



PROPS

A Project by

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TOKEN ECONOMICS

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About This Document

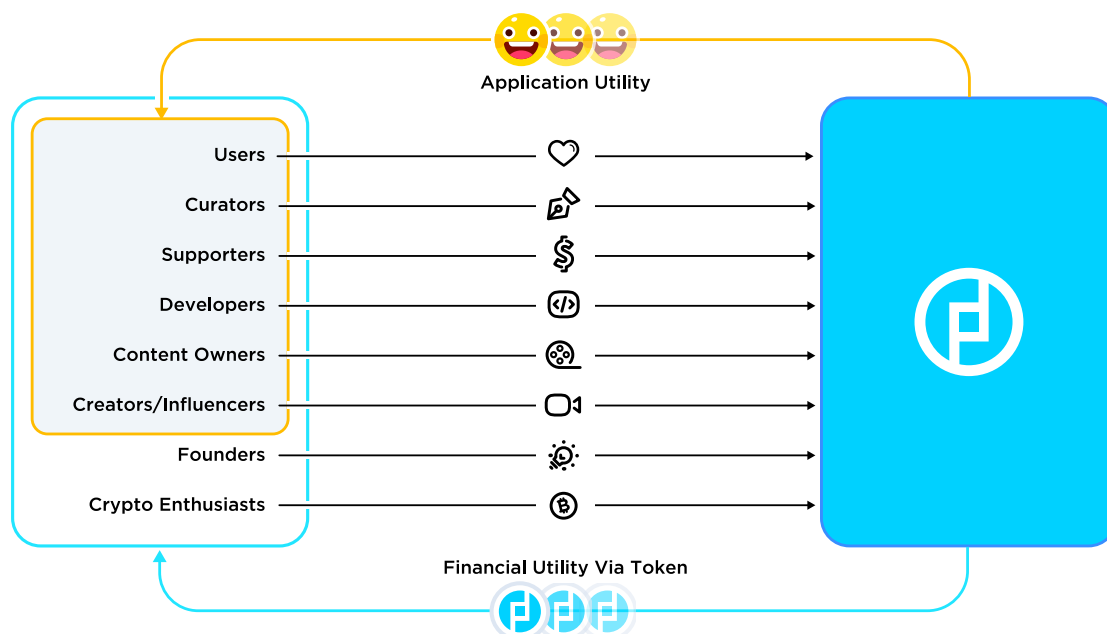
This document describes the PROPS economy, highlighting the key design criteria, the architecture and its implications on the token's price dynamics. It exemplifies the token economics of Rize — the first app in the ecosystem to utilize the PROPS video infrastructure and token. Additional details on the ecosystem's architecture and economy can be found in the [PROPS Whitepaper](#).

A New, Blockchain-Powered Economic Model for Digital Media Networks

A few platforms dominate social media and control digital media distribution. Their strength depends on millions of users creating and sharing content, but only a small fraction of the hundreds of billions in enterprise value that they have amassed flows back to those that constitute the network, and grow it.

PROPS' open, decentralized digital media economy, running on a crypto-token, is designed to reshape digital media economics:

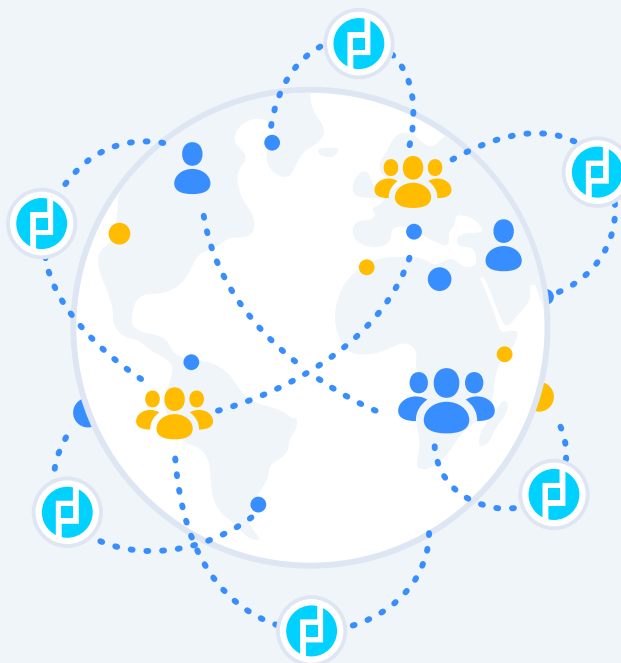
- **Contributors earn tokens.** Developers, content creators and contributing users transparently and algorithmically earn tokens in proportion to the value they generate, achieving a more equitable distribution of the value created on a digital media network.
- **Stake in the network & aligned incentives.** By earning in tokens, contributors get a strong personal stake in the network they're creating. This dynamic aligns the long term incentives of network participants, turning them from contributors to the wealth of few platform operators (today's model in digital media) to partners in a decentralized network that no single entity controls.
- **New business model.** In a tokenized economy, developers can choose to switch from being a profit-maximizing "rent collector", to a model in which their upside comes from growth as a direct result of their contribution to the platform.



Key Design Criteria of the PROPS Token Economy

In designing the PROPS economy we seek to provide the following:

1. **The infrastructure and financial incentives for developers to create tokenized consumer-facing digital media apps**, without creating limitations on the app-specifics.
2. **Enable apps that appeal to mainstream users**, running on a decentralized economy but operating within current popular environments (e.g. App Store) and on-par with centralized alternatives when it comes to usability and performance.
3. **An economy that supports sustainable token-economic dynamics**, creating a token that provides utility and serves as a scarce resource, whose value reflects the value of user contribution to the network.



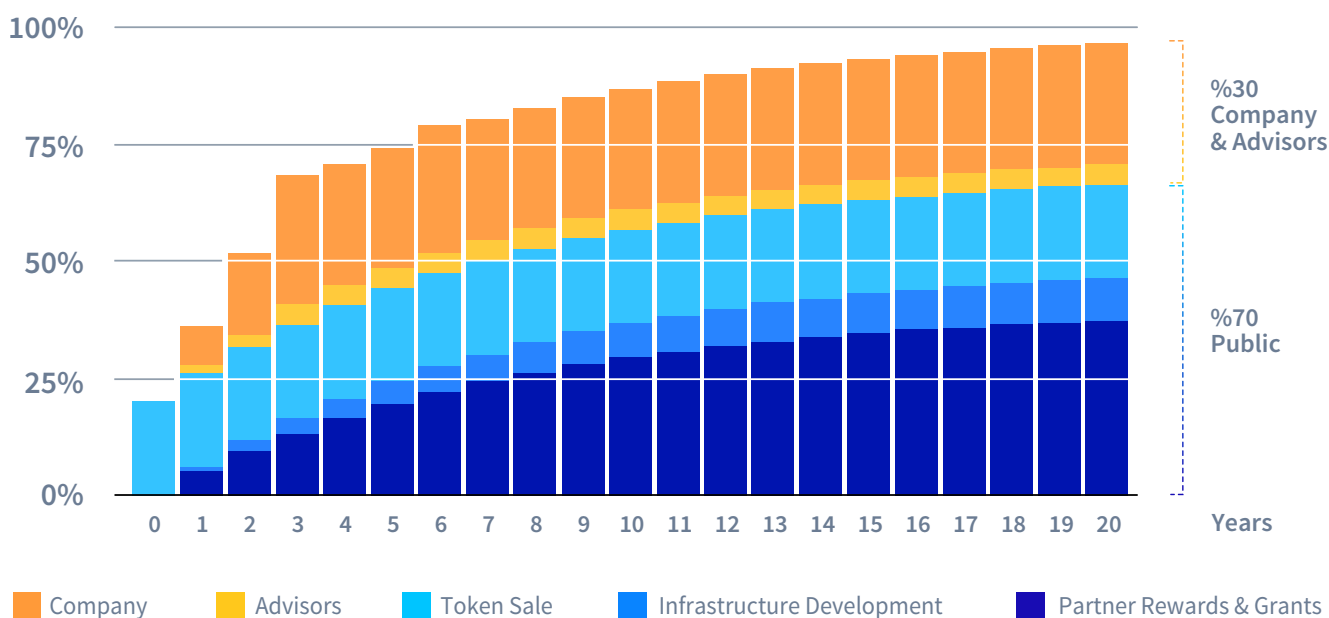
PROPS Allocation is Set Up to Support New Model & Reward Network Contributors

In order to kickstart a vibrant community of passionate PROPS users, **the token distribution is designed to offer as many people as possible the opportunity to participate**, either buying PROPS or earning them by growing the network.

The Decentralized Media Foundation is a non-profit entity that programmatically and transparently distributes tokens over multiple years to developers and creators who contribute value to the ecosystem. For this purpose, the Foundation reserves 50% of the total PROPS supply, which will be deployed through Partner Rewards, Grants and Infrastructure Development. As a result, the majority of tokens will be distributed over time to the public.

Partner Rewards & Grants

Partner Rewards and Grants will be distributed at a maximum equivalent to 12.5% of the remainder per annum, indefinitely (~6% of total token supply in year one). The public will hold the majority of PROPS.



Team Vesting Schedule

Company tokens vest over 3 years. Team aligned with long term vision of the network and all token holders.

User Activity Drives Demand for PROPS

Demand for PROPS will grow with engagement and subsequent monetization of that engagement via in-app purchases, pay-per-view, ads, subscriptions, etc.

Product appeal to mainstream users: Our focus is to scale PROPS to the mass user base. Rize, the first PROPS-powered app, will be seeded with YouNow's community of millions, for whom PROPS will be the first cryptocurrency they ever used.

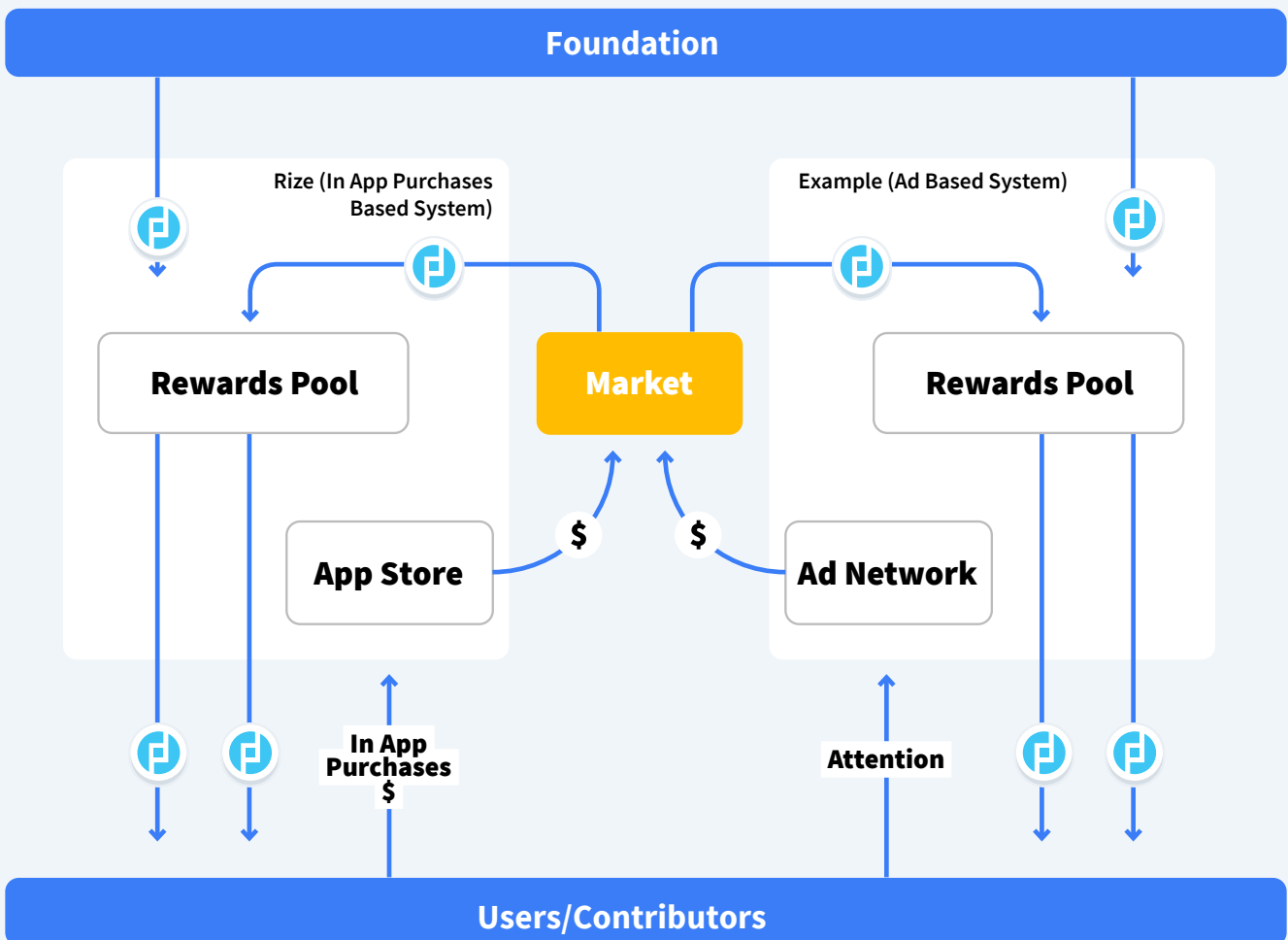
Users unfamiliar with crypto must still be able to spur demand for the token: There remains a steep learning curve and technical speed bumps in dealing with crypto-tokens for the average consumer. Users should not immediately be asked to understand, hold or transact in crypto-tokens before they are incentivized to participate in the economy. Therefore, PROPS utilizes existing mainstream monetization strategies as the initial key driver for token demand.



Generating utility demand for PROPS, harnessing existing mainstream monetization

strategies: The in-app purchase flows demonstrate how on Rize in-app virtual goods sales drive demand for PROPS. Rize users will be able to purchase an in-app currency that can be used to buy virtual goods. That revenue is then used to purchase PROPS from the market. So mainstream users, through their fiat currency payments, drive demand for PROPS. The Rize reward pool algorithmically distributes PROPS as payment to the network's contributors — those driving the most value: spend, watchtime and user engagement.

A network that sells subscriptions or an ads-based network, such as YouTube, can be tokenized in the same manner: instead of user pay, the network sells subscriptions or ads and uses that fiat revenue to purchase PROPS, which it then uses to reward its contributors, fairly.



PROPS Token Utility and Economic Design

Limit Token Supply

Utility Token Supply will be determined by PROPS distributions post TDE, vesting schedules of TDE participants, foundation reward pool, as well as portion of Total Token supply held for in-app utility, and speculative, purposes

Finite Token Supply: like most cryptocurrencies, there is a finite number of PROPS of 1 billion. No additional PROPS can ever be created. The exchangeable float changes over time (see Token Distribution Schedule above), total supply does not.

A Token with fundamental value contributes to reduced exchangeable float

A purposefully designed app impacts utility float supply if there are strong enough incentives for users to hold and accumulate *token balances*. For instance on the Rize app, users hold PROPS to promote content and impact users' trending score, access exclusive features, and signal status across media apps.

Content Promotion
power

Status Signaling



Access to content
& features

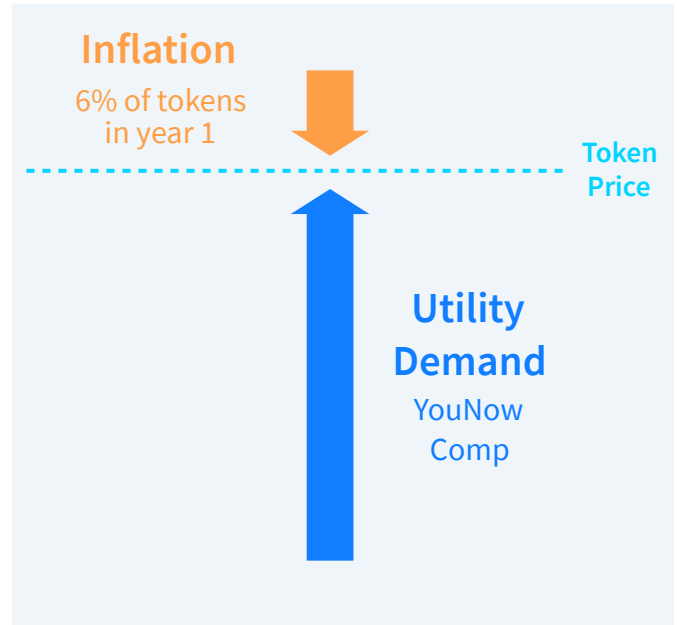
Compensation

These areas are highly impactful to network participants. For instance, a user's trending score will determine how easily discoverable they are, leading to more viewers, followers, engagement, and future earnings. This encourages more tokens to be held, and more supply restricted.

Based on YouNow data, we estimate 48% of PROPS earned will remain held by users.

Predefined inflation cap schedule, designed in light of multiple considerations, including token's expected utility demand

Given that the YouNow community is seeding the Rize app, the utility demand from users of this first app alone (currently ~\$24M in spend per year), is expected to be substantially higher than the inflation cap at the starting valuation, which is ~6% inflation in year one (see above). This sets up a healthy foundation for the token price.

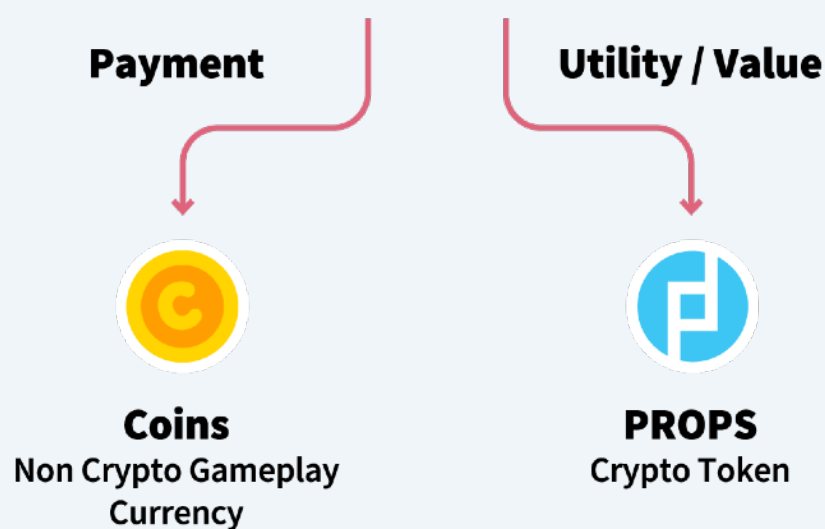


Unbundling Means of Payment and Token Utility: Rize App Use Case

The economic design of PROPS is exemplified in Rize, which will be populated with YouNow's community of millions of users and content creators that are currently spending and earning digital currency (62K transactions / day). This will spur demand for PROPS day one, making it one of the world's most widely used cryptocurrencies early on.

As mentioned, Rize's model is based on in-app purchases, and it utilizes a two-currency model, where means of payment are unbundled from token utility. The fiat-based gameplay currency allows mainstream users to transact in high volume and without setting up crypto wallets from the get go, while creating demand for PROPS (See above section explaining how fiat purchases drive token demand). This structure allows for a high transaction rate of the gameplay currency off-chain. At the same time, the utility of the token is derived from the user's PROPS balance, and incentivizes users to hold PROPS, effectively restricting supply.

Limiting Token Velocity: one favorable result of the two currency model is enabling a high transaction rate while maintaining low velocity on the token (on-chain). Lower velocity of on-chain transactions contributes to upward pressure on the value and of the token (as well as performance and user experience).





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