Benchmarking Study completed in 2017 suggests that 2.9 - 5.8 million unique active users around the world have cryptocurrency wallets. To identify our target audience, we took the lower threshold from this data by identifying 2.9 million users around the world as potential target audience (for comparison, the number of active users on the Ebay platform reaches 171 million people, and the total number of people shopping online is 1.66).



## • C1 (Conversion)

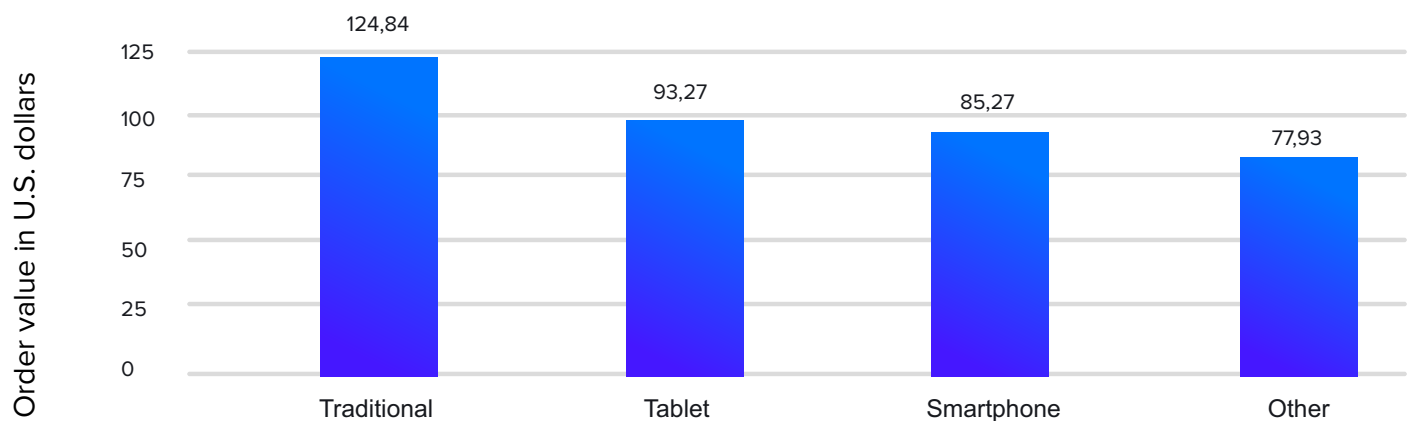
According to the web-portal statista.com, the conversion of real shopping of the total number of visits of e-commerce websites is 2.48% as at Q1 2017.



**2.48% as at Q1 2017.**

## • Av. Price (Average price)

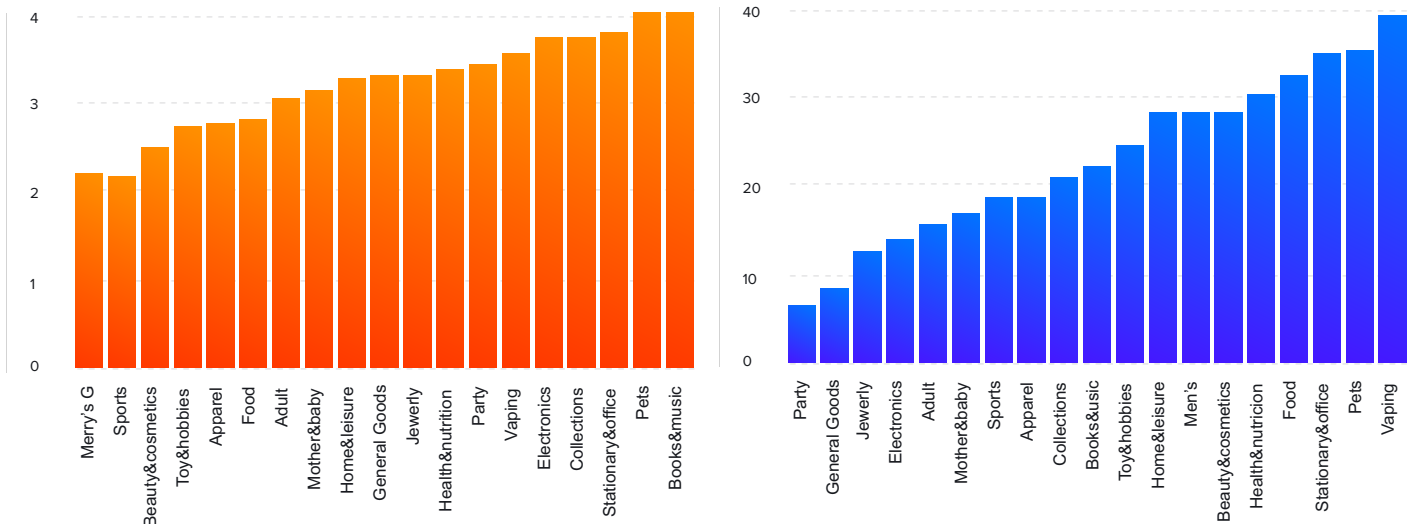
The average price for the same period (averaged value for all types of devices) is \$95.45. Totally, the income we get from one purchase is  $\$95.45 * 4\% - 10\% = \$3.44$





## • Average payment count (APC)

According to the Analysis of e-commerce customer loyalty and purchase frequency by industry we became aware that the customer loyalty level is equal to 21.38% (average value by all industries), and the number of repeat payments during a year among loyal buyers is equal to 3.58 on average.



## • Revenue calculation

Revenue was calculated on the platform pursuant to the following formula:

$$R = UA \times C1 \times Av. Price \times APC$$

$$R = (2,900,000 \times 2.48\%) \times (\$95.45 \times 4\% - 10\%) \times ((2,900,000 \times 2.48\%) \times 21.38\% \times 3.58 + (2,900,000 \times 2.48\%) \times 78.62\% \times 1) = \$383,477.44$$

## • Cost of goods sold

### (a) Cost per action

When forecasting costs of goods sold with respect to the platform we were guided by the average payment rate per action (sale) equal to 30% of the platform income amount. This indicator is equal to  $\$3.43 \times 30\% = \$1.03$

### (b) 1sCOGs (Cost of goods sold for the first sale)

As an additional instrument for bringing in Bazista platform users, we offer users already registered to bring in new users and get 60 BZS tokens for every user brought in. Since the price of 1 BZS is equal to around \$0.03 (at the time of ICO), then according to our forecasts the amount paid per 1 new user will make  $60 \text{ BZS} \times \$0.03 = \$1.8$ .

- **CM (Contribution margin)**

$$CM = R - CPA - 1sCOGs$$

$$CM = \$383,477.44 - (71,920 * \$1.03) - (71,920 * \$1.8) = \$179,943.84$$

- **FC (Fixed costs)**

This section sets out the projected amount of fixed costs since we admit probability of the actual amount being different from that stated below.

Approximate salary expenses stand at \$120,000

Approximate other expenses stand at \$25,000

- **Profit before tax**

$$P = CM - FC = \$34,943.84$$

- **Conclusions**

Based on our forecasts and statistics suggesting the rate of e-commerce and cryptocurrency market growth we can conclude that by the end of the first operating year the Bazista platform will return to profitability.

# 9 Porter's Five Forces

ANALYSING COMPETITIVE STRENGTHS IN INDUSTRY ACCORDING TO PORTER				
1.1 Substitute goods				
Evaluation parameter	Comments	Parameter evaluation		
		3	2	1
Substitute goods, quality-price	There is a limited number of direct competitors that can act as substitute for the Bazista trading platform. Bazista considers two projects as such, namely SOMA (development is underway) and already functioning OpenBazaar. In other cases holders of cryptocurrency e-wallets will have to exchange their money for fiat currencies and make a purchase at one of several classical trading platforms (Amazon, E-bay, Alibaba, etc.). Considering the industry novelty and recent entry of direct competitors we can assess the risk of substitute product threat as average.	They exist and hold a high share in the market	They exist, but they have just entered the market, and their share is small	They do not exist
			2	
TOTAL SCORE		2		
1 score		A low level of threat of substitute goods		
2 scores		A medium level of threat of substitute goods		
3 scores		A high level of threat of substitute goods		
1.2 Assessing the level of intraindustry competition				
Evaluation parameter	Comments	Parameter evaluation		
		3	2	1
Number of players	Blockchain technologies are in their initial stage of development. The market of cryptocurrency turnover and online retail market grow at tremendous rates. In spite of this fact the number of players in the segment of retail purchases for cryptocurrencies and digital assets is limited to three - five companies most of which start their activity or plan to start it.	A high level of market saturation	A medium level of market saturation (3-10)	A small number of players (1-3)
			2	
Market growth rate	The rate of online commerce growth in 2017, compared with 2016, reached 23% (\$2.290 billion / \$1.859 billion). In 2021 the share of online purchases in the total amount of retail trade will reach 16%.	Stagnation or reduction in the market volume	Decelerating but growing	High
				1
Level of product differentiation in the market	Each project has its specifics in the business model. Such specifics often don't make them compete directly. The goods offered (conditions of access to the functional and internal services of the platform) are other than those offered by competitors.	Companies sell standardised goods	The goods in the market are standardised by key properties but differ in additional advantages	Companies' products substantially differ
				1
Limitation relating to an increase in prices	The level of sales commission offered on the Bazista platform will make 4%. This value is several times lower than expenses incurred by users on major online platforms (Amazon, Ebay, Alibaba) and is comparable to expenses on direct competitors' platforms (SOMA, OpenBazaar). Accordingly, the potential for price action is still rather high.	Intense price competition in the market, there's no potential for increasing prices	There's a potential for increasing prices only to cover growing expenses	There's always a potential for increasing prices to cover growing expenses and increase profits
				1
TOTAL SCORE		5		
4 scores		A low level of intraindustry competition		
5-8 scores		A medium level of intraindustry competition		
9-12 scores		A high level of intraindustry competition		
1.3 Assessing the threat of entry of new players				
Evaluation parameter	Comments	Parameter evaluation		
		3	2	1
Economy of scale in the production of goods	Not applicable to this field of activity	None	It exists with several market players only	Significant
		3		
Strong brands with a high level of knowledge and loyalty	When it comes to direct competitors of the Bazista platform, the existing players are not major enough to discuss control of the whole market, but considering the novelty of the market itself we admit that such players as OpenBazaar can control its significant share.	No major players exist	2-3 major players control around 50% of the market	2-3 major players control over 80% of the market
			2	
Product differentiation	Considering the service and conditions of use of the trading platform as the goods offered on such platform it is safe to say that currently there is a wide variety of goods and services offered, and it should be noted, considering the market specifics, that all niches are now actually occupied.	A low level of goods variety	There are micro-niches	All possible niches are occupied by players
				1

Level of investments and expenses to enter the industry	Expenses associated with the online trading platform launch are high. Initial investments include development of the platform, software, mobile applications, and marketing campaign for bringing in platform users.	low (1-3 months' payback period)	medium (6-12 months' payback period)	high (over 1 year payback period)
				1
Access to distribution channels	The target audience of the Bazista trading platform includes holders of unique cryptocurrency e-wallets. The statistics suggest that over 2017 the number of active unique users of electronic bitcoin wallets reached from 2.9 to 5.8 million	distribution channels are fully accessible	access to distribution channels requires moderate investments	access to distribution channels is limited
				1
Government policy	Not applicable. There are no statutory restrictions.	There are no restricting acts by the government	The government interferes with activity in the industry but at a low level	The government fully regulates the industry and imposes limitations
		3		
Readiness of existing players to reduce prices	Direct competitors of the Bazista platform operate under conditions of the lowest prices (transaction commissions). Accordingly, they are not really ready to set a lower commission	The players will not agree to reduce prices	Major players will not agree to reduce prices	In the event of any attempt to make a lower offer, current players reduce prices
			2	
Industry growth rate	The higher the industry growth rate is, the more willing the players are to enter the market	High and growing	Decelerating	Stagnation or fall
		3		
TOTAL SCORE		16		
8 scores		A low level of threat of entry by new players		
9-16 scores		A medium level of threat of entry by new players		
17-24 scores		A high level of threat of entry by new players		
2.1 Buyer's market power				
Evaluation parameter	Comments	Parameter evaluation		
		3	2	1
Share of active buyers	On the platform, buyers are individuals whose number can reach tens of millions of people. The average cheque of one purchase for six months of 2017 stands at \$95. Accordingly, sales are distributed between all platform users.	Over 80% of sales accrue to several clients	An insignificant number of clients control about 50% of sales	The volume of sales is equally distributed between all clients
				1
Tendency to switching to substitute goods	The Bazista platform has the edge over competitors, namely a low commission of 4% that (if BZS internal tokens are deposited) can be equal to 0% for users. The platform also includes many marketing instruments that contribute to increasing sales for sellers, etc.	The company's goods are not unique, there are complete analogues	The company's goods are partially unique, there are unique features that are important to clients	The company's goods are completely unique, there are no analogues
			2	
Price sensitivity	Considering a limited number of competitors a consumer's ability to switch to other platforms is restricted, accordingly, only a substantial difference can cause a switch.	The buyer will always switch to goods at a lower price	The buyer will switch only in case of significant difference in a price	The buyer is by no means sensitive to price
			2	
Consumers are not satisfied with quality of goods existing in the market	Buyer's dissatisfaction can be caused by the platform itself, to the extent of - regulation of disputable transactions (arbitration) - the loyalty system on the platform (discounts, bonuses, etc.) - platform interface and convenience of use	Dissatisfaction with key features of the goods	Dissatisfaction with minor features of the goods	Full satisfaction with quality
		3		
TOTAL SCORE		8		
4 scores		A low level of threat of customer churn		
5-8 scores		A medium level of threat of customer churn		
9-12 scores		A high level of threat of customer churn		

### 3.1 Supplier's market power

Evaluation parameter	Comments	Parameter evaluation	
		2	1
Number of suppliers	Bazista operates in the field of cryptocurrencies and digital assets. The number of unique active users that hold cryptocurrency wallets currently stands at 2.9-5.8 million, and this shows continuous growth. The growth rate for the last year made 38%, from 2.1 to 2.9 million users.	Limited number of suppliers or monopoly	A wide range of suppliers
			1
Limited suppliers' resources	Bazista is the C2C and B2B trading platform. The number of goods and services offered for sale on the platform can be unlimited	Limited quantities	Unlimited quantities
			1
Expenses of switching	Cost of switching or bringing in new suppliers is low. The statistics suggest that bringing in one seller for the trading platform costs from \$1.5 to \$5.	High expenses of switching to other suppliers	Low expenses of switching to other suppliers
			1
Priority of area for a supplier	For individuals that sell their own goods and services, the Bazista trading platform will boast high priority since a vast number of users will act as potential buyers for cryptocurrency and other digital assets. Currently, there are no analogues of the centralised trading platform offering exchange transactions for cryptocurrencies and digital assets only.	Low priority of the industry for a supplier	High priority of the industry for a supplier
			1
TOTAL SCORE		4	
4 scores		A low level of influence of suppliers	
5-6 scores		A medium level of influence of suppliers	
7-8 scores		A high level of influence of suppliers	

# 10 Road map



# 11 Disclaimer

This document is for reference only and is not an offer for sale of shares to anybody including securities in Bazista or any of its associated companies. Any such offer will be made through the confidential prospectus pursuant to the company under certain laws and conditions applicable to the security, shares, interests of the companies and other claims regarding the right. No information or analytical reviews set out in this document serve to constitute a ground for any investment decision or include any recommendations. Accordingly, this document is not investment advice, legal advice or any request for investment in any shares, interests in companies or securities. This document is not treated and shall not be treated as an extract or part of any offer for sale or subscription, nor shall it be treated as any form of invitation to buy or subscribe to any goods and services.

Bazista expressly disclaims all responsibility for any direct or indirect losses or damage of any nature, arising, either directly or indirectly, out of

- (I) the information contained in this document,
- (II) any error, omission or inaccuracy in such information, or
- (III) any acts resulted from this document having been read and understood.

Bazista token, or BZS, is a cryptographic token used in the Bazista network.

BZS is not a cryptocurrency.

At the time of signature of this document BZS cannot be exchanged for goods or services, and cannot be used outside the Bazista platform, nor can BZS be sold in any exchange platforms known.

BZS is not investments

There are no guarantees or reasons to believe that BZS will go up in price after purchase. BZS, after its purchase, is most likely to fall in price at some point. Those who are not going to use it for its designated purpose, in a fair and just manner will lose to those acting in the right way.

BZS is not proof of ownership or right to share in control. BZS control grants a manager no right to own or control in the Bazista network or in related companies. BZS grants no right to participate, vote or take decisions in the Bazista network and or associated and related companies.

## 1) Risk of loss of access to BZS due to loss of account

A BZS buyer can be connected to their Bazista account until tokens are sent to a buyer. Access to the Bazista account can be obtained with the use of account information added by a buyer. Loss of this data will result in BZS loss. As practice shows, it would be better to create and store backup copies in a secure place.

## **2) Risks associated with the Ethereum protocol**

A BZS token is based on the Ethereum protocol. So any defects, unintended or unexpected faults in the functioning of the Ethereum protocol can cause failure or unexpected functioning of BZS tokens. Ether, a basic unit for recording the Ethereum protocol, can disappear as such, in which case we will not be able to predict the operation of BZS tokens. More detailed information on the Ethereum protocol is available on <http://www.ethereum.org>.

## **3) Risks associated with use**

A buyer can lose BZS if he/she uses tokens with malicious intent or negligently.

## **4) Risks associated with access to devices**

Any third party accessing a buyer's account or private keys can dispose of buyer's BZS tokens. To minimise this risk, a buyer must protect their electronic devices against unauthorised access.

## **5) Risk of adverse regulatory actions in one or more jurisdictions**

The blockchain technology is the subject of focus by various regulatory authorities around the world. The functionality of the Bazista platform and BZS token can be affected by a regulative issue or action, including limitation on the use or ownership of digital tokens, such as BZS, which can prevent the Bazista platform from developing.

## **6) Danger of creating alternative informal Bazista platform**

After preparing and developing an initial version of the Bazista platform adapted to BZS tokens the possibility exists of creating alternative platforms that will use the same open code and protocol of the Bazista platform for unfair competition and enrichment, and with harm caused to the platform and its users.

## **7) Risks associated with low interest in Bazista platform**

It is quite possible that the platform will not be popular with lots of companies, individuals and different entities. Such low interest in the platform can affect the development of Bazista and therefore the possibility of using or worth of a BZS token.



## **8) Risk of Bazista platform failing to meet users' expectations**

The Bazista platform is under development is, and the platform can suffer substantial changes until it is finally launched. Any potential expectations by a BZS token user is under form and functionality of BZS or Bazista platform may not be met after the platform is launched, which is due to a number of reasons, including changes in design and the general concept of the platform implementation.

## **9) Risk of theft or breaking**

Hackers or other groups and organisations can try to interfere with operation of the Bazista platform, including operation of BZS tokens using any methods, including DDoS attacks, Sybil attacks, SMURF attacks, spoofing, virus attacks, or consensus-based attacks.

## **10) Risk of basic software vulnerability**

The Bazista platform will include, in whole or in part, open codes or any of their part, and may include, in whole or in part, open source software. It means that there is a risk that the Bazista team or other third parties will, either intentionally or unintentionally, make errors in main infrastructure elements of software which as a result of which using the Bazista platform or BZS tokens can cause loss of BZS tokens.

## **11) Risk of mining attacks**

Like other decentralised cryptographic tokens whose operation is based on the blockchain technology, BZS tokens are exposed to attacks by miners, including but not limited to Doublespend attacks, high mining capacity attacks, Selfishmining attacks and race condition attacks. Any successful attack poses a hazard to the Bazista platform, to correct motion sequence of BZS, to correct operation of the Ethereum blockchain and therefore to accurate token distribution. Despite Bazista's efforts, the risk of mining attacks exists.

## **12) Risk of illiquidity of Bazista platform**

BZS tokens should not be regarded as investments, since, perhaps, they will be of value after a while. However, it may never happen for many reasons, e.g. if society and users will no longer need it by the time of the platform launch.

### **13) Risks associated with lack of regulated market conditions**

Currently no BZS trading exchange exists. Should such exchanges appear in the future, they, like any other exchange in the cryptoindustry market, will be emerging and their legal regulation will not be clear so that they will not be more exposed to fraud compared with regulated exchanges for other products. Today, regulation of such exchanges is so unclear that we admit the situation when exchanges able to deal with BZS token turnover can be directly or indirectly associated with fraud, which can adversely affect BZS tokens.

### **14) Risk of inflicting uninsured losses**

Unlike bank accounts and deposits with other financial institutions, money invested in using BZS token operation or Ethereum is not insured. In the event of loss of tokens or their value, there is no state or private insurer to which an investor or user can apply.

### **16) Risk of Bazista project breakdown**

For an unlimited number of reasons, including adverse fluctuations in Bitcoin value, adverse fluctuations in BZS value, difficulties in business relations or intellectual property claims, the Bazista project can become inviable or can never be launched.

### **17) Contingency risks**

Cryptocurrency and cryptographic tokens pertain to new technologies yet to be proved. In addition to all risks stated above there is a risk that cannot be foreseen by the Bazista team.

**community@bazista.com**

[https://www.reddit.com/user/Bazista\\_Team](https://www.reddit.com/user/Bazista_Team)

<https://bitcointalk.org/index.php?topic=2258692.new#new>

[https://twitter.com/Bazista\\_io](https://twitter.com/Bazista_io)

<https://www.facebook.com/bazistaplatform>

<https://m.me/bazistaplatform>

<https://t.me/bazista>

<https://www.instagram.com/bazistateam/>

<https://www.youtube.com/channel/UCWv1BVidgj0bHzW8dbCEaxw>

<https://www.linkedin.com/company/27008165/>

<https://medium.com/@VakhAbuladze>