

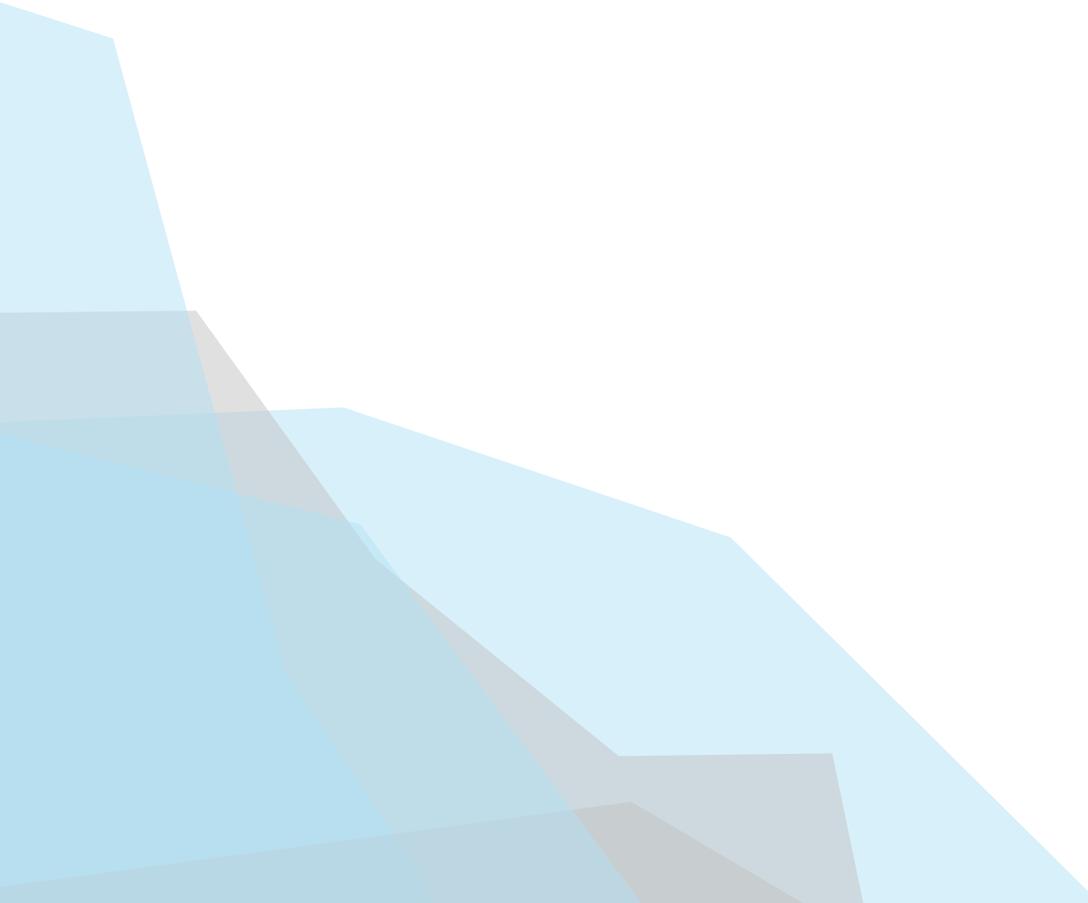


Entertainment, Advertising & E-commerce Platform

Whitepaper Version 1.5.4

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Glossary

Blockchain – *A chain of record blocks that have a checksum of the records linked in an audit trail. Typically associated with ledger tables but may be applied to any records.*

Consensus – *A means of confirming multiple nodes on a network are in agreement on the order and content of the blocks of records.*

Cryptocurrency – *A digital medium of exchange where accounts are based on public and private key combinations using a cryptographic algorithm.*

Decentralized Network – *A network in which a group of nodes work together in a distributed fashion to serve a purpose, avoiding a single point of failure.*

Decentralized Governance – *The idea of no one entity having managing authority over a network.*



Introduction

Our goal is to rollout an entertainment based platform with its own digital currency, distributed ledger and consensus protocol that is infinitely scalable. Our application is free to download and includes the main functionality of a media player that supports selectable video e-commerce as well as a digital currency wallet. Our supporting network services are paid for by purchases made from video as well as advertising on our network. Thus the tasks performed to maintain the distributed ledger are by design covered by advertising and e-commerce fees.

Consumers will enjoy the new functionality of selectable video and the convenience it provides as well as receiving token rewards for keeping their account up to date with their current interests and viewing the corresponding advertising. Creators and/or owners of content will be able to utilize a vastly superior monetization model than what is currently available and advertisers will enjoy much improved targeting as well as much more opportunity for interaction providing increased conversions.

The network infrastructure is decentralized, redundant and the nodes are independently owned by way of licensing to join the network. More security and stability is obtained by selective node ownership and centralized organization of the team of administrators and it's that structure that enables the ability to provide free transactions at an unlimited scale and speed on our network.

A Bit of History

The release of Windows 98 in 1997 allowed the use of dual video cards enabling people to utilize two screens at once. When viewing video content it seemed obvious that the objects in the video should be selectable and that some large company would likely roll out that functionality soon. But they didn't, years passed by and nothing happened.

So after better thinking out how a system like that would work in 2005 our

founder filed a patent describing selectable video and a token system where the viewer is rewarded for viewing advertisements. The initial plan was, we could record ad placements and reconcile batch financial transactions over banking rails.

The goal was a BitTorrent-like decentralized network. We were working on the issue of writing ledger records in a trustless network of co-op partners and distributing the transactions across the network. We decided to have 3 servers involved on any transactions so no one server could write a transaction alone. It would require the cooperation of another node that would also enlist a witness node and a few verifications, in the end a ledger transaction record is propagated across the network.

It was here in the development process we stopped to focus on cryptocurrency research realizing that what we were designing was very much like what the cryptocurrency community had developed. This checking on it quickly exploded into major research. Our core design remained the same but with some enhancements and a great appreciation for the ideals of the crypto movement.

We changed the accounts to become based on public/private key and changed the ledger audit trail to a hash checksum of record and previous record. We also changed the external interface from the planned debit card to also including the Ethereum protocol's sidechain functionality creating an ERC-20 Token that's interchangeable on and off our internal system. So internally on our system, licensed nodes maintain the ledger as part of operating a node on the network where profits are from advertisement routing and e-commerce processing.

The Problem

More and more people are consuming ever increasing amounts of their content online while there is also an ever increasing trend of people using their phones to browse the internet while watching TV, yet these activities remain separated and disconnected. We lack a seamless connection enabling the selection of

objects in video using our phones. Also, the internet is now used for the transfer of value by way of digital currency but stability of value, speed of transfer and costs of transfer are common issues. We have a very poor way of monetizing video content adopted from back in the 1950s that's disruptive and universally despised. With that in mind also consider that video monetization is typically in the realm of pennies per stream of consumption compared to the dollars monetizing internet search activity. Video content is expensive, time consuming and highly creative, deserving of great monetization while internet search performed by computers indexing the internet is producing orders of magnitude more revenue on very little effort for placing consumers on landing pages.

The Solution

We aim to solve these issues and do so in an inclusive way with great respect for the existing cryptocurrency pioneers before us. Our network is inclusive to existing systems in place now, builds on their ongoing success and is also inclusive to large and small content creators and businesses needing to reach their potential customers. We will provide free accounts for people to collect rewards of cryptocurrency based on content consumption thanks to advertising activities supporting the network. Commerce and financial activity are also tied into the platform and uses our internal currency that bridges to the outside world by debit card banking rails as well as by cryptocurrency exchange providing access to both new and old worlds.

Placing viewers on a landing page they are interested in is far more valuable than forcing viewers to sit through a long form commercial they may not be interested in. We expect the monetization from placing viewers on landing pages to easily surpass that of conventional TV ads. As well as improved advertising, envision all objects in video being selectable into a shopping cart and how that may further monetize video. Also envision everyone having access to free monetary accounts based on a stable currency with no transfer fees. We bind together entertainment and second screen functionality of selectable video objects to bring forward a truly unique platform that makes it possible for advertisers to simultaneously provide a landing page in conjunction with a short video ad.

Seamlessly connecting mobile devices with big screen televisions allows for the selection of video objects without disruption to the content on the main display. The television provides the video experience while supplemental content, e-commerce and advertising related to selecting video objects is placed on the mobile device providing the web experience. Our internal currency is used for e-commerce and consumers may enable it if they go through the required KYC/AML processing. Our internal Coin is freely transferred to exchange tradeable ERC-20 tokens. The internal network can handle unlimited transactions just like credit card companies and do it for free because we have no mining of blocks processing overhead and because the network is supported by advertising.

Why Cryptocurrency?

Unfortunately it is all too common for startups in the cryptocurrency space to try and come up with an excuse to run an ICO. PixFlx however is a legitimate use case and has been a long time coming. With our decentralized network architecture we need to keep records in sync across the network and transaction records need protection from fraud. The e-commerce, advertising and consumer incentives required a method of transaction so the token system was designed to facilitate that distribution of funds.

A co-op network was thought to be the best way to share the platform in order to be all inclusive and to avoid competing with existing players in the market, they could join in the network rather than compete. The shared network needed to scale to the entire world population and was planned to be decentralized by design to be sure the network would never go down and would have its own built in load balancing abilities.

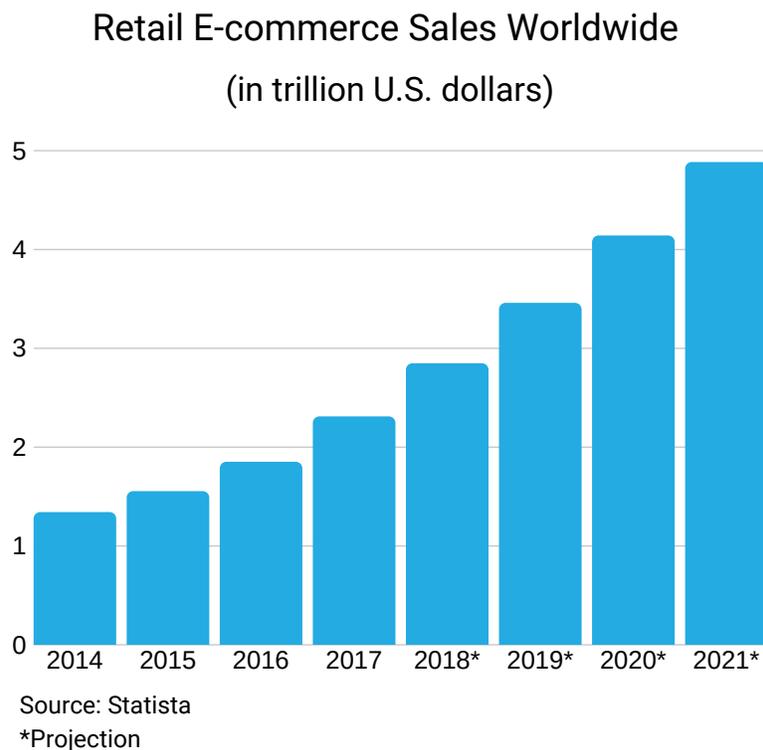
Decentralized Governance

The owners of the network nodes are the entities that provide the network online as well as act as an on-ramp for content and advertising but are unable to direct a specific action on the ledger database. The team of administrators are directed by a steering committee and confined within the terms of the licensing contract. No entity has any right to change licensing contract terms.

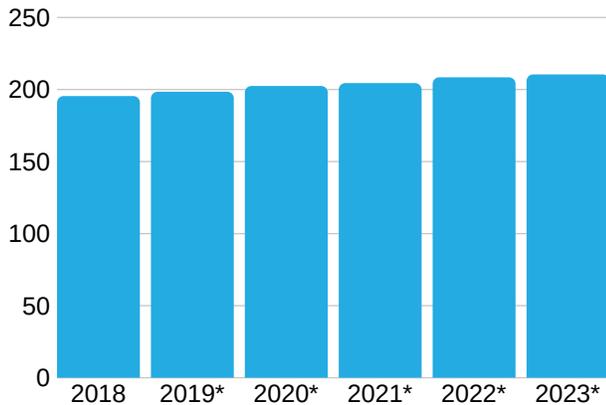
Administrators that care for the network nodes operate in a PCI compliant environment, they can only access virtual workstations to administer nodes from a VPN only available in a secure office setting and administrators are rotated from node to node and all sessions are recorded and monitored. In this environment no one is trusted and all have extensive background checks performed. The original development team and administrators are the only people to see the source code and know how it works.

Market Overview

PixFlx straddles high value markets. Online advertising and e-commerce are well positioned for growth as greater percentages of marketing and sales effort budgets continue to flow online. While the television advertising market growth is moving online, standard TV is still a massive market and the PixFlx network is well positioned to absorb those advertising dollars from both in its roll out of a new entertainment standard. The company's offering is inclusive to the core existing industry as the network is open to industry players and operates a shared revenue model to enable rapid growth.

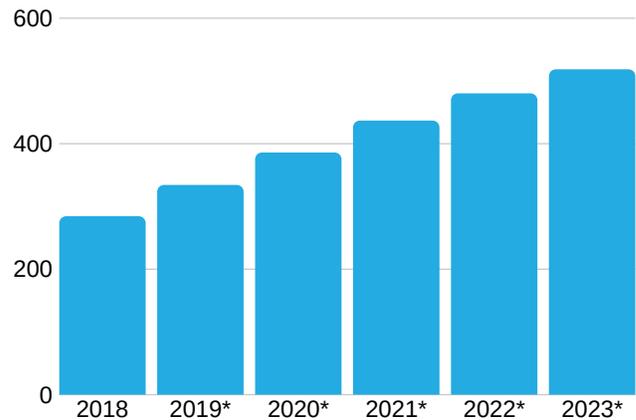


Television Ad Spending Worldwide
(in billion U.S. dollars)



Source: Strategy Analytics
*Projection

Digital Ad Spending Worldwide
(in billion U.S. dollars)



Source: eMarketer
*Projection

Consumers will join the network to gain access to content with a non-disruptive ad platform, the convenience of being able to select video objects they see and often have those items delivered to their door. As well as partaking in reward tokens and enjoying the benefits of cryptocurrency without the learning curve. Advertisers will join the network for its improved targeting of ads as well as the prospect of consumers being placed on their landing page. In essence it's the return on investment in advertising that drives adoption. Content owners will join the network in favor of its improved monetization over obsolete monetizing efforts of the past. Our player in conjunction with quality content being launched from web sites, set-tops, smart TV's and mobile devices is expected to make our unique product well known relatively fast.

Revenue Model

The PixFlx business model is orchestrating a network of SaaS providers in a membership contract to operate on the PixFlx network. The network provides the consumer a user interface for entertainment and e-commerce by way of the PixFlx media player that is also a web browser. Operators of the PixFlx system are strategic partners and nodes on the financial network that maintain the distributed ledger. The strategic partner nodes are comparable to other currency "miners", however they charge no fees for maintaining the ledger. The ledger maintenance is required by the contract they operate under.

Instead of the conventional "mining" style incentive system the recurring advertising and e-commerce revenue is the incentive. The processing of financial transactions is fast and free because the nodes have revenue from advertisement operations as well as e-commerce payment fees when merchants sell items. With this model being a partner on the network provides additional revenue opportunities beyond the ad and e-commerce revenue as these nodes can integrate with many services and business models.

Examples include web page creation, video production, content delivery, ad campaign management and self-service ad sales to name just a few. The operating nodes provide the on-ramp for all content. All payments on the network are processed into the distributed ledger and thus instantly dispersed at the time the ledger transaction is completed without financial transaction fees involved.

Consumers will enjoy the new functionality of selectable video and the convenience it provides. If you want to know an actor's name, just click on their face. Want to buy that shirt you see them wearing? Click on the shirt and it's added to your shopping cart for later review. They will also appreciate a less intrusive advertising model where you are shown a short video ad and simultaneously your phone is directed to a landing page that you can review at your convenience. And finally they will receive reward tokens for keeping their account up to date with their current interests and viewing the corresponding advertising.

Creators and/or owners of content are able to utilize a vastly superior monetization model than what was currently available. Besides getting approximately 70% of the advertising revenue they are also able to monetize their content by way of e-commerce from product placement in a seamless way not previously available.

Advertisers will enjoy much improved targeting than what is currently available as we incentivize users to maintain their interests listed in their account, no more serving ads for a product they already purchased a week ago. Advertisers are able to show users ads that pertain to categories that the user

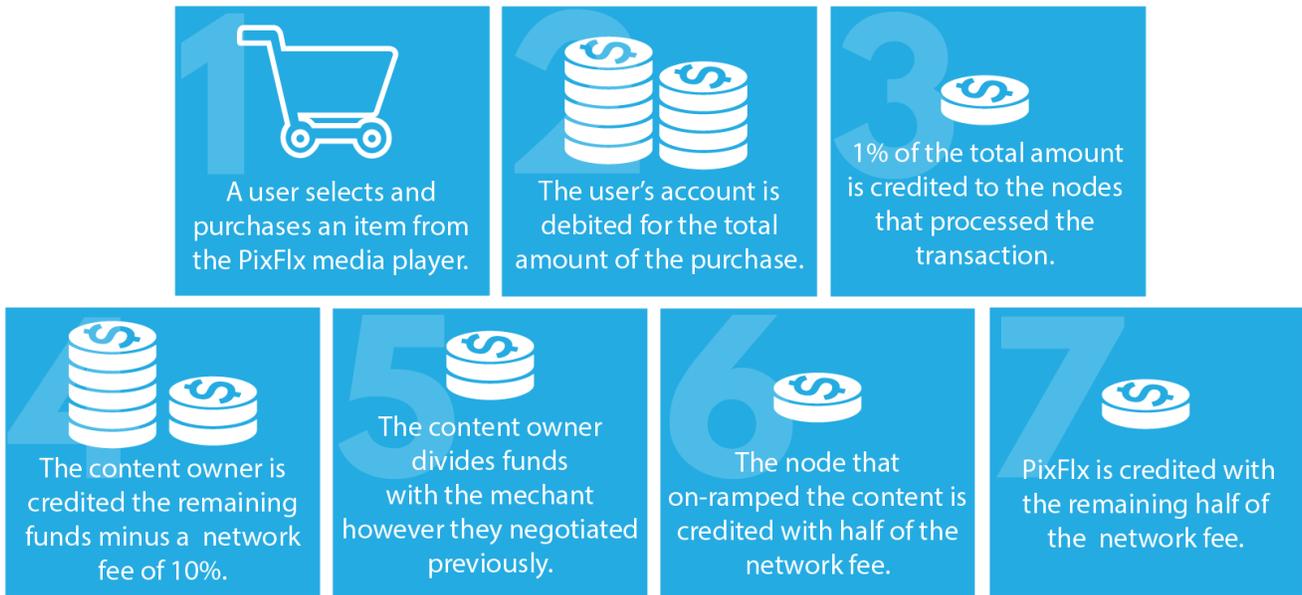
has expressed previous interest in without the sneaky data collection methods.

Selectable video provides much more opportunity for interaction than conventional video, according to research, on average a person will make 40 selections during a 20 minute video enabling increased conversions. As well as the short video ad there is also the added value of placing a consumer on a landing page that they will either interact with at that moment or could possibly interact with later further increasing conversions.

When an ad is shown the viewer receives 1% of the ad fee, 70% of the remaining ad fee goes to the content owner, 20% goes to the ad routing partner, and 10% goes to PixFlx.



When a user selects and purchases a product from the PixFlx media player a group of nodes processes the transaction and debits the user account minus a 1% transaction fee. The content owner is then credited the remainder of the funds minus a 10% network fee. The network then splits that network fee between the node that on-ramped the content and PixFlx.



The PixFlx Network

PixFlx provides access to proprietary distributed ledger technology that provides a simple low overhead consensus protocol operated by nodes in a co-op business model. It's this that enables us to provide no fee transactions and infinite scalability through well-known and highly optimized functions for accounting ledgers used in banking and payment systems for many years. The core system is based on SQL Server database technology that has been used and refined since 1988, that's 30+ years and is a mainstream standard in the financial industry. The database containing the ledger tables and code can be securely locked down while allowing access to other parts of the database components that make up the entire system.

To operate on the network we have protocols and algorithms to create financial transactions on the ledger table. The core of it amounts to rules that no one node can write a record but must log a request for another node to create the transactions on its behalf and the transaction writer must enlist a notary to

witness the transactions. The 3 server nodes involved also confer with the client to confirm and do multiple spot checks. All code running on all server nodes is locked down and cannot be read or otherwise accessed even by the node owners.

All nodes are managed by our database administrators and its owners are limited to read only access in order to insure nodes run only the code and protocols designated by the network for 100% predictable controlled ledger access methods with extreme security and built in system checks. Access to the ledger or the ledger controlling code will be limited to our pool of database administrators. This code only exists in our secure data centers and cannot be accessed or downloaded locally. Administrators are carefully picked, bonded and insured. In the long term PixFlx will have no direct operations on the network beyond licensing nodes.

The PixFlx network operators have a substantial stake in the network and want the network to remain up and secure at all times, otherwise they lose revenue. However, this network is decentralized and the currency value is determined by exchanges rather than any government. The currency being in constant use to pay for goods and advertising has an inherent stabilizing factor.

This system adopted a public and private key combination based on cryptography and the ledger record chaining checksums but the decentralization and record consensus methods were developed in a vacuum not influenced by the existing cryptocurrency community. Our nodes process ledger transactions without fees as the nodes get advertising and e-commerce fees as incentive to run the nodes. So we did not want to adopt miners and we did not want to have our network open to the public, we made the choice to create a permissioned network and keep our code closed source. The major factors are; efficiency, high security and ease of maintenance.

Our tokens are Ethereum based to interface with the outside world and freely convert to our native coin for use on our network where no fees are involved due to our incentive model. Ethereum fees apply when going on or off our

network, transactions on our network do not have fees. When an advertiser funds an ad campaign the funds are ultimately held as our coins and thus natively processed without fees. We interface to the banking world through partner companies in the Debit Card industry and we interface with exchanges with our ERC-20 tokens.

The back-end API development based on microservices using TSQL and CLR stored procedures, the front-end will be redesigned in HTML and JavaScript. It's a 100% service orientated development that's based on decentralized server nodes. Our solution is exclusively built in house other than using libraries for interfacing with the Ethereum blockchain and Debit Card providers. Client prototypes were built originally on adobe platform AS2, the concept was rebuilt in AS3. We are now rewriting it in a cross platform environment based on HTML and JavaScript.

From the consumer prospective our system is comprised of two directly linked application categories, one is the Media Player and the other is the Web Browser. From the service prospective our system is comprised of three core services, advertising, entertainment, and financial. All components contribute to and are part of a network involved in internet delivered interactive TV that implements a superior advertising model with instant payments. We process partner payments for ad sales and e-commerce sales per our IP licensing agreement.

Competitors/Partners

Major competitors are potential partners, the largest are potential acquirers. That said, several companies operate in the same market but these competitor's products do not provide a similar feature set and focus on simply providing streaming content services, conventional cable television, video ad routing, or payment processing. A few examples include:

- *Conventional Cable and Satellite Television: Comcast, Spectrum, AT&T*
- *OTT Streaming Services: Netflix, Hulu, Amazon Prime Video*
- *Video Advertising Networks: Oath, YuMe, Facebook Audience Network*
- *Payment Processors: Visa, PayPal, Square, Apple Pay*

Financial Performance

The US is a huge market, however we will first roll out in the European Union due to US regulation requiring the registering of cryptocurrencies as securities, if you convert a coin to a security it's no longer a currency, that's the core issue with the US. The plan may be adjusted if things change in the US. The more countries we roll out operation in, the more it will cost. We thus have a constraint in roll out dependent on funds raised.

Focusing on Europe the total ad spending annually is over 50 billion in USD. Our market area is a combination of traditional digital and TV, that is well over 75% of the market, however lets be conservative and use a market size of 50% or 25 billion potentially as the tangible market size. Assuming in the second year of operations we have a 4% market share, that's one billion going through our system and our portion of profit on that is 5-10%, projecting 5% our revenue is then 50 million less overhead of 10 million projecting expenses being double accounting for 2 years, that leaves the company with 40 million after 2 years and 10 million investment. From this point worldwide expansion and increasing market share provides a substantial upside for the company long run.