



AVANTAGE

Project White Paper



A new marketing approach using proven techniques: bringing blockchain to consumer loyalty point systems

Let's quickly review the original reasons for setting up a loyalty reward system for your business:

- 1) Loyalty programs increase customer visits and retain customers; customers carry your business logo with them and see it everyday in the form of the reward card or app on their smartphone.;
- 2) Loyalty programs build a relationship with your brand or business;
- 3) Loyalty programs give your business insight into your customers with the help of tracking;
- 4) Loyalty programs help boost customer confidence

The aforementioned goals were easy to reach in the 20th century, when early brands participating in such programs were alone in their endeavour. However, today things are more competitive. Customer Budgets spent on traditional loyalty reward point systems from 20th century marketing strategies can be greatly improved with the use of blockchain technology. This is not to say that loyalty points are ineffective in the 21st century; they just have to be conducted differently.

The old loyalty programs face several issues today: abandonment due to loss of interest, complexity, the fact that the existing systems are locked, and confusion from the competing similar (but non interchangeable) loyalty systems. Together, these issues lead to inefficiencies with this type of marketing strategy. These point systems are no longer interesting to consumers and this translates into low interest which sadly results in low purchase loyalty, despite the main initial objective. Nowadays, it seems that companies have loyalty point systems because they are necessary and not because they are effective.

The Advantage of a connected world

While it is true that in today's economy loyalty reward systems are a necessary investment, what if we could use blockchain technology from the 21st century and create a new and open loyalty reward system ? In fact, it can lead to a comprehensive marketing solution for any business, due to the very nature of blockchain.

Imagine this common occurrence with loyalty reward cards: a customer obtains a card from a store and then loses interest and leaves it gathering dust at home or in the office. This happens due to the fact that today, loyalty point systems are closed and centralized, which is not really interesting to customers. People become confused between all the competing loyalty cards they hold at the same time. The customer loses interest in the brand name and this inefficiency from the old systems causes

marketing budgets to be spent inefficiently. Most importantly, all loyalty point rewards competing for the same markets remove the perceived differentiation of a specific brand over another one, since all brands already have a loyalty system.

In 2019, the AVANTAGE project team concluded that traditional, closed, old fashioned loyalty programs are obsolete, and have decided to develop a better solution using blockchain technology. Wouldn't it be great if a system allowed the return of brand differentiation, along with data transparency, versatility, and above all, inclusion of all current online marketing strategies under one integrated approach ? This is a completely new approach to loyalty programs where we apply time-proven blockchain technology to an old marketing solution.

Gratifying your customers with a better experience will bring the loyalty system edge back to your brand or marketing strategy!

Allow AVANTAGE to give the upper hand back to your brand.



**Introducing Avantage:
A cryptocurrency designed for Loyalty Point Programs,
scalable for mass volume transactions and more applications**

What could possibly be the perfect cryptocurrency to be used as the basic commodity for a blockchain-based consumer purchase loyalty system, while retaining all current technological advances of existing coins?

- Block validation is exclusively carried out by our unique version of PoS3 “staking”; except for the first 19200 blocks, there will not be an implementation of the PoW (Proof of work) algorithm. We live by our forward-thinking ideology and we think Proof of Work is a wasteful method to be seen as a real sustainable blockchain algorithm. Also, with PoS3, instead of buying expensive mining equipment, people who want to earn more rewards have to buy more token, thus maintaining market demand.
- A multi tiered masternode reward system, which on one side stimulates investor’s interest by better rewarding a consistent commitment to the AVN network. The typical investor buy and hold approach helps create scarcity in the markets, which is healthy for demand and market price. People earn interest for locking up a certain amount of AVN, with potential to earn top tier rewards by locking in more into a “Super-masternode”. These interests are paid to people not just for locking coin away, masternodes are fulfilling a real economical action by actively maintaining the network’s integrity.
- Smart payments are a simplified form of a smart contract, with aim to keep the blockchain size at a manageable weight. Smart Payments add an extra layer of security to the AVN network, as it allows buyers to send a conditional payment which goes through only if certain(s) condition(s) are met; if the seller does not effectively complete his part of the deal before an agreed-upon date, he does not get paid, and payment goes back to buyer.
- The main facilitating feature tool of this cryptocurrency for the implementation of a loyalty reward system will be its main backend server, which once completed will provide the necessary features to enable the reward points program.
- One last and important aspect of such a system meant to be an efficient tool capable of supporting a high volume of transactions, as it will potentially reach millions of customers, is block scalability and associated ability to process a high number of transactions per second. Initially, we feel 250 transactions per second will be enough capacity for the first year, although the team will remain ready to increase transaction capacity as required by the network.



Detailed Roadmap for AVN

Let's now review the proposed steps towards completing and creating a fully operational AVN network, as a commodity (semi-currency) and as a functioning loyalty reward system. This plan can be divided into 5 main separate development phases. Some items overlap a few phases as they need to proceed at the same time as other items. The AVN Econosphere is an ambitious project, but the final achievement goal is a comprehensive marketing system which will reward well all participants.

Phase One (ongoing): creation, testing and launch of the AVN blockchain

May, June, July and August 2019:

- Creation and testing of the AVN blockchain, desktop wallets apps finalized for Windows 64 bits, Unix and MacOS;
- Avantage marketing is started, an ad is created in Russian language to be published in different online locations;
- Avantage.io website finalized to explain the loyalty point global solution to the public, in English and Russian languages.

Phase Two: start of promotion activities; first private financing round, then crowd financing

September 2019 -

- Bitcointalk AVN thread is started in English, Russian and Spanish languages, regularly updated and online user questions answered by the team;
- The bounty system is initiated to promote upcoming AVN project to crypto community; bounty manager hired, public Google docs sheet of bounty participants is created and updated every day;
- 3 days after Bitcointalk thread is started, First 10 days PoW mining period begins;
- Final blockchain is launched, genesis block reward remitted to the Avantage Development Fund for distribution as detailed in Appendix B;
- Ground sales effort to find initial private investors begins in Russia, this will help raise the seed capital necessary for the steps that will follow;

October - November 2019 -

- Using investor funds, Mobile wallet development started;
- Private investor AVN unit sales ongoing;

- Legal framework work begins;
- Professional level marketing AND presentation video work started.

Phase Three: physical office implementation, hiring of the team, work on backend solution begins

December 2019 -

- When projected seed investor sales goal are complete, we will be able to list AVN at three cryptocurrency exchanges with hopefully one listing to a high-reputation exchange as a goal;
- Russian Avantage Rewards company started, using legal framework outlined from previous work;
- Russian media company Public Noise inc. (Fracas Public, Chatter) started;
- Discussion/negotiation started about acquiring an online travel booking system, which would be added as an additional AVN service;
- Prospection for the initial brick and mortar Ural office begins; we possibly purchase the headquarters building;
- Recruiting of office staff for main office begins;
- Purchase of telecommunications equipment, servers, computer equipment and office desks.
- Backend server project is started: high priority is creating a demo customer portal we will be showing to Russian companies later on.
- Presentation video of the AVN reward system destined to corporate clients created.

January 2020 -

- Grand opening of the Avantage AVN Ural office, with office goals outlined in section 5 of this document;
- Online social media marketing begins: daily updates with goal of informing general public about AVN;
- AVN online material created regularly and published on social media and crypto enthusiast forums;
- Public Noise sites cryptos.today (discussions about cryptocurrencies), sports.com (sports news and gossip), onlineads.com (online ad service) and yourlife.com (general public interest: cooking recipes, automotive news, world news, how-to, gossip) started and updated daily in English, Russian and Spanish languages;
- Programming work begins on customer portal, AVN store and loyalty points backend server
- Once demo customer portal is ready work starts on military-grade safety online AVN wallet
- customer portal
- online AVN store
- AVN loyalty solution backend.

Phase Four: completion of backend, store and point of sale solution, target big chain companies approached

February, March and April 2020 -

- AVN mobile wallet and network is ready;
- When demo customer portal website is ready, AVN sales team starts to contact large Russian corporations to expose our project and attempt to secure initial adoption;
- As cryptos.today and yourlife.com sites are being populated with material, daily links from social media will reference to them. Also news material from TASS daily added to website.
- Ongoing AVN sales team sales effort of selling the AVN loyalty points system to targeted retail companies: Petrol, furniture, office supplies, women's apparel, food stores etc...)
- Work on backend server and customer portal continues;
- Companies that signup for our marketing loyalty system are discussed, referenced and promoted on AVN news aggregator site and AVN social media
- Testing for AVN online wallet begins, looking for weaknesses using referred white hat hackers.

May, June 2020 -

- AVN backend bulletproof online wallet server is ready, running at two safe locations with data and server redundancy: clients start using it;
- Backend server work continues;
- Point of sale features programming continues;
- AVN customer portal programming continues;
- News aggregator sites updating continues, material added daily;
- Contacting and updating key decision making contacts at Russian companies continues by sales team;

Phase Five: once testing has completed, backend is operational, beginning of implementation at client big chain companies

July, August and September 2020 -

- AVN blockchain loyalty reward system backend is ready: backend, customer portal, point of sale solution are operational; testing begins;
- Instructions on how to use the site are created; also point of sale transaction reward instructions are written;
- AVN store backend programming work begins;

September, October, November, December 2020 -

- AVN loyalty reward system is in place and the first customer purchases are rewarded with AVN credits
- AVN store is ready and open for customers to use it to buy items using AVN credits
- News aggregator sites are starting to see an increase in daily visits from all inbound internet links;
- Local news aggregator websites are started for 5 major Russian cities.

January 2021 -

- Avantage media company becomes gradually self sustaining as AVN news aggregator sites are gradually becoming more popular because of ever-increasing traffic, with same goal of promoting AVN customer products



About Avantage Corp, perennial support for the AVN network

The 3.2 million US\$ raised from the initial investors input and crowdsale will be used to setup the Avantage Corp., with headquarters located in the Ural region of Russia. While the AVN block-chain network is decentralized and runs by itself independantly, setting up a brick and mortar office with support team and physical street address is important so we can develop the envisioned loyalty point marketing business.

Mission of headquarter office

The team conducting daily activities at headquarters will have the following activities, each project may be assigned one or more people:

- **Management team** will work from this brick and mortar basis, establishing daily, weekly, monthly and quarterly goals while readjusting ongoing strategy as needed. Actively managed goals will be: marketing, programming, support and sales. This team will maintain contact with investors and answer questions while seeking new funding opportunities that will allow the headquarters to become a reality.
- **Media creation team**, taking care of implementing the AVN promotional effort by producing all visual material required to promote AVN: writing texts, producing designs, movies, photos, etc.
- **Backend server programmer team** working daily on creating the backend software of the central reward point server (see section 5), creating and maintaining the mobile app, then also these programmers will support sales team's business clients technical specific requests.
- **Web publication team**, dedicated to produce all online material and maintain online presence: main website work, proprietary network of websites, also post and maintain the customer businesses logos and links on all our controlled online media.
- **Social media team**, This team will be mandated to maintain social web presence daily in Telegram, Discord, Facebook, VKontakte, Twitter, redirecting support requests to support when needed. Also maintain presence in main Crypto online forums: Bitcointalk, Bitcoingarden, etc. but focus will be on traditional social media to reach ordinary people, not just crypto enthusiasts.
- **Support team**, provide worldwide support and assist to all people with questions and technical issues, in English language, Russian and eventually Spanish.

- **Sales team**, whose mandate is to find businesses to be added to the Avantage reward point system. Once contact has been established with a given business, this team will proceed to meet the decisional officers of said company, with support from higher AVN management members as needed for assistance with sales and negotiation of deals. This team will also provide necessary ongoing contact with them as the relationship develops.



The Comprehensive AVN Marketing Solution

Ultimately, a fidelity reward system is an essential part of a global marketing strategy of the company who chooses to engage itself in it. This is another aspect where the blockchain nature of AVN will allow our system to offer more when compared to traditional reward systems. One very important goal of AVN will be to offer a comprehensive marketing solution that includes also online social media presence and online promotion through our proprietary network of websites.

Using an online blockchain approach to a reward system will allow important synergies that naturally spill over to online social networks and online presence, leading to making AVN a comprehensive marketing solution.

Companies who subscribe to the AVN solution will be promoted on the client portal site. This portal site will be accessed regularly by all AVN users; this client portal site will also link to our proprietary network of websites, effectively funneling targeted web traffic to websites that fit the interests of every individual visiting the portal.

- 1) Constant social media presence: the AVN social media team will be dedicated fulltime to promoting the AVN network and the consumer products that are part of the network
- 2) A chain of local geo websites will be maintained for all major cities; these websites will promote products subscribing to AVN network. At first these websites' reach will be very wide and less regionally specific, i.e. national; but this reach will narrow itself down to small communities as AVN acceptance progresses
- 3) Variety websites with interesting information to people from all levels of society. A few social media friendly variety, gossip and sports websites will be created and maintained, with a focus on featuring products from subscribing business retail chains.
- 4) A travel and hotel booking site will be strongly considered, negotiations will take place in order to connect the AVN system to a travel industry wholeseller. This would allow our customers to buy travel using the AVN they earned through their purchases.



The AVN network backend infrastructure

While the AVN blockchain is a decentralized cryptocurrency operating on its own without need for support, the loyalty reward system will still require a strong centralized server where all clients will be able to verify their points balance, send AVNs where they desire and possibly purchase goods and services or travel booking through the AVN store.

Also, a separate interface will be provided for client businesses, so they can manage their reward strategy and add AVN credits to their balance, to make sure they have enough to supply their customers with rewards.

Producing the final and operational version of this backend infrastructure with web interface will require one year after investor input.

So let's review the functions the AVN backend server will support:

1) **Military grade security AVN server:** clients and businesses will be physically storing their credits on the backend server that the company will operate and maintain. We have seen too many times in the cryptocurrency arena a simple weakness of a public server that leads to catastrophic consequences, both to clients and users. Security will be the FIRST priority regarding our backend server and store; cold wallet storage and military grade security will be used in optimal way.

Also, an alternative protection backup will always be readily available if a hack did take place, by creating a protection fund as a backup safety fund that will insure customers will never lose their AVN, from saving some AVN funds on every transaction until a reserve of 15% of all server savings is created.

2) **The client AVN web portal** will allow AVN clients to see their balance and where their AVNs came from, which will always be updated in real-time. Because it is an open blockchain infrastructure, it allow them to withdraw their currency to addresses outside the server at will.

The web portal will publish non-invasive targeted ads from our network of subscribing businesses, also including links to websites that are members of the AVN network.

3) **AVN Crypto bank and mini-exchange tool** from this web interface, clients will be able to send AVN, purchase more AVNs using Bitcoin, Litecoin or Ether, and also make purchases from

the products available at the online store.

4) **The AVN store** will also be a major device included in our marketing global solution that our connected businesses will benefit from; it will be their products which will be featured there, along with company logo, useful links to more product resources and technical descriptions.

5) **Mobile integration:** the backend will also support full mobile wallet functionality through an independent app which will allow clients to show their account QR code in order to benefit from a purchase reward, and also allow to send and receive AVN to peers from their wallets or accounts.

6) **Point of sale complete solution:** the backend will support all needed point of sale functions; using a QR code reader which will read client's identity from his smartphone using the AVN application, or from a personalized physical card that will have the same unique QR code printed, for people who do not own a smartphone.

Any sale done at subscribing points of sale will proceed as it did before, except when the client wants to pay for his products or services he will also show his QR code to a reader after payment so that this client can receive his loyalty points quota based on the amount he spent.

- a) send AVN rewards to a customer making an eligible purchase using approved methods,
- b) where the law allows it will also allow the customer to pay for his goods and services with AVN
- c) an alternate solution will be provided in case of main server closure, scheduled and unscheduled maintenance
- d) when clients allows it, his or her purchases and user interests will be tracked, to allow us a truly targeted online marketing approach on the portal and our chain of websites.



Initial AVN token premine distribution chart

Initial premine, from first block: 230 million AVN

3.7% Overhead and core members: 8 444 000 AVN

15.5% Initial development, institutional sale work, crowdsale work and initial promotion work: 29 554 000 AVN

30% Avantage Foundation; ongoing development, social bounties and rewards: 60,000,000 AVN

40% available for private or institutional investors: 100,000,000 AVN, or 2 rubles per AVN

11% available for crowdsale: 25,000,000 AVN sold to qualified people, paid in these top 5 cryptocurrencies by valuation (BTC, ETH, LTC, BCH, BSV)

Initial cash input goal for company startup: 3.2 million dollars from sale of 100 million AVN through private investors and crowdsale.



APPENDIX B



Inflation and growth of global AVN money offer

Initial premine, from first block: 230 million AVN

The AVN network begins with its short PoW period, which will last until block 19200, then the AVN network becomes a (2 tiered) POS3 masternode crypto commodity.

First the “Fast” PoW period - 20 AVN reward per block, one block per 15 seconds: from block 0 until block 10 000. From block 10 000 until block 19200, PoW block timing will readjust itself to 45 seconds per block until the end of the PoW phase. The block timing of AVN will remain at 45 seconds everafter.

The difficulty of Block staking is set so that the timing target for block generation is 45 seconds on average. From this figure, we get that each year will have 701 265 blocks, each week 13 440 blocks and 1920 blocks added to blockchain per day.

Year 1: inflationary incentivisation period, 10% inflation for the whole money offer - at the end of first year 253 000 000 AVN will be in circulation. Reward is 32 AVN per block until block 701 265. This high inflation will better reward the initial risk taking investors in order to better motivate early investment in AVN to allow the project to materialise.

Year 2 and 3: mid-inflationary period, 7% or 35 420 000 new AVNs will be awarded by the network over 2 years, at the rate of 24.7 AVN per block. At the end of year 3, at block 2 103 795 there will be 288 420 000 AVN in circulation.

Year 4: low-inflationary period, 2.4% or 7 012 650 new AVNs will be awarded per year during this 20 year period, at the rate of 10 AVNs per block. At the end of year 4 as an example, 295 432 650 AVNs will be circulating.

The 10 AVN rewards per block will continue for 20 years, while actual inflation percentage will diminish as block rewards remain the same while money offers grows (albeit, slowly!).

We envision making a hard fork between year 2 and year 3, to readjust the AVN network to the market conditions present at that time; rewards will be re-examined, as well as block size. There could also be hard forks before that, but rest assured as frequent hard forks will not be our policy.

Either case, after 20 years block rewards drop to 4 AVNs per block for eternity.



AVN blockchain scalability and capacity

AVN is a commodity designed to allow a high volume of transactions, as it is meant to be used by large masses of people. With this aspect in mind, we commit to maintaining a high potential for scalability and a capacity to accept a high volume of transactions per second. The way to evaluate the capacity of a blockchain, is through how many potential transactions per second it can sustain without delay.

At the start, the AVN blockchain will be capable of handling 250 transactions per second; which is very high compared to many other blockchain projects, but low when compared to traditional financial systems such as credit card networks and such.

This level of capacity will insure that transaction costs will remain low and transaction speeds will be very fast.

As AVN transaction volume increases with increasing adoption, we plan on increasing further this capacity, when needed. This will be done through hardforks; however the initial capacity we have now should be enough for the first two years, in our evaluation.