



# **Ovolos**

*A Social Networking Economy Digital Asset*

**Business Overview &**

**Token Economics**

January 2021

# Open Letter

Mostly due to its revolutionary properties, cryptocurrencies acquired great success, for which even their inventor, Satoshi Nakamoto, could not dream out. While every other attempt to create a digital cash system did not attract a critical mass of users, cryptocurrencies showed from the beginning something about provoking enthusiasm and fascination. Sometimes it feels more like religion than technology.

In January 2009, almost one year before bitcoin appearance, Dr. Nikos Bogonikolos, founder of **Ovolos Research Institute** founded the first digital asset in Greece, named "Ovolos". An alternative currency been created before Bitcoin asset, and although not relying back then on technologies like Blockchain, it responded to economical needs during a period of great crisis.

Each Cryptocurrency (or Digital Asset) aims to completely change the potential for economics. Since "cryptocurrencies"/digital assets are open source and controlled by all, the cost of producing them is reduced and the most important aspect is that it cannot be controlled neither from government, entity, nor any person. In the mean time, governments and Central Banks realized the benefits of such technologies by launching projects introducing State/Central Banks controlled cryptocurrenciencies, aiming to replace the form of all present fiat currencies around the globe.

Meanwhile, a second challenge gave up as present "social networks". Since 2009 all succesfull ones (Facebook, Tweeter, Instagram etc) were designed to link users with advertisement through algorithms. So far, they all failed to play the role of a democratic public area of communication. Gathering, with no control, personal information to address marketing campaigns is a model now under huge skepticism, whilst companies such as Facebook Inc try to exploit it, offering digital assets in order to survive within the emerging new era, where social commerce will dominate.

As we are experiencing a continuing global crisis, the idea of creating a digital asset supporting of the economy of emerging new social networking activities considers to be a necessity.

The implementation of a social network digital asset, – or a social network crypto-digital coin – can revive local and global economies all over the world, if such development gives power to the users and their needs. Blockchain technology successful examples in real sector of economy have been already built up around such fundamental idea.

A social digital asset, such as Ovolos (OVL), may be able to restore local economies, support local or global producers and motivate people to buy their products with assets **representing their time spent while communicating**, as well as participate in the growing, gathering and supply processes.

As so, OVOLOS (OVL) idea of 2008 was redesigned in order to meet these new challenges following the basic rules discovered 2.500 years ago in the Agora of ancient

Athens. In that Agora all participation in commons was rewarded with ovolos, the ancient coin of Athens on which Democracy based its early success.

OVOLOS is a fairly new concept, also known as “alternative”, or “community digital asset”. It opposes traditional fiat currencies and is used to match users and companies through an alternative cycle of value which protects their rights.

OVOLOS Digital asset has been created and following with respect the above statements.

*Athens, January 2021*

***The Ovolos Research Institute Team***

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This paper contains forward-looking statements, e.g. statements including terms like "believe", "assume", "expect", "forecast", "project", "may", "could", "might", "can", "will" etc. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may result in a substantial divergence between the actual results, financial situation, development or performance of the company and those explicitly or implicitly presumed in these statements. Because of those uncertainties, readers should not rely on forward-looking statements. Blockchain Open Technologies assumes no responsibility for updating forward-looking statements or adapting them to future events or developments.

**This paper is not a prospectus following the meaning of articles 1156 and 652a of the EU Code of Obligations or a prospectus under any other applicable laws. If the OVOLOS digital asset is being issued, potential investors should carefully assess the final structure of the OVOLOS as it would be set out in the final prospectus published by the Company. Such a prospectus would also set out risk factors which should be considered by investors before making an investment decision.**

## Tax Implications

Potential investors are urged to consult their own tax advisors as to the tax consequences of acquiring, owning and disposing of OVOLOS digital asset.

## Risks

§ Each participant (the “Party”) understands that there are inherent risks associated with the Blockchain technology and cryptocurrencies in general and the OVOLOS Digital asset in particular, including, but not limited to, those listed hereinafter. More comprehensive risk factors describing risks associated with investing in the OVOLOS Digital asset will be set out in the document published in connection with the sale of the OVOLOS DIGITAL ASSET.

§ Each Party is aware of Ovolos Research Institute being a union of people acting under the Laws of Private Clubs in EU and of the financial risks an investment in the OVOLOS Digital asset entails. Investors may lose part or all of their investment. Potential investors are urged to carefully review a final document and in particular the section of risk factors before making an investment decision.

§ Risks associated with (intellectual) property rights: the Party understands and accepts that, due to lack of the software originality and the immaterial character of the OVOLOS Digital asset, there may be no title of ownership in and to the OVOLOS Digital asset.

§ Risks associated with the Blockchain: the Party understands and accepts, the underlying software application and platform (i.e. the Ethereum Blockchain) is still at an early development stage and not yet unproven. The Party understands and accepts that there is no warranty of the process for creating OVOLOS Digital asset and/or the Ethereum Blockchain being uninterrupted or error-free and acknowledges that there is an inherent risk of the software containing weaknesses, vulnerabilities or bugs causing, inter alia, the complete loss of ETH, other (financial) support of the Project and/or OVOLOS Digital asset.

§ Regulatory risks: the Party understands and accepts that certain jurisdictions will apply existing regulations on, or introduce new regulations addressing Blockchain technology based applications, which may be contrary to the current setup of OVOLOS Digital asset Project and which may, inter alia, result in substantial modifications, including its termination and the loss of OVOLOS Digital asset for the Party. The Ovolos Research Institute endeavored aiming to offer a solution to certain problems through the OVL (Ovolos) digital Assets, with full compliance with the definition, restrictions and rules defined under the EU Regulation 843/18 for digital assets or coins.

§ Risks associated with abandonment / lack of success: the Party understands and accepts that the creation of the OVOLOS Digital asset and the development of the OVOLOS Digital asset Project may be abandoned for a number of reasons, including lack of interest from the public, lack of funding, lack of commercial success or prospects (e.g. caused by competing projects) and legal, tax or regulatory considerations. The Party therefore understands that there is no assurance that, even if the OVOLOS Digital asset Project is partially or fully developed and launched, the Party will receive any benefits through the OVOLOS Digital asset held by him/her/it.

§ Risks associated with loss of private key: the Party understands and accepts that OVOLOS Digital asset can only be accessed by using an Ethereum wallet with a combination of the Party’s account information (address) and private key or password. The Party understands and accepts that if his/her/its private key or password is lost or stolen, the OVOLOS Digital asset associated with the Party’s account (address) will be unrecoverable and permanently lost.

§ Risks associated with your wallet: the Party understands and accepts that Ovolos Technology Institution or any of their affiliates, employees, partners or advisors is in no way responsible of the wallet in which the OVOLOS Digital asset is transferred. You understand and agree that you are solely responsible for the access and security of your wallet, for any security breach of your wallet and for any loss of OVOLOS Digital asset resulting from your wallet service provider, including any termination of the wallet provider’s services and/or bankruptcy of the wallet provider. The Party understands and accepts that the wallet or wallet service provider used for the participation in the OVOLOS Digital asset has to be technically compatible with the

OVOLOS Digital asset. The failure to assure this may result to the Party not gaining access to his/her/its OVOLOS Digital asset.

§ Risks associated with theft/hacks: the Party understands and accepts that the Website, the underlying software application and software platform (i.e. the Ethereum Blockchain) could be exposed to attacks by hackers or other individuals that may result in theft or loss of OVOLOS Digital asset, other (financial) support of the OVOLOS Digital asset Project, or ETH, impacting the ability to develop the OVOLOS Digital asset Project.

§ Risks associated with depreciation: the Party understands and accepts that with regard to OVOLOS Digital asset no market liquidity may be guaranteed and that the value of OVOLOS Digital asset tokens over time may experience extreme volatility or depreciate in full (including to zero) resulting in loss that will be borne exclusively by the Party, even in case of a price stability of the Social Economy portfolio.

§ Risks associated with forking: the Party understands and accepts that a group of people may take our software and modify it to accept a different set of tokens, or no tokens at all ("Fork"). The creation of a Fork could devalue the OVOLOS Digital asset substantially.

## 1. INTRODUCTION

*Confidence, trust, transparency and security* are principles with which the societies and their economies need to be able to operate. They also need to have the ability to trade and grow globally in a rapid way and at low transaction costs through all means of modern trade.

Creating and circulating the OVOLOS Digital asset, a crypto-digital asset based on Blockchain technology, meet the aforementioned needs. A solution based on the application of mature Blockchain technologies and the expertise of a strong international development team. A team combining the experience of large private sector companies with the academic potential of major academic institutions.

### |1.1 THE PROBLEM AND ITS SOLUTION

Since the rise of the so called “social networks” in early 2000’s, all efforts were guided by the idea of an entity (the social network owner or operator) to control the distribution of ads to its users based on data and algorithms on gathered personal data linked with the behavior or interest of their users.

Such Social Media Advertising market includes all ad revenue generated by social networks or business networks such as Facebook, Twitter or LinkedIn. Ads in social networks can appear as sponsored posts within organic content or besides the newsfeed of each user, following complex algorithms and evaluation of their profiles by Artificial Intelligence programs.

Nowadays, the volume of such business has reached<sup>1</sup> approximately 100.000 million of euros all around the globe with an annual increase rate of 13,3%. Aka, around 20,26 euros per social network user, with a 7,3% annual increase rate, are spent from companies to advertise their goods or services within such social networks. Ad spending is expected to show an annual growth rate (CAGR 2021-2025) of 5,8%, resulting in a market volume of USD 138,412m by 2025.

The leader in this market, Facebook Inc, generates around 2/3 of the above volumes<sup>2</sup>, with a profitability of approx 15%. Facebook's revenue grew from 7.87 billion in 2013 to 70.7

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<sup>1</sup> <https://www.statista.com/outlook/220/100/social-media-advertising/worldwide?currency=eur>

<sup>2</sup> <https://www.statista.com/statistics/277229/facebooks-annual-revenue-and-net-income/?fbclid=IwAR2RiBcngs0rjZZYDwjhTHsUUeRbfV5f-OOoLG9JZ2FH7iBfBFk1g5Pik8>



billion US dollars in 2018. That year, the social network accumulated a net income of 18.49 billion US dollars, ranking first among social media companies in annual revenues. The majority of Facebook revenues are generated via advertising - the shift towards e-commerce and online marketing has never been more evident than in 2016. Other revenue-generating factors are online marketing and online promotion during events such as the U.S. election in 2016 and 2020 during which online advertising played a major role. Social Media Advertising does not include ads within online games nor revenues generated from membership subscriptions or premium fees.

Even though, such success has a significant hidden cost paid by the societies and their users. As already appear in main stream media<sup>3</sup>, all such “social networks” are now accused by many as *antisocial networks* as their algorithms define upon their corporate criteria. As so, new types of emerging social networks are on its go, promising to resolve the pathologies of present social networks with more transparency and less control by its operator.

Two types of alternative business models have been introduced to compete the existing:

1. “No Ads” . In such social networks such as MeWe<sup>4</sup>, or Counter.Social, social network operator’s expenses are covered only through user donations or monthly subscription fees.
2. Ads through user-rewarding. Within this category Retalk<sup>5</sup> and HellasB<sup>6</sup> have been already been launched,. Such social networks “pay” their users with “points” that can then be exchanged with discounts offered by the advertiser on sales created within such social commerce platforms. Through this new business model, there is no need to monitor users activities as in the old ones.

Recently, Facebook Inc and Google/Alphabet recognized<sup>7</sup> the limits of their business models and its implications, having already announced major changes (such as banning of politics or focusing only to users in pages with subscriptions). In the mean time recent developments on e-commerce platforms such as AliBaba/AliPay in China or Amazon or Facebook introducing their private digital assets (e-yuan, Diem etc) indicated that the dominant business model of “social networks” will change rather quickly to “social commerce” oriented.

Within the above trends, we are confident that the dominating business model of “social network platforms” seems that will be transformed to new one. As far as the

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<sup>3</sup> [https://www.nytimes.com/interactive/2019/11/30/opinion/social-media-future.html?fbclid=IwARoQlkn8Tc-8YTq9UFbshp9JooWEF4s-cLPrlmft6PLznBIrr-H-fG\\_X-Ho](https://www.nytimes.com/interactive/2019/11/30/opinion/social-media-future.html?fbclid=IwARoQlkn8Tc-8YTq9UFbshp9JooWEF4s-cLPrlmft6PLznBIrr-H-fG_X-Ho)

<sup>4</sup> [www.mewe.com](http://www.mewe.com)

<sup>5</sup> <https://retalk.com/>

<sup>6</sup> [www.hellasb.com](http://www.hellasb.com)

<sup>7</sup> <https://www.businessinsider.com/watch-facebook-google-twitter-testify-misinformation-hearing-2021-3>

donations/subscription/no ads model failed to succeed since 2016, the third one available (paying their users directly from the advertisement companies via rewarding of their participation), seems that it will dominate. In other words, the market seems to re-inventing similar techniques used in ancient Athens' *Agora* where citizens were rewarded with two ancient Ovolos coins, when applying their voting or control duties as part of their obligations participating in Athens Democracy.

OVOLOS was designed as a global digital asset to link those ancient ideas of Democracy within the world of social networks, offering unique features based on transparent Blockchain technologies. Technologies such as smart contracts between advertisers and their audience, content producers (journalists or artists) as well as users within their virtual communities communicating with each other, following ethics and rules rewarded accordingly by their fellows, friends or followers.

**OVOLOS aims to be the first digital asset that can deliver such functionality with ease, transparency and maximum security, as well as protecting its holders from any risk, attack of financial crisis.**

The European legislative framework, as defined in 843/18 EU Guidelines, resettled the operations of the Ovolos Research Institute (ORI), funded in 2009 as a private Club. The ORI, has the responsibility to adapt its activities in order to manage and business develop of the OVOLOS Digital asset - the social network economy digital asset, with great responsibility.

## 1.2 | THE EMERGING KNOWLEDGE AND SOCIAL NETWORK ECONOMIES IN THE NEW ERA

The need for improvements by using new innovative technologies and financial tools, like cryptocurrencies/ digital assets, towards the new form of digital economy can be highlighted as follows:

- **New resource constraints.** New economic baselines of today (the downturn, green business, social commerce etc.) require finding ways to accomplish our goals using fewer resources. This includes identifying the means to capture opportunity and transform "in process" business activities using newer and more efficient models. Business leaders need to effectively link IT and businesses much more than in the past.
- **Value shifting from transactions to relationships.** The growing realization that business transactions traditional role have as the core source of organizational

value is diminishing and value raises from relationship dynamics. Many implications including using new management methods (e.g. top-down, command-and-control, community curator and facilitator), tapping into new reservoirs of innovation, adopting new ways of customers, or leading to better tacit interactions.

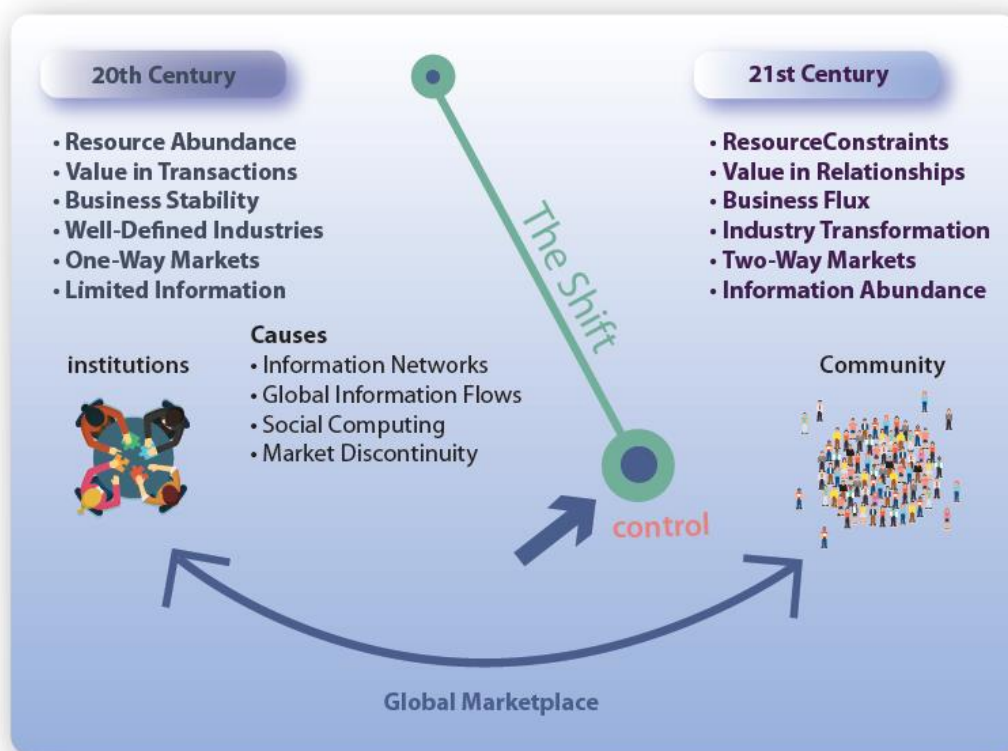


Fig. 1: Emerging knowledge and social economies in the new Era,  
source: <http://blogs.zdnet.com/Hinchcliffe>

- **Industries in flux with new ones emerging.** Already stable industries, such as finance and media, are feeling the pinch in a more tensile way, but this is the overall existing case. Recession and Covid19 crisis creates a bigger gap between healthy and unhealthy businesses, while many industries are being unbundled or transformed (traditional software companies moving to SaaS and cloud computing for example or the rise of crowdsourcing competing with outsourcing at the low end). Dynamic Web-driven global knowledge of today flows and agile online models for computing and collaboration are now a significant change agent.

- **Moving from change as the exception to change as the norm.** Whole world witnesses faster consumer behavior shifts, quicker pricing changes, more rapid product cycles, and faster media feedback loops. This can lead to more extreme market conditions but also enables opportunities to be turned into organizations bottom-line impact which means adapting to market realities quickly enough. The network is the culprit (and solution) for much of this again: Having pervasive social media through social networking instantly transmitting and shaping cultural phenomenon and faster financial cause-and-effect in the markets, real-time online markets, and so on. In the 21st century, following a plan is increasingly less important than responding actively and effectively to change.
- **A shift of control to the edge of organizations.** Not even really a shift, but more like addition of a new dimension of how we operate organizationally, something previously referred as "socialnetwork business". This new addition changes the dynamics of where useful information comes from, how decision making is implemented, how user dynamics can not be manipulated and how more autonomy and self-organization will be needed (and tolerated) in order modern organizations to meet the global market more dynamically.

### 1.3 | THE GLOBAL EXPLOSION IN CRYPTOCURRENCIES

In 2017 over 300 new crypto digital assets, aka crypto/digital assets reached \$1MM market CAP. Nowadays such volumes reach 1T\$. Following the tremendous rise in Bitcoin asset prices in November 2013, launching new cryptocurrencies got extremely popular. Previous years have showed, that there were hundreds of new digital assets available to mine and buy. A period where everyone were launching cryptocurrencies, even if it was considered to be a difficulty to materialize them. Nowadays, numerous individuals and enterprises are still launching new cryptocurrencies via a mechanism known as ICO (Initial Coin Offering) or IDAO (Initial Digital Asset Offering). Raising money through ICOs has become more effective than traditional early-stage angel and VC funding. Now, the market is exploding with hundreds of new cryptocurrencies and the total value reaching \$1300 billion.

Besides this “boom” most of the Cryptocoins are not yet used heavily in real economy business transactions, acting mainly as a speculative vehicle for quick profits, similar with the commodity markets or gold.



In parallel, major countries such as China, India, Canada, UK or economic zones such as EU have announced their interest or launched already “cryptocurrencies” replicating fiat money using the Blockchain technologies, whilst major companies, such as Facebook Inc are offering parallel digital coins as alternative digital assets to meet the demands of a new competition in a more complex world than before Covid19.

Since the Great Financial Crisis in 2008, cryptocurrencies have come of age. The backbone of modern cryptocurrencies is distributed ledger technology (DLT), which developed out of the public key infrastructure of the early 1990's. There are numerous reasons why it took so long for cryptocurrencies to gain traction, but the financial crisis of 2008 was undoubtedly a catalyst. It was a crisis of trust; trust in the banking system, trust in the honesty of public institutions, trust in the value of fiat money itself. In the aftermath of the crisis, gold, along with other stores of value, rose in price, but Bitcoin, endowed with anonymity and a finite money supply, captured the imagination of a new generation of investors for whom gold was a technologically barbarous relic.

Of course, the anonymity of a public ledger also led to Bitcoin – and other cryptocurrencies – being used by criminals seeking to hide the proceeds of their illicit activities from the authorities. In the early days of Bitcoin adoption, many commentators anticipated that the authorities would outlaw its use, driving it underground. Perhaps because of its structure and the global nature of the internet, the authorities (except in regimes such as China, India etc) chose not to act in haste. Instead they observed and learned.

Today regulators and their governments are starting to prosecute crypto-criminals and define rules for such new form of “money”, which is considered as digital asset, and that can be exchanged. Despite the anonymity of encryption, cryptocurrency seizures are on the rise, but at the same time central banks are preparing to launch their own digital currencies. And there are a lots of reasons for that.

Prior to WWI the majority of developed nations linked their currencies to the price of gold. This was the era of the original Gold Standard. During the Great War the countries of Europe abandoned the Gold Standard and debased their currencies in order to finance the war to end all wars. The US benefited economically, selling goods to the allies who in turn made payment in gold or government debt. At the outbreak of WWI, Sterling had been the preeminent reserve currency; by 1918 the US Dollar had assumed preeminence.

During the interwar years, the US continued to supply goods to Europe. With the outbreak of WWII the flow of gold to the US accelerated to such an extent that the US acquired the vast majority of the world’s gold reserves. A return to the Gold Standard, after hostilities ended in 1945, was simply impractical.

The year 1944 saw a meeting at Bretton Woods, New York, which led, with the ending of the war, to the introduction of the Gold Exchange Standard. Under this system gold reserves were replaced by US Dollar reserves. The Gold Exchange Standard, in its turn, collapsed in 1971, ushering in the era of fiat currencies, backed by the tax-raising capacity of each nation. Nonetheless, today more than 60% of all foreign bank reserves are still held in US Dollar cash or US Treasury securities. The Dollar remains the world’s reserve currency, but the recent pandemic has weakened its allure as a store of value, in part because the US government, abetted by its central bank, has expanded the monetary base to combat the combined supply and demand shock to the US economy.

Of course, this rapid expansion of the monetary base has had multiple side effects. In their semi-annual, report to Congress, published and entitled, “Macroeconomic and

Foreign Exchange Policies of Major Trading Partners of the United States”, the US Treasury states: –

*Over the four quarters through June 2020, a number of economies have experienced significant expansions in their current account surpluses, including China, Taiwan, and Vietnam, while other countries, including Germany and Switzerland, have maintained large trade and current account surpluses, which allowed for external asset stock positions to widen further.*

China, the world’s second largest economy, has seen its foreign exchange reserves increase again during the Covid19 crisis. The composition of those reserves is not frequently disclosed but in 2019 the Chinese State Administration of Foreign Exchange announced that as at the end of 2014, US Dollar assets accounted for only 58% of their reserves, down from 79% in 2005. Since October 2016, when the Chinese Renminbi (RMB) became a constituent, the Chinese have volubly favoured the adoption of the IMF Special Drawing Right (XDR) – a statement of account rather than a tradable currency – as an alternative to simply holding US Dollars. Having been incorporated in the XDR, China anticipated that the RMB would quickly see its secondary reserve currency status grow, but as of April of this year, official reserves of RMB amounted to a mere \$221bln, less than 2% of total central bank reserves. For China, their inability to promote the RMB as an alternative to the US\$ has perhaps prompted other initiatives.

One such initiative is the introduction of digital currency electronic payment (DCEP) or e-yuan, or RMB, China’s name for their CBDC. The Chinese economy is well-positioned for such an innovation, as applications such as Alipay or WeChat Pay, together with the near ubiquity of the smartphone throughout China, means that digital payment is preferred to cash – in 2018 83% of payments

The international financial system could also be transformed. A digital RMB could eventually allow payment to sanction-bound countries without it having to pass through the dollar-based international payments systems such as SWIFT.

Interest in CBDC is more widespread than just China and Russia. A survey published earlier this year by the Bank for International Settlements (BIS) found that 53 out of 66 central banks were considering digital currencies. The BIS Markets Committee on Payments and Market Infrastructures published a working paper on the subject in March 2018, simply entitled *Central bank digital currencies*. Among their observations was the question of, design choice; should its access be wide or restricted, wholesale or general purpose; the degree of anonymity; operational availability (24/7 or less); and whether or not to make it interest bearing.

Since the use of physical cash was already in decline even in 2018, the BIS went on to consider the benefit of CBDCs as a means of bypassing the banking system and delivering

money directly to the general public. Their enthusiasm was qualified and they asked whether there might be better means of achieving such goals, especially when fast and efficient private, retail payment products were already available. Digital money could (especially in a crisis) circulate even faster than traditional electronic cash, requiring central banks to react more quickly to rapidly changing demand for a broader range of eligible 'good collateral' assets. This again raised the issue of the disintermediation of the commercial banking system. Why should one bother having a checking account with a limited liability bank when you could avail yourself of the services of a friendly neighbourhood central bank?

The BIS then considered the benefits of non-anonymous CBDCs, allowing for digital records and traces, which would improve the application of rules aimed at anti-money laundering. Then, in stark contrast, they peered into the abyss, contemplating anonymous general purpose CBDCs, which could be a near and present danger, especially since these currencies would not be limited to retail payments and might become widely used globally, not just for nefarious transactions, but as a form of economic warfare. Economic sanctions against rogue states, for example, would be rendered entirely toothless.

Finally the need to monitor the development in digital technology and payments, noting the emergence of private digital tokens which would be neither the liability of any individual or institution and backed by no nation, nor any corporate authority.

A common means of payment, which is both a stable store of value and a transparent unit of account, could pose a real threat to the dominance of all fiat currencies. For the present stablecoins, linked to the value of fiat currencies, fulfil this function, but with companies, such as Facebook, proposing to introduce their own currencies, an alternative means of exchange could quickly emerge.

Such emerge is no without risks. Giving unlimited power to BODs that now control through their add distributing system, more than 2,5billion people of this planet within their networks.

#### 1.4 | THE NEW SOCIAL NETWORKING ECONOMY

We use to measure "social network economy" based on the revenues created by adds.

But this is going to change very quickly as trends and financial risks, all related with the struggle to dominate the commerce in the new era, where the major commercial zone is the internet and the e-commerce transforming quickly to social commerce..

Such major transformation will require two well defined and supported sets of tools:



- Digital “currencies” that can move around these an boundary nets with ease, transparency and maximum security against all threats (money laundry included)
- Social networks that can balance the need for control with their users needs and rights.

OVOLOS aims to play a major role in the definition of such new emerging economy, servicing as a technologically advanced vehicle its role as a link of those needed new tools.

## 1.5 | OVOLOS DIGITAL ASSET OVERVIEW

### 1.5.1 THE OVOLOS DIGITAL ASSET IDEA

OVOLOS digital asset is the idea of the creation of a digital asset as an answer to the need of an alternative financial transactions system using Blockchain technology for the social network economy. Obviously, any mining activity by social network's users or companies using such networks to attract their customers will not be easily accepted as their development grows.

The idea is to offer a certain pre defined number of OVOLOS Digital assets already produced as “tokens” to the real users (individual or companies) of existing or new social networks through two types of demand channels:

1. Companies that need to advertise through such networks will buy Ovolos digital assets. With those they will pay directly their audience, the users of such social networks, for their reactions or time spent following the message of a marketing campaign.
2. Users collecting such digital assets **upon their own criteria**, can spent their collected OVCs within their preferred social network either to post their own content or view digital protected content (through blockchain technologies) or to buy goods or services, from the advertised companies accepting such payments. Users are then using their own benefit standards (discounts, offers etc) providing a dynamic self-regulation to this new market.

The regulations of such a “game” between users and companies needs to be well defined and monitored in clear by the social network operator , who will be rewarded for the ease of access with a commission on such transactions.

In order to achieve this, sets of “smart contracts” need to be in place between all participants such as”:

- Users
- Companies advertising
- Digital content creators
- E-shops linked with the social network
- The network operator

Such smart contracts/systems collecting “points” as a balance of rewards or penalties, will be transformed to Ovolos digital asset mooves between the electronic wallets of all participants. Such transformation is not any mining or other digital assets creation method, as all OVOLOS tokens are available already to meet the demand.

OVOLOS is the first digital asset in the market that can deliver such a task with ease, transparency and maximum security, with full compliance with EUs regulation on Digital Assets and GDBR legislation applied.

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#### 1.5.2 OVOLOS DIGITAL ASSET PROJECT MISSION

The Mission of the OVOLOS Digital Asset Project, above all, **is to contribute to social networking commerce/economy**. It also aids to contribute effectively to the employment, social cohesion, regional and rural development, environmental protection, consumer protection, agricultural, third countries development, and social security policies offering a new form of “money” with its value created from the time spent by social networking users **under their control**.

In this framework, the OVOLOS Digital Asset Project will follow the primary objective of the traditional social economy enterprises and thus serve its Parties and not obtain a return on investment (ROI) as the traditional mainstream capital companies do. Its Parties act in accordance with the principle of solidarity and mutuality.

In the OVOLOS Digital Asset project, it will also be ensured that envisioned specificities like ethos, working style, corporate governance, specific accounting modes, asset lock, profits retaining, and special 'social' objectives are taken seriously into account.

Moreover, and in a vertical vision and implementation methodology, the OVOLOS Digital Asset project will focus on enhancing the local economies and local development projects through social networking, linking all types of business with their customers with ease and low costs.

This way the OVOLOS Digital Asset Project will have a great social impact for the general interest.

Two innovative tools will be also OVOLOS digital asset initiatives:

- The OVOLOS Digital Asset Project revenues will support the creation and operation of the OVOLOS Fund, which will be a catalyst for the development of new ideas or tools for entrepreneurship in the social network commerce/economy.
- A certain amount of OVOLOS digital assets will be returned to social networks “societies” through social network operators as a reward or as an incentive that gaps inequalities.

## 2. OVOLOS DIGITAL ASSET MARKET ANALYSIS

### 2.1 | MAJOR STAKEHOLDERS AND TECHNOLOGY PROVIDERS

The major stakeholders and technology providers of OVOLOS Digital asset are:

- The OVOLOS Research Instituted (ORI) established in Athens Greece since 2010, acting as the manager and coordinator for marketing and technical support of the OVOLOS's Digital asset ecosystem transactions.

ORI will be supported by two existing Blockchain development hubs.

- Balkan Blockchain Ecosystem in Thessaloniki with its main objective to develop the OVOLOS Digital asset mission in South Europe.
- Athens hub as a Blockchain developer with its main initiative to explore for future Blockchain environments.

The OVOLOS Digital asset is expected to have worldwide business development hubs with special scopes like:

- Netherlands: The European OVOLOS Digital asset development center responsible also for investor relations.
- Dubai: The social and sustainable development economy special hub of OVOLOS Digital asset.
- Singapore: The Asian hub and Public sector OVOLOS Digital asset.
- Hong Kong: The Chinese hub and Software development support center.
- Panama: The American hub.

The Blockchain2050 BV, an innovative Dutch company established in the Netherlands, specialized in the development of Blockchain technologies, acting as technical advisor for OVOLOS Digital asset.

Other major stakeholders include:

- Large international organizations and institutions, such as the EU or the UN, that are responsible for shaping and implementing policies, restrictions and eventually legislation, but also for promoting, supporting and possibly funding initiatives, especially in the social networking economies. These organizations are expected to use solutions such as OVOLOS Digital Asset to support a high level of security, trust and transparency within their projects promoted through social networking.

- Social network operators (existing or new ones) that need to design or redesign their business based on the new business model “pay the user” or through the users rewarding business model.

Local societies and businesses, which will become part of the project and benefit from it.

## 2.2 | OVOLOS DIGITAL ASSET SOCIAL AND SUSTAINABLE DEVELOPMENT ECONOMY FUND

A percentage of 20% of the issued OVOLOS Digital assets is going to be reserved from the OVOLOS fund and will be used to:

- Link and support other Social Networking digital assets that will follow.
- Invest in specific projects that aim to develop new social networking/social commerce tools that utilize the benefits of the new business model.
- Building micro-financing services to communities and business within social networks operating with the Ovolos Digital Asset

The OVOLOS Research Institute is going to manage the Fund with an international advisory board monitoring and supporting the process according to quality criteria.

## 2.3 | MARKETING AND INITIATIVES

For each of the aforementioned OVOLOS Digital asset distribution channels, different promotion initiatives is going to be offered by ORI using reserved Digital assets in order to enhance the circulation of OVOLOS Digital assets among holders/users of social networks. Such initiatives will be in force for a specific period of time for each OVOLOS Digital asset is entering new markets

A total of **5% of the available** OVC Digital assets are budgeted as initiatives to companies or individuals holding OVOLOS Digital assets under the following rules:

- **Network Operators:** For each OVOLOS Digital Asset purchased by a social network operator to support programs using OVOLOS Digital assets, 1/3 of an

OVOLOS Digital asset is going to be offered for free for a period of three years after starting the promotion of OVOLOS Digital asset.

- **Companies advertising in social networks:** For each OVOLOS Digital asset purchased, 1/3 of an OVOLOS Digital asset is going to be offered for free for a period of three years after starting the promotion of OVOLOS Digital asset.
- **Advertising companies:** For each OVOLOS Digital asset initiated by campaigns of such companies, 1/3 of an OVOLOS Digital asset is going to be offered for free for a period of two years after starting the promotion of OVOLOS Digital asset.
- **Social Network Users:** For each OVOLOS Digital asset purchased by a social network user, one more OVOLOS Digital asset is going to be awarded by ORI once. This form of subsidy will act as initiative. This initiative will be valid for a period of four years after starting the promotion of OVOLOS Digital asset.

The aforementioned initiative programs are going to be offered as ORI Social Responsibility return to the OVOLOS Digital asset community/ecosystem.

## 2.5 | INITIAL DIGITAL ASSET OFFERING (IDAO)

A total of 5% of available OVC tokens can be offered to investors during a certain period of time. Prior to such period OVCs tokens will be:

- Listed in at least one Digital Assets Exchange Platform within EU, following EU's regulations
- Used as a mean to conduct business /rewards within at least one Social Network supporting the

ORI reserves the right to skip this phase, following the acceptance of OVCs by users of social networks following the standards of OVOLOS and EU's legislation on digital assets/crypto-currencies, as applied.

## 2.6 | PEST AND SWOT ANALYSIS

The Political, Economic, Social and Technological analysis, related to the OVOLOS Digital asset, is presented in Figure 2. The analysis is the result of scientific investigation and literature overview of relevant studies and surveys of the working group, either within the private companies, which are members of strategic development teams or through the research of the academics and university professors who are members of the project team.



*Fig. 2: PEST Analysis*

The Strengths, Weaknesses, Opportunities and Threats affecting OVOLOS Digital asset are depicted in Figure 3.





Fig. 3: SWOT Analysis

It should be noted that the design of the OVOLOS Digital Asset was made with this analysis as a base so as to eliminate the potential weaknesses and fears. The OVOLOS Digital Asset was built on a Blockchain technology and realistic assessments of the actual operations of the social network economy.

### 3. THE OVOLOS TOKEN SYSTEM & ECONOMICS

#### 3.1 | VALUE OF THE PROJECT

The estimated value of the OVOLOS digital asset project is closely dependent on the real values of the two different financial areas of application, as described earlier.

Application areas of OVOLOS Digital assets have been chosen to:

- Protect the investors in OVOLOS digital assets from financial risks related either with the crypto digital coin/asset economy or the real economy's financial sector, as applied. This is achieved through the choice of a mature technological Blockchain solution and with the choice of the social network sector of economy, for which is a high priority the trust and transparency offered by the OVOLOS Digital asset.
- Provide flexibility to OVOLOS Digital asset's holders (Enterprises, Social Network Operators, or individuals) in their financial transactions within the defined Financial Areas. Immediate marketability through exchange platforms but also serving domestic trade same as international.
- Minimize investment risks in OVOLOS Digital Assets.

As the number of issued OVOLOS Digital assets will **remain constant throughout its life cycle (200.000.000 Digital Assets)**, the value of the project is reflected upon the expected value of each OVOLOS Digital asset, as created through the demand/offer laws defined from through the aforesaid distribution channels.

The initial value of each OVOLOS Digital Asset, at the moment of introduction was defined to **10€** for technical/business modeling reasons only. This price has to be checked as reflected upon the internal value of the VMS as it emerges from the economic projections, through

- The Initial Digital Assets Offering (IDAO) phase
- The real demand of OVC's from users and companies participating in beta testing of new social networks/social commerce platforms.

In the second year following its introduction in the market, the number of daily transactions through OVOLOS Digital assets is expected to reach 10.000.000.

Following the expected values of OVOLOS Digital assets creating economic results of Ovolos Research Institute, the initial price of 10€/OVOLOS Digital asset is considered to be a fair and correct value for the purpose of the present White Paper.

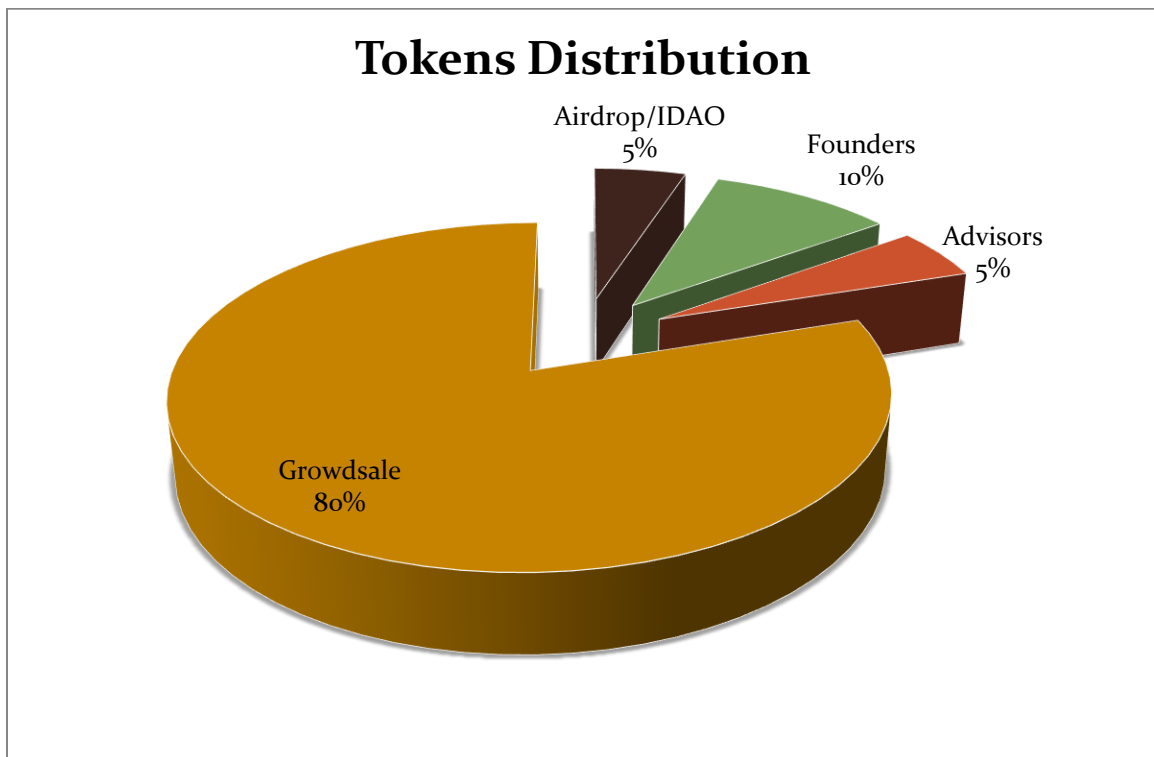
## KYC AND AML

OVOLOS Research Institute will apply custom “know your customer, KYC” and anti money-laundering (AML) procedures for each potential investor in the OVOLOS Digital asset before they are permitted to purchase any OVOLOS Digital asset.

Every social network operator using OVCs to reward its users/conduct business has to be qualified by ORI as compatible with the above rules.

### 3.2 | OVOLOS Digital Assets Allocation

The first division of OVOLOS Digital Assets, as in all ICO/IDAOs, will be performed as described below, since the money someone gets from the Crowdsale rate is the money that can be used in order to guarantee further development.



*Fig. 4: Token Distribution*

In OVOLOS Digital asset case, an envision of 80% Crowdsale division will provide the necessary funds to allocate further development (55%), marketing activities/initiatives (20%), R&D expenses (20%) and legal expenses (5%).

In the framework of the **Further Development sub-division (75%)**, an allocation of the OVOLOS Digital assets is expected as follows:

- To use within Social networks (60%)
- To enhance OVOLOS Digital asset circulation through promotion program (5% only for the first 3 years)
- To develop OVOLOS fund (10%)

15% of the Digital assets will remain to its initiators and advisors.

The remaining c. 10% will be available as “free floating” in order to cover expenses and/or for general initial setup purposes.

**A percentage of 60% of the net income and 50% of the net profit from intellectual property (IP) licensing will be re-invested into further Social Network development and its Economy. Therefore, the inner value of the OVOLOS Digital asset shall grow steadily.**

OVOLOS Digital asset shall be issued as a perpetual subordinated non-interest-bearing bond recognized as Digital Asset by EU’s legislation.

### 3.2.1 Detailed plan of the use of funds

The funds from the “**free floating**” distribution of Digital assets (**10%**) will be used to cover:

- The development of the all needed software systems and supporting digital tools - Approx. 2,5M€
- The setup of the overseas development and support centers - Approx. 6M€
- The marketing and business development activities - Approx. 3,5M€
- To enhance the technology infrastructure that will support transactions - Approx. 7M€
- For other legal and setup costs - Approx. 1M€

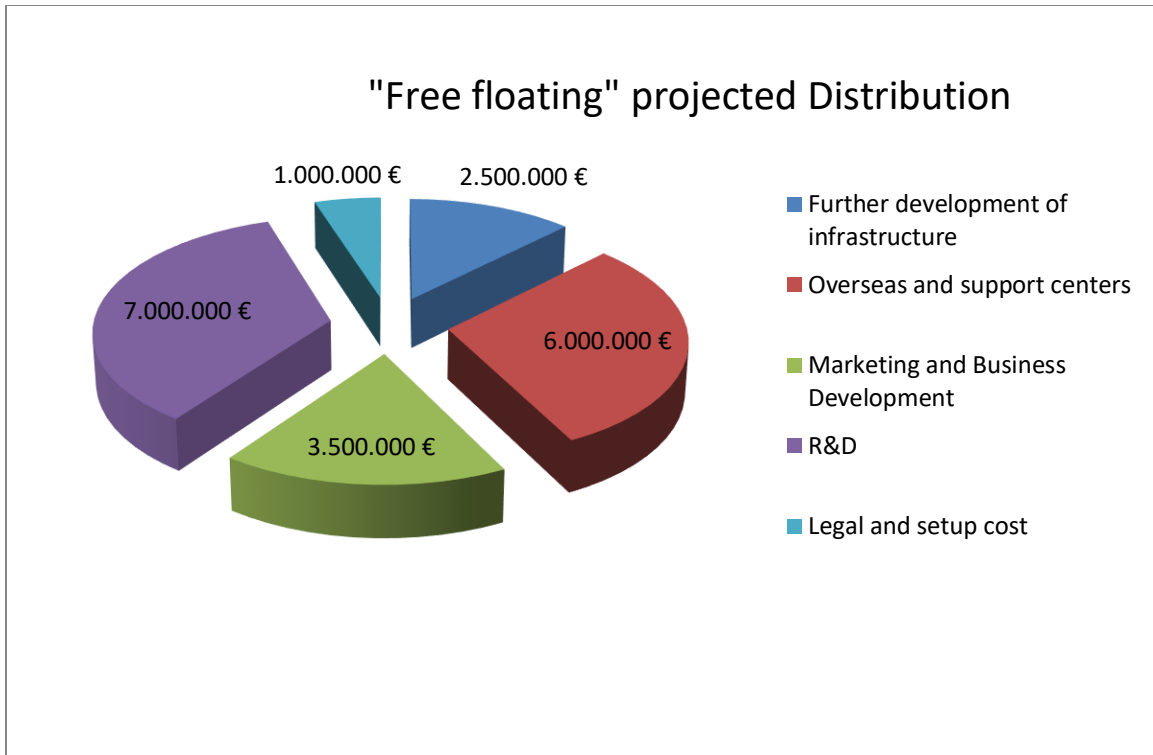


Fig. 5: "Free floating" distribution of OVOLOS Digital assets

The rest of the funds from the "free floating" distribution will be retained to cover future support needs, e.g. R&D, administrative costs, future development centers etc.

#### **The OVOLOS COIN fund (10%)**

This fund is an innovative initiative to support the social networking economy, particularly in Europe and the rest of the world. The management of the OVOLOS Research Institute guarantees that this amount of 10% of the retained tokens will be invested in proposals able to support new social networking technologies and/or actions.

In this context, it will act as a support mechanism for business efforts in a sector that is not easily accessible by traditional financial markets.

The fund will also support micro-financing services as well as in consultancy and development of those business initiatives for business within the new social networks.

According to the business plan, ORT will be supported up to 50% of each investment proposal. It will run at proposal sizes between €1,000,000 and €3,000,000 and, in its full development level, as it is expected to support an ecosystem businesses.

Priority will be given to cases which support groups of people with disabilities, minorities and other ideas coming from or targeting such groups.

### **The Initiators Allocation (15%)**

The 15% of the digital assets will remain to OVOLOS Digital Assets initiators (founders and Consultants). These are the ones referring to the Team members section of this document. They will have an obligation to actively support the effort and to hold their participation in OVC tokens for at least 18 months.

## TEAM and ROADMAP

### 4.1 | TEAM MEMBERS AND ROLES

#### **Dr. Nikos Bogonikolos**

##### **CEO**

Founder of OVOLOS Research Institute. He has a mathematical background (Diploma of University of Patras, Greece) and delivered post-graduate and doctorate research in Kharkov National Economic University, Ukraine.

#### **Dr. Panayiotis Christodoulou**

##### **CTO**

PhD in Computer Engineering and Informatics from the Cyprus University of Technology (CUT) – Blockchain developer expert. Panayiotis holds a PhD in Computer Engineering and Informatics from the Cyprus University of Technology (CUT). He completed his undergraduate and postgraduate studies at the Manchester University, UK (MEng) and the Frederick University, Cyprus (MSc). He is a member of the Software Engineering and Intelligent Information Systems Research Lab (SEIIS) located at CUT and his interests are focused mainly in the area of Software Engineering and more particular, in Recommender Systems and Blockchain technologies as well as in techniques and mechanisms of Artificial and Computational Intelligence. He has a lot of experience in developing smart contracts on various platforms and managing blockchain projects.

#### **Mr. Manolis Chrysostalis**

##### **CFO**

Cashier of ORT. He is an experienced professional in Management Consultancy with strong Procurement & Operation Planning skills. He received his B.S. in Economics from University of Patras and his MA in Local and Regional Growth and Administration from the University of Peloponnese.

#### **Mr. Ioannis Chatzichristos**

##### **COO**

Member of ORT. He is a Senior Business development Consultant and expert in support for redesigning of corporate processes. He is especially experienced in the study of

integrated solutions of advanced information systems and related services. He is an experienced Systems Analyst with several managerial positions in the industry in the past. He holds a Mathematics degree from the University of Patras (1984).

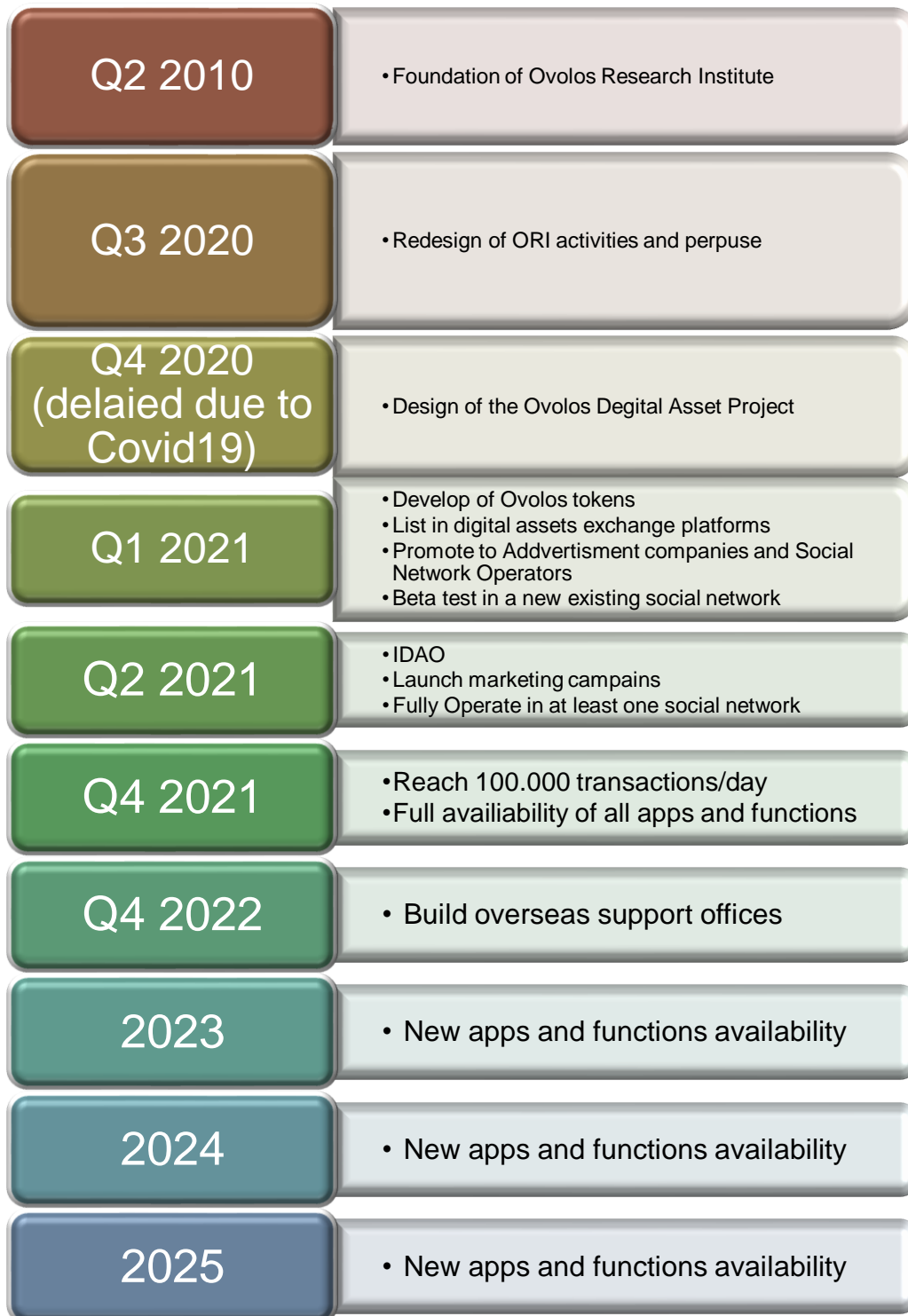
**Ms. Garyfalia Plataniti**

**Supporting S/W developer**

Garyfalia is a graduate of Informatics Applications in Management and Finance. She works as a Developer/Web Sys administrator, with strong experience managing server infrastructures across Unix and Linux platforms and developing various projects on web developing using the latest technologies of the field.



## 4.2 | ROADMAP



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