

SMART Valley

whitepaper



Terms and Definitions

- i. *SMART Valley Participants* – these are the three key participants of the entrepreneurial sphere, who have been authorized on the SMART Valley ecosystem with the purpose of implementing their core functionality. Here is the list of participants: Backers, Projects (or Project developers), and Experts.
- ii. *Backers* – these are one of the three key participants in the SMART Valley ecosystem. This participant is a legal entity or an individual who supports Projects on the SMART Valley ecosystem.
- iii. *Projects (incl. Fosters Projects)* – these are one of the three key participants in the SMART Valley ecosystem. This participant is a legal entity, which aims to create an innovative product. In the ecosystem, several types of this entity are distinguished: (a) ICO Project - a project that was authorized on the SMART Valley platform and (it – no need, the statement is continuous) has its own funds to use the decentralized (decentralizes – such a word cannot be used in this context) scoring service; (b) Fosters Project - a project that was authorized on the SMART Valley platform and it has no own funds to use the decentralized scoring service, and who received financial assistance from the ecosystem.
- iv. *Experts* – these are one of the three key participants in SMART Valley ecosystem. This participant is an individual or a legal entity that has a high level of knowledge or skill relating to a particular subject or activity, and seeks to monetize this on the SMART Valley ecosystem by providing various services to Project developers.
- v. *Financial Center* – this is a financial aid fund for those projects that do not have their own financial resources to use the decentralized scoring service. It will be formed only once (during SMART Valley token sale) and will not be replenished using transaction fees charged within the ecosystem for its services.
- vi. *SVT holder* – this is a person who owns at least one SVT token.
- vii. *SVT token (or SVT)* - is an access-token. It serves as the only means of access to the Free Token Place.
- viii. *Free Token Place* - is place where an foster project makes its tokens (foster project tokens) available for acquisition on certain conditions.
- ix. *Foster Project Tokens* – these are tokens of the foster projects that are transferred to the Free Token Place on the basis of an agreement with Smart Valley, when using financial assistance of payment for the decentralized scoring service.
- x. *Allotment Event* – this is a mechanism for the distribution of free foster project tokens between SVT holders at Free Token Place.

Note: sometimes the words “project developers” or “project founders” can be used in the text. In fact, this formulation reflects the essence of the Project, and was introduced into the text because of stylistic limitations.



Executive Summary

About SMART Valley

SMART Valley is a decentralized valley of innovations that brings together three key entities - “Backer”, “Project”, and “Expert” in a closed ecosystem of professional community, where all members are united by the same purpose – to create advanced, high-potential technologies.

The SMART Valley ecosystem gives its participants an opportunity to raise financial resources, hire team members, find business partners, and realize their ideas – no matter where they are in the world.

Four key features of the platform allow the ecosystem members to interact in the most efficient way: the safe-deal mechanism, the expert market, the backers tool, and – most importantly – the decentralized scoring system for project assessment.

Our ecosystem will give backers worldwide a chance to support (in – no need) high-potential projects safely and legally, while project developers will be able to raise financial resources and build strong teams, providing experts and service providers with interesting projects to work on and stable employment.

Mission

We aim to increase the survival rates of high-potential, hi-tech projects by creating a decentralized digital valley of innovation. By using the advantages provided by the architecture of a closed decentralized ecosystem that will include all key participants of the entrepreneurial sphere, we will ensure efficient communication and interaction between them. This way, we will help connect Project developers, Backers and Experts.

Objectives

- Create an automated platform for legal support and development of promising ideas;
- Promote high-quality ICO-projects and minimize the risk of scams and fraud;
- Connect key business players and promote efficient communication between them. We strive to bring together backers and project founders and team members, new technology and the mass market, clients and experts and future leaders;
- Create intuitive, easy-to-use, and efficient tools for each type of ecosystem participant;
- Help the best projects attract worldwide support and enter the market;
- Raise the overall level of knowledge and qualification among the direct and indirect participants of the DLT market;
- Create new jobs and increase participation in innovative high-tech sectors.

About token sale

SVT token price: 1 SVT = USD 0.10 (10 cents);

Minimum amount for an ICO participant: USD 1;



Accepted currency: ETH, BTC, USD;*

Soft Cap: USD 3,000,000;

Hard Cap: USD 30,000,000;

Token sale period:

- Preliminary requests for tokens accepted starting from April 11, 2018;*
- The token sale process at ICO phase will last for 30 days from the beginning of the ICO on May 14, 2018 or until the hard cap is reached, whichever event occurs first.*

The volume of emission depends on the amount raised on the token sale and used conditions like bonuses and discounts.

** The SMART Valley Team reserves the right to accept tokens of other projects as a means of exchange for SVT token during the SMART Valley token sale.*



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Chapter 1. Statement of the problem

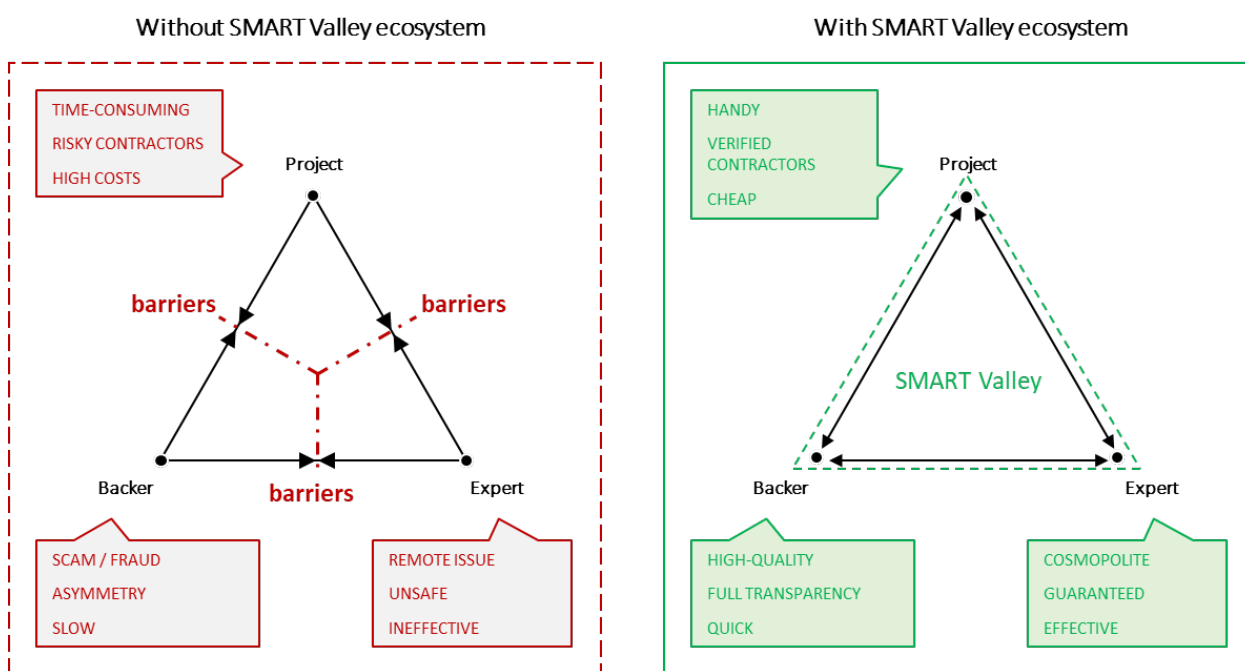
Upon completing an in-depth analysis of the market, we formed a hypothesis that the probability of an innovative startup or project's success is correlated to the quality of the relationship between three key participants of entrepreneurial sphere: Backers, Projects, and Experts.

The quality of the relationship is determined by how easily and efficiently the participants communicate with each other, if they can communicate at all. Judging from facts and existing trends, this hypothesis appears very reliable and thus serves as the basis for the SMART Valley project and its mission: to create an ecosystem that can provide fertile ground for the development and use of innovative ideas, creation of advanced and promising technologies.

A further, more detailed analysis of the communication between the above-mentioned groups has revealed a number of key problems (“barriers”) to increased efficiency. The objectives of the SMART Valley ecosystem reflect our intention to overcome these barriers.

Figure 1 shows the main groups of business players, their issues, the solutions proposed by the SMART Valley ecosystem, and its influence on the participants. A detailed description of the problems and solutions is provided below.

Figure 1. SMART Valley as a complex solution for key participant of entrepreneurial sphere



Key issues encountered by Backers

1. Proliferation of scams and fraud;
2. Asymmetry of information caused by the fact that market participants possess different amounts of knowledge about the same project;
3. The slowness of the process of finding promising projects and their financing, as well as problems associated with the liquidity in this context.

Further, a number of other problems exist, some of which include:

- Centralization and high costs due to the presence of a single point of failure (such as depositories and transfer agents), as well as high costs at each stage of development (registration, owner change, control, distribution, storage) and broker fees;



- The manipulation of assets (such as counterfeit securities), which add to the asymmetry of information and general limitations on transparency;
- Technical issues, such as process duplication, which lead to higher financial and time costs. For example, the storage and data reconciliation of financial liabilities and property rights on servers as a base for capital market transactions. The current methods are extremely complex, use disparate data and IT elements, and suffer from a lack of unified standards, leading to a constant need for data validation.

SMART Valley as a solution for Backers

1. An access to a distinctive platform that provides a global database of startup projects seeking financial support and verified by a decentralized scoring system;
2. The use of distributed ledger technology guarantees the full transparency of all transactions and the identification of all platform members;
3. Providing conditions for increasing the effectiveness of participation in token sales of those projects that are conducted on the SMART Valley platform, due to its closed and transparent architecture.

It is worth noting that the SMART Valley ecosystem will allow its members to:

- Track the development of projects on the platform, which is beneficial both for the founders raising financial resources and for the Backers who are seeking to support high-potential projects;
- Shorten the project assessment period from 10-15 days to 3-5 days (through decentralized scoring);
- Create favorable conditions for the emergence of a vibrant community and exchange of best practices;
- Eliminate all unnecessary bureaucratic barriers, reduce costs, and guarantee transparency.

Key issues encountered by Projects

1. High time costs for finding and attracting financing;
2. Counteragent risks—that is to say, the risk that a service provider or counteragent will not fulfill their contract obligations (whether financial or quality-related);
3. High costs, especially PR and marketing expenses.

A number of other issues exist, including:

- Incomplete project teams and, as a consequence, a lack of certain key qualifications that are essential for launching the project. (E.g., The viability analysis of any project or solution must begin with a financial model. However, if a team lacks a financial specialist, it will not be possible to examine the project's financial potential and forecast its revenues.)
- Issues specific to the intermediate stages of project development, including a limited understanding of USP and other marketing concepts or an inability to formulate assumptions when building a financial model;
- Legal issues related to project financing, which arise due to the changing position of state regulators in certain countries. (One should note, however, that while this considerably makes the ICO procedure more complex, it also means the creation of a more civilized and regulated market that can, hopefully, lead to a reduction in the number of scams).

SMART Valley as a solution for Projects

1. A straightforward and convenient procedure of finding and attracting financing;
2. Verified service providers;
3. A minimal number of intermediaries, competitive service rates on the platform, and a chance to reduce marketing budgets - all due to the closed and transparent character of the ecosystem and the presence of key business players who can directly influence the success of a project.

Moreover, the SMART Valley ecosystem will allow project developers to:



- Connect great technical or marketing ideas with interested Backers;
- Prepare high-tech projects for token sale;
- Develop efficient marketing strategies to launch projects;
- Attract world-class experts.

Key issues encountered by Experts

1. The lack of opportunities to work on high-tech, high-potential projects worldwide or participate in global tenders and competitions;
2. The absence of payment guarantees when working on a project;
3. The inefficient and time-consuming process of searching for new jobs or clients.

Apart from these key issues, a series of other problems exist, including:

- The difficulty in finding employment, especially in small cities, as well as high unemployment rates among young specialists and recent graduates;
- The lack of transparency in the recruitment process. (Employers try to minimize their risks by transferring the responsibility for hiring onto an intermediary, while ignoring short-term interpersonal risks;
- A decrease in the quality of goods and services as a result of the hiring model described above;
- Issues stemming from a lack of highly qualified specialists familiar with distributed ledger technology, as well as from the ever-increasing expectations placed on candidates combined with the absence of flexible tools that could reduce the gap between said expectations and qualifications.

SMART Valley as a solution for Experts

1. The creation of a cross-border experts marketplace provides an opportunity for experts anywhere in the world to work on high-profile innovative projects, as well as take part in international tenders and competitions;
2. The safe-deal mechanism guarantees timely payment for services provided by an expert;
3. The search for jobs and clients is streamlined and simplified.

In addition to solving these key issues, we believe that the SMART Valley ecosystem will be able to:

- Ensure employment for young specialists, especially those who are from vulnerable social groups, such as handicapped professionals who cannot find jobs near home or have limited mobility;
- Enable experts to take part in events that can increase their rating, which will allow them to compete with those service providers who know members of a project team personally or through a third party;
- Organize efficient training activities;
- Form a list of highly-rated service providers—businesses and independent professionals;
- Train DLT specialists;
- Prepare high-potential specialists for leadership roles;
- Create new jobs.

Additional information on the advantages of DLT for the SMART Valley ecosystem

- Secure encryption tools, anonymity, and confidentiality;
- The mutual verification of data—the requirement for a broad agreement between all parties as a condition for any data alterations ensures that all database copies remain identical without any interference from a central regulating authority;
- Smart contracts - unlike traditional data input methods, smart contracts consist of programs or bits of code stored on the ledger that can be programmed to generate instructions for the execution of various transactions.
- Universal data sources that are synchronized automatically between all participants;



- More complete databases—for instance, it is possible to include data on property rights that reflect various levels of beneficial ownership;
- The ability to make traditional centralized informational systems obsolete—centralized informational systems are currently used to track and register deals. There will be no longer be a need to send requests to centralized databases or to other participants in order to verify information, etc.;
- The use of up-to-date, transparent data can resolve disputes between counteragents, eliminate the need for a lengthy verification process, and allow for the complete control of transaction details. Moreover, participants will be able to choose to disclose additional data to their counteragents before concluding the deal, thus reducing trust risks, etc.;
- Faster and more efficient transactions—all participants will have access to the same body of data, and any updates will spread quickly across the market. Transactions will be executed almost instantaneously, since a deal is considered concluded at the moment all participants agree to update the records on the ledger. This will remove the need for any post-deal confirmation and clearing at the end of a certain period. Considering the fact that all participants will use the same set of data, the use of the blockchain will decrease the risk of errors, disputes, and delays due to the need to achieve consensus. All this will speed up most financial market processes.



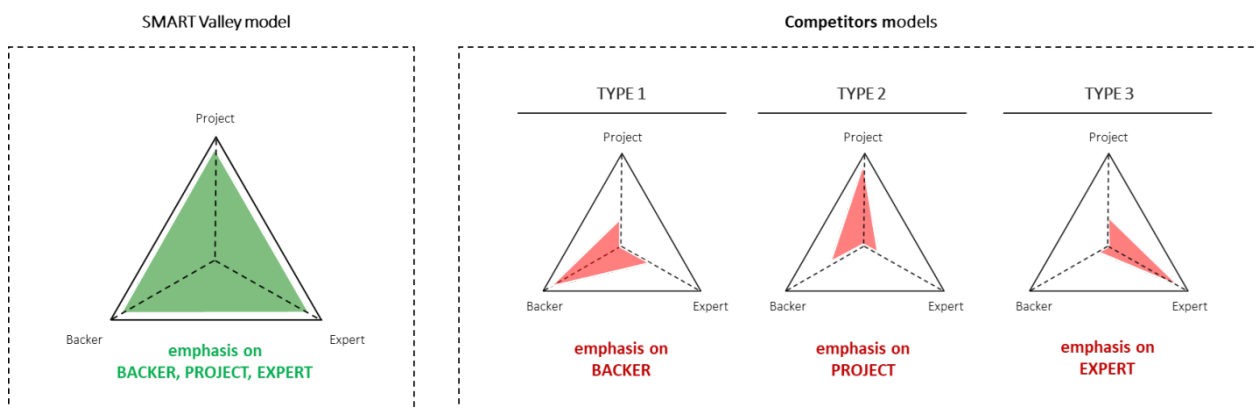
Chapter 2. Statement of the solution - SMART Valley Ecosystem

The SMART Valley ecosystem includes three key participant: Backers, Projects, and Experts.

The creation of the ecosystem will be carried out in two stages, the first being the setting up of the key element of the framework - a decentralized scoring system - and the second, the realization of a set of three other SMART Valley services - the safe-deal mechanism, the expert marketplace, and a backer tool.

The main difference between the SMART Valley platform and its competitors is the emphasis it places on solving the problems of on all the three key participant of entrepreneurial sphere. As our analysis of both direct and indirect competitors shows, three models dominate on the market, each of which focuses almost exclusively on the issues of one participant, either Backers, or Projects, or Experts. The SMART Valley model hypothesis assumes that it is impossible to resolve a complex issue by concentrating on just one of its aspects. For this reason, the SMART Valley ecosystem approach ensures a unique synergy with emergent properties. The competitive advantage of the project's ecosystem is driven by the very architecture of the system and four of its services, which provide solutions for the problems of each of the three project participant groups.

Figure 2. SMART Valley platform positioning



As the ecosystem develops, it will become possible to increase the number of platform users by attracting projects and companies that are already active on the market.

Figure 3. The SMART Valley ecosystem

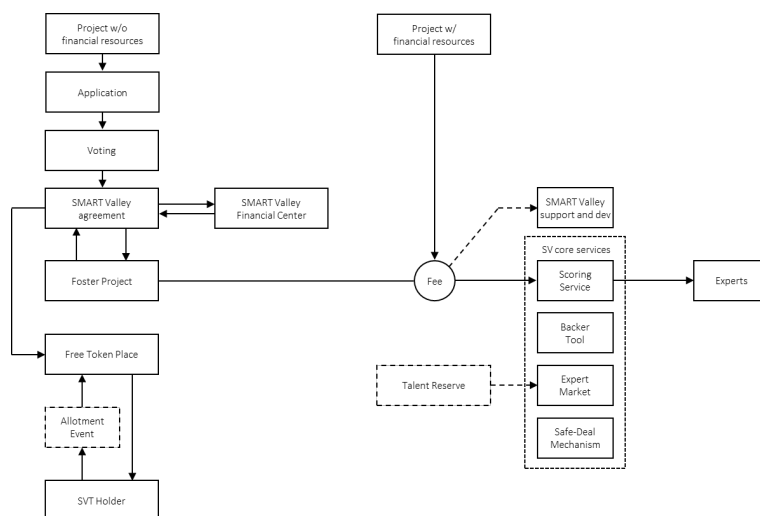




Figure 3 illustrates the general scheme of the SMART Valley ecosystem. A more in-depth analysis of the relationships between the platform participants and various elements of the ecosystem can be found in the next chapter.

About core services

- *Scoring system* – a service designed to evaluate the quality of the projects featured on the platform;
- *Safe-deal mechanism* – a conflict resolution service that guarantees the performance of clients' and service providers' respective responsibilities;
- *Expert market* – a service that allows project founders to find team members or hire service providers, all while helping experts and providers find clients or employers;
- *Backer tool* – a service aimed at facilitating the search of innovative projects for Backers and allows them easily support these projects.

2.1. The Scoring System

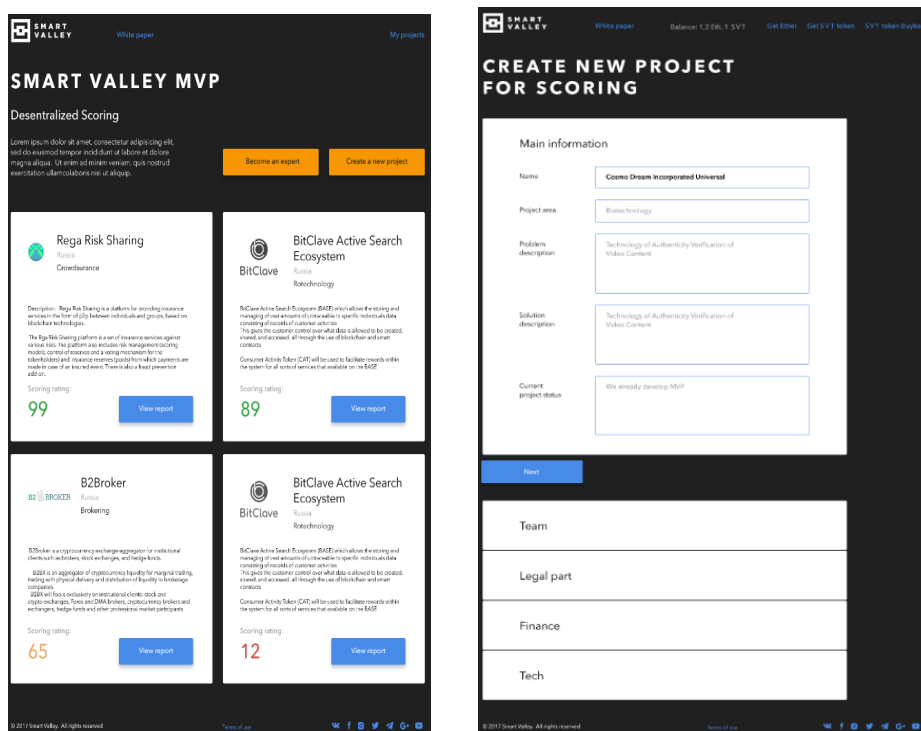
The scoring system constitutes one of the key SMART Valley services and serves as a foundational tool for solving various problems encountered by Backers, Projects, and Experts.

The scoring system includes three main elements: decentralized scoring, a mathematical algorithm, and crowd wisdom.

The decentralized scoring tool is the most important element of the SMART Valley platform, since it ensures the democratic and transparent character of the system, making the project evaluation process easily verifiable and efficient.

The other two elements of the scoring system allow for added functionality. They are designed to enhance the end result of the decentralized scoring but do not constitute a complete assessment in their own right.

Figure 4. SMART Valley decentralized scoring prototype

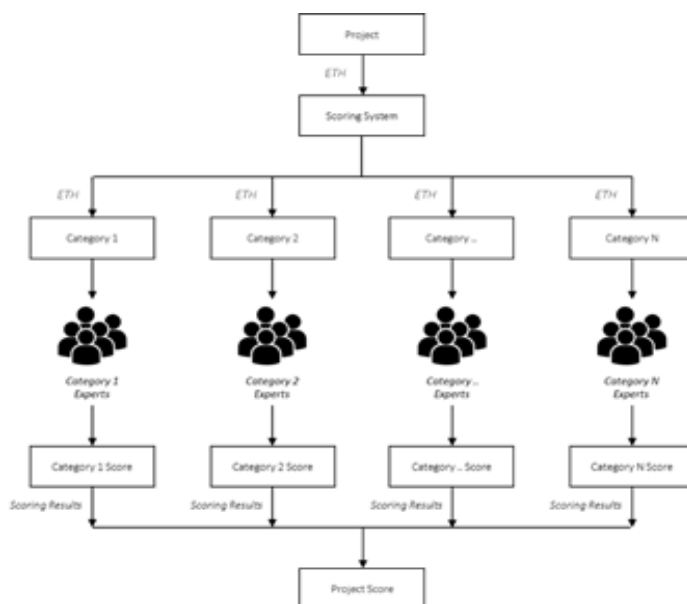




Decentralized project scoring by Experts

Once again, the decentralized scoring tool acts as the principle and essential element of the SMART Valley scoring system. This service allows projects to receive independent feedback and evaluations from the SMART Valley expert community, while giving potentially interested individuals an opportunity to select projects with the best prospects. Moreover, the service secures the community against scams and fraud due to its decentralized nature, and its results are virtually impossible to falsify.

Figure 5. General scheme of the SMART Valley decentralized scoring system



- Each project is scored according to several criteria, such as: financial/business section, legal section, technical section, marketing section, and human resources section;
- At least three experts per criterion participate in the scoring;
- All experts are selected randomly.

2.1.1. The scoring process

What follows is a general description of the project scoring algorithm, which includes three main steps:

Step 1. Project founders submit a scoring application

Each project application must fill in the following fields:

- Desired number of experts for each of the criteria (note: minimum 3);
- Maximum available budget (note: the system gives a price estimate for a certain set of criteria).

The required sum is deposited using a smart contract.

Step 2. Expert selection

- Experts for each scoring criterion are selected randomly based on the project application requirements;
- The number of selected experts is three times higher than the number of experts required for the scoring;
- Each experts receives an email with an invitation to participate in the scoring;
- The first experts to agree are approved to perform the scoring;
- If the necessary number of experts are not found within the allocated time limit, the process is repeated.

Expert selection is carried out using a smart contract.



Experts are randomly selected from the entire pool of experts in different categories (financial/business section, legal section, technical section, marketing section, and human resources section) that registered in the ecosystem .

The random selection algorithm is implemented using a smart contract to ensure transparency and reliability of the results.

Step 3. The expert scoring process and the final score calculation

- The selected experts score the project;
- Once the scoring is completed, each expert is paid his or her fee from the deposited budget. In the first releases of the platform, the compensation will be in the form of a fixed amount, and the entire budget will be distributed equally among all experts, until enough of the user statistic is collected in the beta version. In the future, it is planned to make sure that the budget between experts is distributed according to the category (for example – HR-expert will receive less amount than the lawyer expert);
- The scoring results are published in open access documents.

The payment of expert fees, refunds of any remaining budget deposit, and user rating changes are carried out using a smart contract.

2.1.2. The payment methods for scoring

The service of the decentralized scoring can be paid for in two ways:

Method 1. Payment in full using ETH

The project always has the option of paying the full scoring fee out of its own expense (note: ETH).

Method 2. Payment using foster project tokens

- The scoring for a project can be paid for using financial aid from the SMART Valley Financial Center. However, this requires that the project submits an application;
- The application is assessed; if after a set period of time the application gathers over a certain percentage of positive votes, the project is becoming a foster project and receives the necessary financial aid, but in return the project founders will have to transfer an amount of their foster project tokens that five times exceeds the scoring fee (further details are provided in the section dealing with the SVT token model);
- The project tokens transferred to repay the financial assistance will be made available for SVT holders.

2.2. The Experts Market and the Safe-Deal Service

The safe-deal mechanism plays a one of the key roles in the SMART Valley ecosystem, as it guarantees efficient transactions between clients and service providers. A more detailed description of the service - together with the service itself - will be made by SMART Valley Team subsequent to the token sale.

All projects (and companies) interact with experts and service providers by means of the experts market. In order to ensure the transparency and security of this system, all transactions are executed using the safe deal mechanism.

Members of the expert marketplace will include both professionals in traditional areas (such as software developers, product designers, HR specialists, etc.) and DLT experts (blockchain developers, DLT engineers, etc.). Thus, a project or company will be able to hire all the specialists or service providers it requires among the available experts, all of whom are members of the SMART Valley ecosystem.

Moreover, the security and effectiveness of relationship within the ecosystem is supported by a rating system, through which it is possible to verify the experience and qualifications of each ecosystem member.

The safe deal mechanism



The ecosystem provides a guarantee that the contract terms between a project and its chosen experts will be followed. If an expert fails to adhere to the contract terms, the project founders will receive a refund.

In the case of a dispute, the parties can utilize the safe-deal mechanism and initiate an arbitration process, paying an arbitration fee that depends on the value of the deal.

The Dispute Resolution process:

- The system randomly selects several arbitrators from the general arbitration pool, which is formed from SMART Valley ecosystem members with the highest rating (Top 5%). This rating depends on the results of their activities on the platform, the length of stay on the platform, and the involvement in the life of the ecosystem (the selection criteria depend on the character of the dispute. For instance, if the disagreement concerns development issues, arbitrators will be selected among professional developers);
- The service provider and the client leave their comments concerning the circumstances of the dispute;
- Each of the arbitrators makes an independent decision and submits a comment;
- The results are determined by a majority vote;
- The personal rating of each arbitrator influences the weight assigned to his or her vote.

Elements of the mechanism of formation of the general arbitration pool can be adjusted by the Smart Valley Team, after collecting a sufficient level of statistics on the activity of platform users.

2.3. The Backer Tool

The Backer Tool service allows projects to get published on the platform and raise financial resources. The tool makes this process more straightforward and, more importantly, efficient. The key to the efficacy of the service is the unique architecture of the ecosystem itself, which brings together all the key business players (backers, projects, and experts), connecting them through the unified informational space of SMART Valley. Since the target audience needed for a successful launch of a project is already present on the Smart Valley platform, it allows for a better control of the project marketing costs and facilitates the search for resources.

Another important feature of the service is its ability to democratize the financial support for innovation. The ecosystem is designed to accommodate not only ICOs (more details on ICO project development within the system will be given in the next section), but also crowdfunding projects and companies that are in need of any of the services provided by the SMART Valley ecosystem. In this way, SMART Valley seeks to minimize the number of intermediaries involved in supporting innovations, while at the same time creating favorable conditions for a coexistence between institutional and small private backers and keeping the system simple, pluralistic, transparent, and democratic.

2.4. Project development within the SMART Valley ecosystem

All ICO projects published on SMART Valley must confirm the completion of the main ICO development stages.

The SMART Valley ecosystem is designed to include not only ICO projects, but also those projects and companies that wish to satisfy a certain need using the services provided by SMART Valley. However, the present section will use an ICO as an example of the project development process within the ecosystem.

Basic steps on an ICO project development - simplified scheme:

1. Concept creation, developing a White Paper and an economic model for the project;
2. Development of an MVP/prototype;
3. Project scoring;
4. Financing of the project;
5. Legal support;
6. PR & marketing;
7. ICO;



8. Listing the token on digital exchanges;
9. Post-ICO activities.

Of course, a project can enter the ecosystem having already completed some of the above-listed stages, in which case some of the steps can be skipped.

By the time the ICO is ready to launch, the project team needs to be complete. The main effort of this team should focus on conducting an efficient marketing campaign by promoting the project and publicizing it in the traditional media as well as on the Internet.

At post-ICO stage, the project still participates in the ecosystem: it requires PR and development services, assistance with getting listed on digital exchanges, and other post-ICO services.

2.5. Training, education services and social importance of SMART Valley

In the long term, Smart Valley is considering financing new specialists training, creating new college- and university-level study programs, raising the overall level of professionals, and helping to address the shortage of personnel in the DLT market.

One of the possible scenarios to finance the training is by creating a special trust fund that will be replenishing using transaction fees paid by the ecosystem members.

At first, three main initiatives will be promoted: the creation of new college study programs, the development of online training courses, and hackathons.

Colleges:

The creation of new college programs will provide a long-term solution to the issue of a lack of professionals in the DLT industry, while also raising the qualification level of existing specialists.

Online courses:

We believe in economic decentralization and strive to give everyone across the globe an opportunity to discover the distributed ledger technology and become a professional in this sphere. That is why we are planning to finance online training activities, develop our own courses, and eventually, attract professional course developers.

Hackathons:

The organization of hackathons gives us a chance to test various hypotheses, encourage the emergence of interesting new projects, promote better professional performance, and stimulate the spread of new technologies across the IT community.



Chapter 3. Token sale economics and SVT token model

In order to maintain operational activity and further the development of the ecosystem, transactional commissions are expected to be charged.

3.1. Token economics

SVT token price: 1 SVT = USD 0.10 (10 cents);

Minimum amount for SMART Valley token sale participant: USD 1;

Accepted currency:* ETH, BTC, USD;

Soft Cap: USD 3,000,000;

Hard Cap: USD 30,000,000;

Token sale period:

- Preliminary requests for tokens accepted starting from April 11, 2018;
- The token sale process at ICO phase will last for 30 days from the beginning of the ICO on May 14, 2018 or until the hard cap is reached, whichever event occurs first.

Total supply:

The volume of emission depends on the amount raised on the ICO and the used conditions of the crowdsale (bonuses and discounts).

Milestones scenarios:

The amount raised will determine the SMART Valley development scenario, and it will therefore have an impact on the time and scale of the development of the ecosystem. Depending on the amount collected, the structure of the budget will be as follows:

1st scenario:

- Amount – USD 5,000,000;
- 40% - Operational costs;
- 60% - Financing scoring of foster projects.

2nd scenario:

- Amount – USD 15,000,000;
- 15% - Operational costs;
- 85% - Financing scoring of foster projects.

3rd scenario:

- Amount – USD 30,000,000;
- 10% - Operational costs;
- 90% - Financing scoring of foster projects.

Initially, an SVT Token can only be acquired by participants of SMART Valley token sale. However, the SVT holder has the right to sell / transfer all or part of his tokens to a third party individually, subject to potential restrictions provided for by the SVT Token sale agreement.

** The SMART Valley Team reserves the right to accept tokens of other projects as a means of exchange for SVT token during the SMART Valley token sale.*

3.2. SMART Valley token model



About SVT token model

SVT token (Smart Valley Token) is an access-token. It serves as the only means of access to the Free Token Place.

The emission of SVT tokens is limited.

SVT holders should be aware that some foster projects may never reach the Free Token Place. This can happen due to a number of unforeseeable circumstances, such as the death of a project founder, the founder's decision to stop working on the project, changes in legislation or industry as well as other reasons not listed in the present document. Thus, it may happen that the amount of funds spent from the Financial Center will exceed the value of foster project tokens made available at the Free Token Place.

In addition, we would like to separately note that situations are possible that the platform can get projects, in which the token model will be security-token. In these cases, the SMART Valley platform will use, as its intermediary, a legal entity\partner, with the appropriate licenses, for further relationships with these projects and their security-tokens.

About the Financial Center

Projects can pay for the service of decentralized scoring both by themselves and using the funds of the ecosystem by applying to the Financial Center for assistance. It is important to note that the reserve of the Financial Center will be formed only once (during SMART Valley token sale) and will not be replenished using transaction fees charged within the ecosystem for its services.

The purpose of the Financial Center is to create a constant inflow of high-potential projects into the ecosystem and form the initial community.

In the future, the ecosystem will be supported and developed using transaction fees. Once the reserves of the Financial Center are depleted, its future will be decided with the participation of the SMART Valley community.

The Smart Valley team reserves the right to allocate part of financial resources from the Financial Center, in order to enhance efficiency and improve the scoring system, as well as other services of SMART Valley ecosystem.

Main function of SVT token

Possibility of participation in the Allotment Event of free foster project tokens at the Free Token Place.

Advantages of SVT token to SVT holders

- Access to the Allotment Event - that is, an opportunity to obtain free tokens of foster projects at the Free Token Place.

Commentary: Those projects that do not dispose of sufficient funds to pay for the scoring that obtain financial assistance to pay for this service upon the following conditions:

(1) The foster project will be obliged to make a certain number of its tokens available at the Free Token Place; this number must be equivalent to a sum that is five times higher than the amount of funds allocated by the Financial Center to finance the scoring of the foster project;

(2) The amount of financial resources that the foster project plans to attract must not be lower than USD 500,000.

- Possibility to obtain tokens of foster projects with a higher potential and survival rates.

Commentary: By survival rates and potential of foster projects we mean a project's chances to complete its ICO successfully. SMART Valley possesses a certain set of tools that help increase a project's chances for survival and success. Here are a few of them: obligatory video address of the ICO project's founders, obligatory availability of an MVP or prototype, decentralized and/or centralized scoring.

How SVT token works



Steps 1-3. The project that decided to choose the method of payment by using foster project tokens to use the decentralized scoring system, should apply for financial aid on the SMART Valley platform. If the application is approved, an agreement is signed between the ICO project and the SMART Valley platform, delineating the terms on which financial assistance is provided for the purpose of paying for the scoring. At this point the project becomes the foster project;

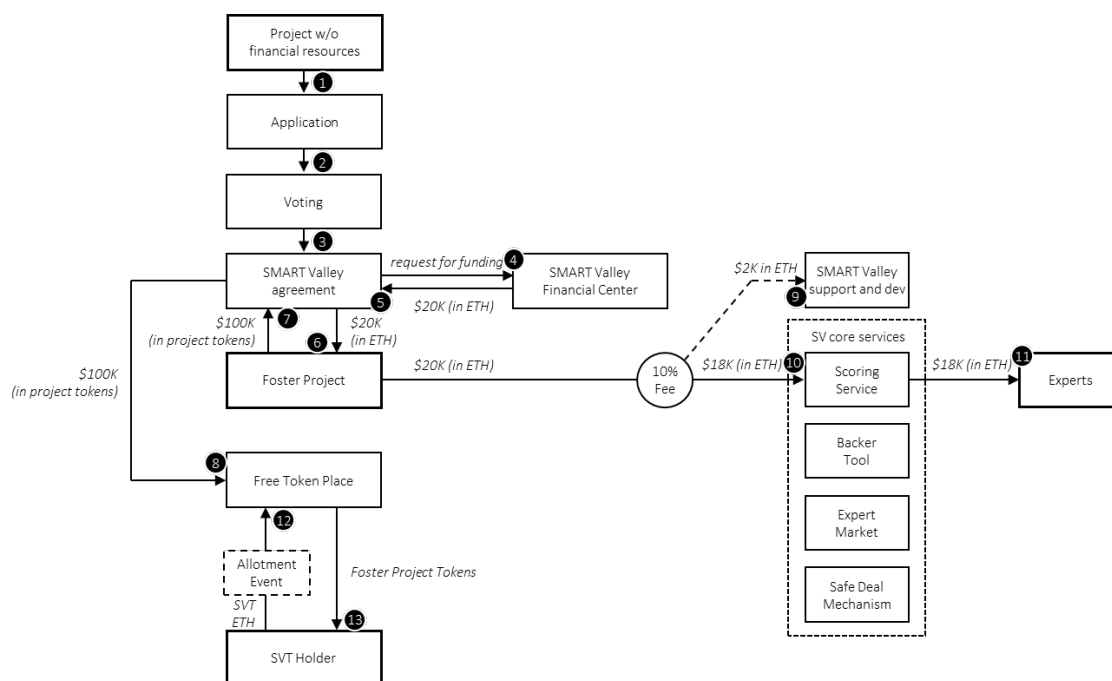
Steps 4-8. Once the parties reach an agreement, a request is sent to the Financial Center to release the necessary amount of financial resources for the scoring of the foster project. The Financial Center allocated the necessary sum in cryptocurrency and makes it available to the foster project, which, in turn, is obliged to place a certain number of its tokens at the Free Token Place; this number must be equivalent to the funding provided by the Financial Center multiplied by five. The foster project tokens transferred to SMART Valley are placed at the Free Token Place, where they are made available for free to those SVT holders who participate in the Allotment Event.

*Example: If a project needs USD 20,000 to pay for the scoring, then the number of tokens it will need to transfer to SMART Valley must be equivalent to USD 100,000 (that is, $20,000 * 5 = 100,000$).*

Steps 9-11. SMART Valley pays for the scoring of the foster project; a transaction fee of 10% is charged. Fees charged for using the services provided by the SMART Valley ecosystem are allocated for the support and development of the ecosystem. Experts who carry out the scoring are paid for their work.

Steps 12-13. Once the foster project completes its ICO, its tokens become available for allotment at the Free Token Place. And when SVT holders have used their SVT for the purposes of participation in the Allotment Event at Free Token Place, they receive the desired foster project tokens.

Figure 6. SVT token mechanism with the scoring price set at USD 20 000



About the Allotment Event mechanism

Step 1. As mentioned above, based on an agreement with SMART Valley, foster projects transfer their tokens at Free Token Place; the number of tokens thus placed must be equivalent to the amount of funds allocated for them by the Financial Center multiplied by five;

Step 2. These tokens are subject to the allotment event that has a set duration* (note: 1 week);

Step 3. Throughout the allotment event period, each SVT holder can stake a number of his or her SVT tokens for allotment event; those SVT tokens that participate in the allotment are temporarily frozen;



Step 4. Once the set period of time has passed*, each of the SVT holders who made their stakes during the allotment event get back their SVT tokens and tokens of particular foster project in an amount proportional to the weight of his stake in the allotment event. This means that foster project tokens are distributed among SVT holders for free but in accordance with the number of SVT tokens they had staked during the Allotment Event.

Example: imagine that 100 foster project tokens are placed at the Free Token Place. The Allotment Event is initiated. During this event, User#1 had staked 5 SVT, while User#2 had staked 15 SVT, then the result of the Allotment Event will be as follows: User#1 will get 25 project tokens (that is, $100 \cdot 5 / (5+15) = 25$), while User#2 will get 75 project tokens.

Step 5. Once used, an SVT token is frozen for a certain period of time* (note: 1 month); when this period is over, that specific SVT token can be used again to gain access to foster project tokens at the Free Token Place by participation in Allotment Event.

SVT token distribution

SVT tokens will be allocated within the SMART Valley ecosystem as follows:

- Token sale – 75%
- SMART Valley team, early contributors, Bounty, Advisers – 25%

3.3. SMART Valley project development roadmap

Stage	Date
Forming the core of the team	June 2017
Development of the project architecture	July 2017
Whitepaper draft version	August 2017
Development of the ecosystem prototype	September 2017
Start of the legal authorization process	October 2017
Road show begins	November 2017
Scoring System demo version. Whitepaper v1	December 2017
Entering into partner agreements with market participants	January 2018
Attracting experts, backers, projects, and specialists to the platform	February 2018
Whitepaper v2	March 2018
Public beta-testing of Smart Valley scoring system	April 2018
Full launch	October 2018



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29. <https://coinmarketcap.com/>;
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