

Whitepaper

Rocket  DAO

Decentralized crowdfunding and startup evaluation platform

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Introduction

The concept of **Rocket DAO** first appeared in July 2017 on the basis of [TechBuro](#) - an IT software development company based in Minsk, Belarus. Initially, the project was named RocketICO and was planned to be a decentralized startup accelerator.

All TechBuro founders are well experienced in the global IT industry, they released more than 150 web, mobile and IoT projects; they worked with such great clients as Shell and Samsung, they created a game studio with more than 120 million downloads worldwide. In March 2017, the team began to actively study peculiarities of blockchain technology, realizing that this was the most promising and perspective technology at that moment.

Since then we have gained serious expertise in this industry. Now TechBuro employs more than 40 specialists, the main activity focus of whom is oriented to the applications and software programs using blockchain technology (Ethereum, Hyperledger, Graphene, etc.). By now we have successfully provided solutions for such companies as [WaBi](#) and [Mineority](#).

A precondition for **Rocket DAO** creation was the fact that in summer 2017 we've begun to receive a great number of orders for technical support of ICOs as well as for the development of blockchain based solutions. We were surprised to find out that most potential customers had little competency in the products they were planning to create. Bearing that data in our minds we decided to build a system that would help to refine any idea the project team had with the help of an expert community and attract financing from investors community at each stage of the project's development. In fact we were about to create a decentralized startup accelerator.

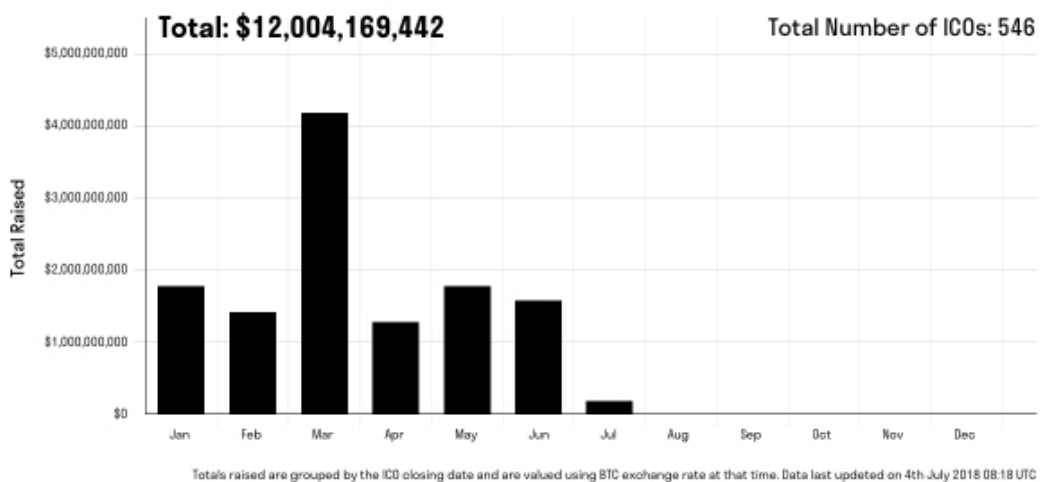
In the beginning of 2018, we decided to restructure this solution in two stages of realization:

1. Develop and launch a decentralized fundraising platform.
2. Add new functions to the platform so that to transform it into an online accelerator.

Investment market analysis

Before describing **Rocket DAO** fundraising platform let's have a look at the ICO (Initial Coin Offering), VC (Venture Capital), IPO (Initial Public Offering), Crowdfunding markets which are the key fundraising tools for technology companies.

Cryptomarket and ICO



Statistics derived from [coinschedule](https://coinschedule.com)

Cryptocurrency market counts to nearly \$ 300 billion for today. In December 2017 this amount exceeded \$ 800 billion.

Venture Capital

According to [KPMG](#) - one of the largest audit companies worldwide - 2,456 transactions with a total volume of \$ 49.3 billion were made in Q1 2018.

In 2017 total world's venture investment market was \$ 148 billion.

IPO

According to the report prepared by Ernst & Young - a British audit and consulting company - in the first three months of 2018 the global IPO market successfully conducted 287 transactions for the amount equivalent to \$ 42.8 billion.

The IPO global market volume was \$ 189 billion in 2017.

Crowdfunding/Crowdfunding

According to [Statista](#) - one of the most authoritative statistical web-portals in the world - the total crowdfunding market size is expected to be \$ 9.4 billion by the end of 2018.

Investment market

Statistics provided by the ICO, IPO, venture capital, crowdfunding and crowdinvesting markets form a full image of their current states. Classic venture capital investments and securities markets occupy leading positions in terms of the number of transactions made.

However, in the few years of its existence ICO market has confidently caught up with the classic crowdfunding and crowdinvesting markets, having become the most preferred tool for online investing. In our opinion, the reason we have faced this phenomenon is connected with the fact that ICO is a new instrument providing unprecedented investments liquidity.

Any startup powered by blockchain technology has can issue its own tokens, receive financing in exchange for these tokens, and then start trading these tokens on any stock exchange. Earlier companies could reach such a level of liquidity only at the stage of IPO or M&A.

Liquidity problems of the VC

Despite the fact that the venture market is a well-organized and effectively functioning industry, there are a number of challenges that its participants face.

- **Angels** invest prior to venture capitalists but their position in a company often deteriorates as venture investors contribute their funds in the follow-on financing rounds. If angels don't have sufficient amount of funds to support their investments, they cannot avoid their share to be diluted. In addition, angels often have to wait for an exit to get additional funds that could be invested in new startups. And this lock-up period may last for years. Venture investors (who enter startups in earlier rounds) have similar problems.
- **Accelerators** have a large pool of startups, in which they have a small share. Ability to sell partially these shares could increase turnover of the startup accelerators' funds. This would benefit the entire startup industry.
- **Founders** who have been working on their startups for several years may need additional financial rewards. For this they have to sell small shares of their companies only.

ICO as a new instrument of the venture market

We believe that all mechanics tested for ICOs are perfectly suitable instruments letting increase today's venture capital market's liquidity. The core principle of these mechanics lies in the concepts of tokenization and the work with tokenized assets only.

There are three main types of tokens:

- **Asset-Backed Tokens:** liabilities for the real assets i.e. a place (real estate for example) or thing (commodity, equity, derivative).
- **Service-Backed Tokens:** liabilities for a service provided by someone or something (a machine for example) for you. Examples include Chuck-E-Cheese tokens (i.e. a chain of American family restaurants) or laundry machine tokens / vending machine tokens.
- **Infrastructure Tokens:** these tokens are backed by nothing and everything at the same time. The classical example of this would be Bitcoin.

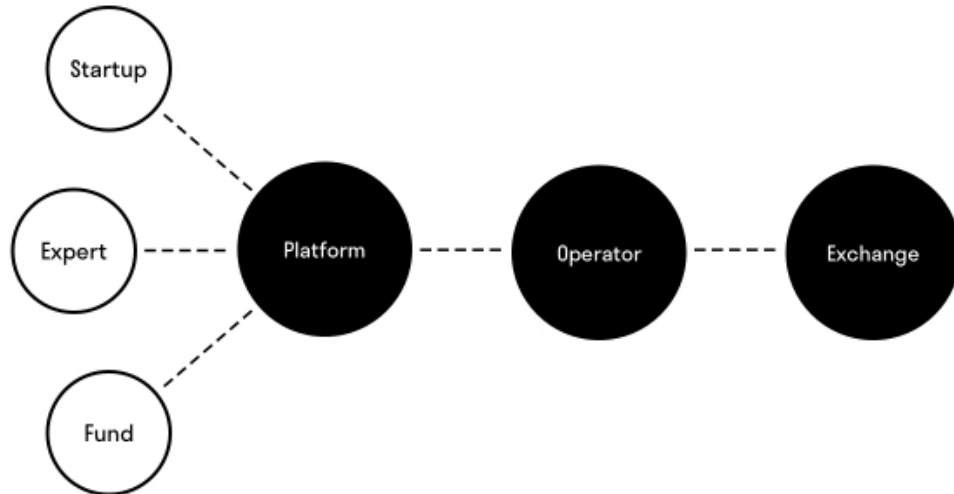
Advantages of using tokens for the venture market:

- Acceleration of trade process: transfers of real assets and paperwork are not needed anymore.
- Increased storage security and transferability by registering transactions in the blockchain.
- No intermediaries: character of their participation may be defined in a smart contract or they may be excluded from the chain of transactions at all.

Unfortunately, despite the positive dynamics and growth tendencies, the current ICO market still remains unclear for most players in the venture industry. This happens due to the fact that the market is too young and its regulation has just begun.

Nevertheless, there is obvious progress in understanding how venture investments should be organized using tokens in terms of operating processes and sophisticated legal issues.

A new ecosystem needs:



- 1. Platform solution** which is a place where investors finance tokenized startups. The main functions of this platform:
 - Investors may safely invest in startups.
 - Investors may receive a startup's expert assessment before financing it.
 - Investors may track dynamics of the startup's development after investing.
- 2. Operator** which is an organization engaged in the issuance and audit of any types of tokens and their registration in the state registers. Basic operator's functions are as follows:
 - Cooperation with public authorities.
 - Compliance control of the tokens to the state regulations and standards.
 - Registration of the token in a public register.
- 3. Exchanges regulated by the government** which are actively used for an official purchase and sale of any types of tokens.

Rocket DAO

For more than a year **Rocket DAO** has been researching and developing a platform solution for investors, experts, and startups which, in our opinion, should become an alternative to conventional crowdfunding / crowdinvesting and add liquidity to the classic venture market.

Starting the development of the platform we determined the following goals first:

- To digitize Classical Venture Funds investment model and introduce innovative ways of fundraising.
- To offer new mechanics of joint investments using smart contracts.
- To create an independent expert community that provides a varied review of the project's investment readiness.

In addition, we have worked out two criteria that this platform must meet in order to work with tokenized assets.

- Web 3.0 - Rocket DAO will be fully powered and governed by blockchain technology permitting regulate relations between platform users with the help of smart contracts. Therefore it should be able to:
 - Conduct authorization on the platform using any blockchain system.
 - Manage any digital assets in any blockchain.
 - Record any important event in any blockchain.
 - Platform users' relations are regulated by smart contracts.
- DAO – over the time it is expected that the platform will become fully decentralized, self-developing, autonomous system where community defines directions for further development.

In the framework of **Rocket DAO** we are working on four products: **Rocket DAO Investor, Rocket DAO Expert, Rocket DAO Startup, Rocket DAO Wallet.**

Round system

Round investment system has proved itself to be a very efficient one in the VC market. We want to digitize it in order to provide investors and startups with clear rules of interactions. Rounds' digitization has certain advantages as it helps to increase liquidity of the investment market.

We will work with two types of startups:

- Startups that initially introduced tokenomics.
- Startups that have not implemented tokenization in their projects.

To the second startup group we will offer an equity tokenization service, thereby integrating them into the blockchain ecosystem, and providing with new business opportunities.

Tokenization of equity will proceed as following:

1. There is an auditor or a law company performing an escrow function called an operator.
2. An operator receives 100% of company's assets.
3. The operator issues tokens which are analogues of the bearer shares.
4. As soon as someone presents tokens to the operator, the latter is obliged to provide equity to the bearer in proportion to the tokens provided.

Round system implemented on the platform:

Pre-seed (up to \$ 500 thousand)

These are completely new startups. Exact investment amount is determined after the startup's expert community assessment. Registration of a legal entity is not required. This transaction is regulated through SAFT (or any possible equivalent of the jurisdiction). Accredited and non-accredited investors are admitted to the transaction.

Seed (up to \$ 5 mln)

These are startups that fall under the requirements of the seed stage. Exact investment amount is determined after the startup's expert community assessment. Registration of a legal entity is required. This transaction is regulated through SAFT (or any possible equivalent of the jurisdiction). Accredited and non-accredited investors are admitted to the transaction (under certain conditions).

Pre-sale (Round A, B, C: up to \$ 10 mln)

These are startups fall under pre-sale stage requirements. Exact investment amount is determined after startup's expert community assessment. Pre-sale stage can be conducted several times. Registration of a legal entity is required. Tokens are mandatory issued through operators. There are cases when tokens release is delayed, so in that case transaction is regulated through SAFT (or any possible equivalent of the jurisdiction). Accredited and non-accredited investors are admitted to transaction (under certain conditions).

Main sale (starts from \$ 5 mln)

These are startups that fall under requirements of sale stage. Exact investment amount is determined after startup's expert community assessment. Registration of a legal entity is required. Tokens are mandatory issued through operators. There are cases when tokens release is delayed, so in that case transaction is regulated through SAFT. After the sale stage tokens are placed on stock exchanges. Accredited and non-accredited investors are admitted to transaction (under certain conditions).

Second sale

This stage is necessary for companies that have successfully conducted main sale and tokens are traded on exchanges. This stage is needed for large token holders to sell their shares to new investors without bringing the market rate down.

More information about SAFT and its types can be found [here](#).

Non-accredited investors can participate in the investment rounds under the following conditions:

- Approved KYC.
- Investment limit of \$ 10,000 per transaction has not been exceeded.
- A year investment limit has not been exceeded (depending on jurisdiction).

In addition, **Rocket DAO** has an attractive investment instrument that allows early stage investors to sell their tokens on the follow-on investment rounds for the price they cost initially.

For example, you are an angel investor or startup accelerator which participated in the startup's pre-seed stage, having investing \$ 50 thousand in it at its estimate of \$ 1 mln. Once the project enters seed financing stage with an estimate of \$ 5 mln an investor will have an opportunity (after seed round is ended) to sell some of his/her tokens (shares) at a price of the seed round and quickly return his/her \$ 50 thousand.

This gives investors an excellent investment liquidity management tool that will let them release the operating capital in a short period of time. These funds he/she now will be able to invest in new companies what will have a beneficial effect on the startup industry as a whole.

Rocket DAO Investor

Rocket DAO Investor is a product designed for the investor community. Within the framework of this product we want to change mechanics that are used in conventional crowdfunding/crowdinvesting. We will do it with the help of **smart contracts on blockchain (Ethereum)**, showing how investing process on Web 3.0 platform should be done.

Smart contracts have given us a possibility to create decentralized investment funds. The most vivid example of decentralized venture fund creation is The DAO: 20,000 people put 4,000,000 ETH on one smart contract in order to invest jointly in new startups. Unfortunately, a vulnerability was found in the smart contract and the project was closed.

We implement a similar concept in Rocket DAO. We provide users with an opportunity to create decentralized funds using smart contracts.

Types of funds:

Individual

Funds that consist of one single person. Its purpose is to tell the community that the user is ready to invest. It happens when user deposits a certain number of digital assets on a smart contract, which is completely at his/her disposal.

Private

Funds which consist of 2 to 100 people (number of participants may increase). Fund's creator personally sends out invitations to join the fund.

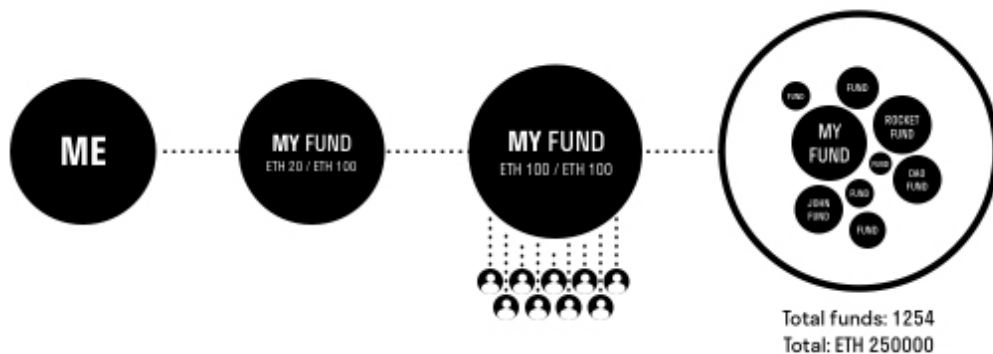
Public

Funds which consist of 2 to 100 people (number of participants may increase). Any user of the platform can become the member of this fund.

Fund's owner has to be the member of a decentralized fund. Any participant can withdraw his/her funds at any time. The fund ceases to exist and automatically disbands as soon as a number of participants becomes equal to 0 or fund's volume doesn't exceed 1 ETH.

How is the fund formed?

1. User authorizes with an identification service (for example, uPort or Telegram Passport) on Rocket DAO.
2. To access functionality user must deposit the required amount of ROCK tokens (platform's utility tokens) on a platform in an equivalent of \$ 200.
3. User gets access to the functionality of fund's creation.
4. User configures for the fund:
 - The size of the fund (at least 1 ETH).
 - The fund's type.
 - The number of participants (from 1).
 - Formation time.
 - The fund's voting rules.
 - Fund's management.
5. The fund's creator initiates fund's smart contract creation and deposits the minimum required balance.
6. If the fund is private the user sends invitations to join the fund to his/her friends.
7. If the fund is public then information about it becomes available on the platform's home page so that anyone authorized on the platform could join it.



Fund functionality

After the fund is registered its participants get access to the joint investment tools, which include:

- Voting system for investing in particular startups.
- Mechanism for discussing projects and selecting them for further financing on the platform.
- Fund's analysis.
- Encrypted chat.

Indisputable advantages of Web 3.0 platform where you can create decentralized funds against Web 2.0 platform are:

- For startups – to see how many funds are there on the platform online.
- For investors – to show how much they are ready to invest at the moment and in what concrete spheres.

Rocket DAO Expert

Rocket DAO Expert is a platform product designed for experts. The aim of its development and functioning is **to create mechanics for interaction of a multi-thousand expert community** where shared expertise will not only help to develop an optimal system for startups' evaluation, but also will enable experts to grow their competencies, generate passive income and enrich their potential.

How do experts work?

Registration:

1. User authorizes with an identification service (for example, uPort or Telegram Passport) on Rocket DAO.
2. User sends a request to become an expert on the platform or receives an invitation from another platform member.
3. User fills in application form. To to send the application he/she must deposit the required amount of ROCK tokens (platform's utility tokens) in an equivalent of \$ 200 on the platform.
4. Once the deposit is formed the completed application form is sent to the Rocket DAO Expert where analysts verify received data.
5. If the information is correct the user gets access to the functionality of an expert platform.

Working on the platform:

1. An expert begins his/her journey with an analyst status. Further, in the process of fulfilling tasks and gaining approvals from other community members, status of the expert begins to grow.
2. Our system randomly appoints experts to work with a particular startup. Results of completed tasks are recorded in blockchain.
3. Our community evaluates the results of the conducted work thereby affecting rating of an expert.
4. Experts receive remuneration for completed tasks.

Once a startup attracts financing, 2% of the raised ETH go for extra remuneration of the experts' work.

Our expert network is designed to be independent from startups' or investors' influence. This is a completely self-organizing community where each participant highly values his/her reputation.

We achieve this as follows:

1. Our independent experts are guaranteed to be paid for the work done. We create a new market where experts can monetize their knowledge. Earnings can range from several hundreds to tens of thousands dollars (in case of a very successful project's tokens sale). In addition, there is a possibility of passive earning when an expert receives commission each time his/her evaluation methodology is used.
2. Our goal is to create a multi-thousand expert community. We use a random algorithm to select experts for auditing a particular startup. That excludes a possibility to know in advance an expert who will audit the project.
3. Community will assess each startup by 10 parameters. For the assessment of each parameter several experts will be involved at once. Thus, we redistribute responsibilities among experts in order to make the evaluation the most objective and exclude the possibility of biased expert impact on the assessment results.

Creation of the decentralized expert community is an absolutely new phenomenon for the market which has become possible only with blockchain technology. Now we see an increased interest and great demand from the venture funds for this expert community services. There is no instrument on the market that allows receiving analysis from 30 independent experts at once in a very short time.

With a large amount of data accumulated through **Rocket DAO Expert** work, with continuous improvements of the operational processes, we will bring a very powerful tool to the market that will complement internal analytical departments of venture funds as well as of various analytical companies. In this regard we plan to create an open API that would allow **Rocket DAO Expert** to be integrated into any third-party system and experts could earn even more.

More information about **Rocket DAO Expert** can be found in our [blog](#).

Rocket DAO Startup

Rocket DAO Startup is a product for startups designed in order to provide convenient tools for effective interactions with funds and an expert community, managing token sales and receiving investments.

How do startups work on Rocket DAO platform?

Registration:

1. Any user authorized with a personal identification service (for example uPort or Telegram Passport) can use the platform's tools.
2. User can create a profile of his/her startup. In order to do this, a user needs to deposit the required amount of ROCK tokens (platform's utility tokens) in equivalent of \$ 200. Only then the startup becomes available for search on the platform and is visible to all platform's users.

How do startups work on Rocket DAO platform?

Receiving financing:

1. If a user wants to attract financing he/she needs to pay a fee to the platform to guarantee remuneration of the experts for the evaluation work done. Now the fee is \$ 5000 in ROCK tokens (platform's utility tokens).
2. User sends an application.
3. This application is checked by the analysts of **Rocket DAO Expert**.
4. If information is correct then the user is able to tokenize his/her startup, issuing ERC721 tokens.
5. All information about the project, entire history of interactions with experts and funds will be recorded on blockchain. We are striving to ensure that this measure will have legal force in future.
6. User is informed about his/her startup's assessment date. By this date he/she must provide the required information for assessment (team, business model, market structure, resources, product, token model, technology, marketing, legal, risks).
7. The startup is evaluated by the experts team, where each action of an expert is recorded on blockchain.
8. After the evaluation user has access to smart contract's constructor to attract investments. User specifies how many tokens he/she wants to sell, which kind of bonuses to set, and the length of the period for fundraising.
9. Further, user deposits the required number of startup tokens onto a smart contract.
10. All platform's users are notified that the startup is ready to start fundraising.
11. Once the startup attracts funding, 2% in ETH go for extra experts' remuneration and 5% of startup tokens and 3% of raised funds through the platform go to Rocket DAO Investor for the platform's development and ROCK redemption on the market.

Once a startup receives funding at a specific round, the entire community of **Rocket DAO** starts observing how the project develops. Here are the metrics we collect for this audit:

- development activity;
- community engagement;
- media activity;
- product metrics;
- etc

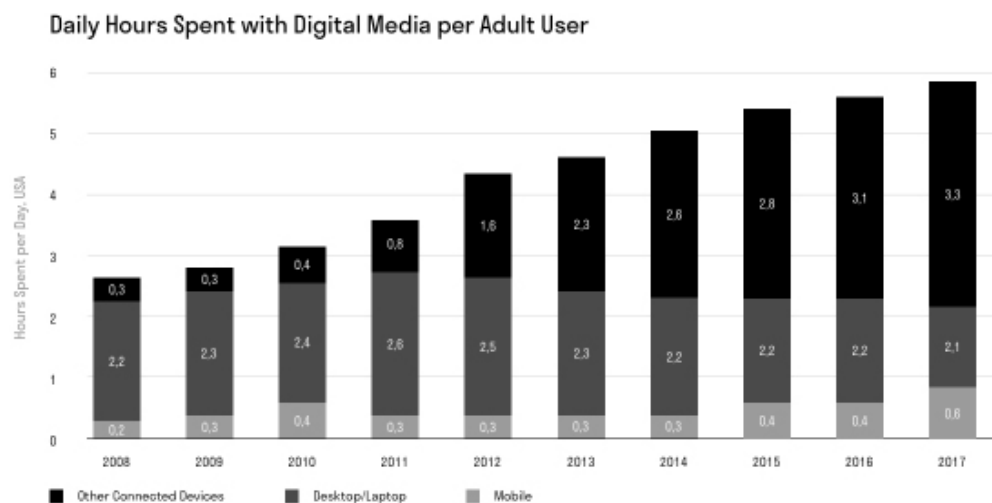
Startups have to make regular updates about the project on track and report them to investors.

Rocket DAO Wallet

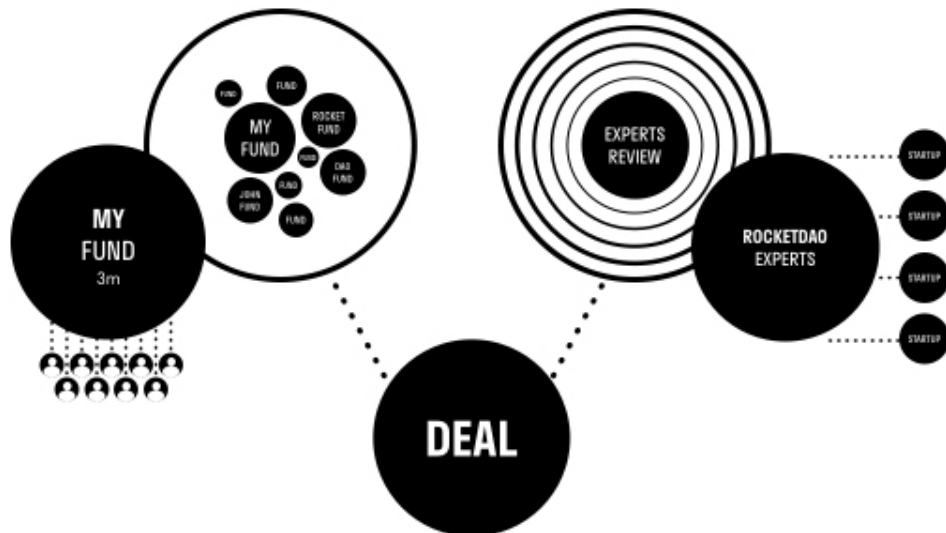
Rocket DAO Wallet is an open source mobile application (iOS & Android) bringing the functionality of all Rocket DAO products.

More than two-thirds of people around the world today have a mobile phone and most of them are smartphones owners. People all over the world prefer to go online using smartphones. They generate more web traffic than all other devices together.

That is why mobile application's development is necessarily included in our strategy for the platform development. Android test-version can be downloaded [here](#).



Rocket DAO platform interaction model:



In brief, the overall interactions within the platform are as follows:

1. Investors create decentralized funds.
2. Startups submit information and get audited by the expert community in order to be nominated to attract funding.
3. Experts provide the results of the project's analysis to the decentralised funds so that they could vote to decide whether to invest or not.

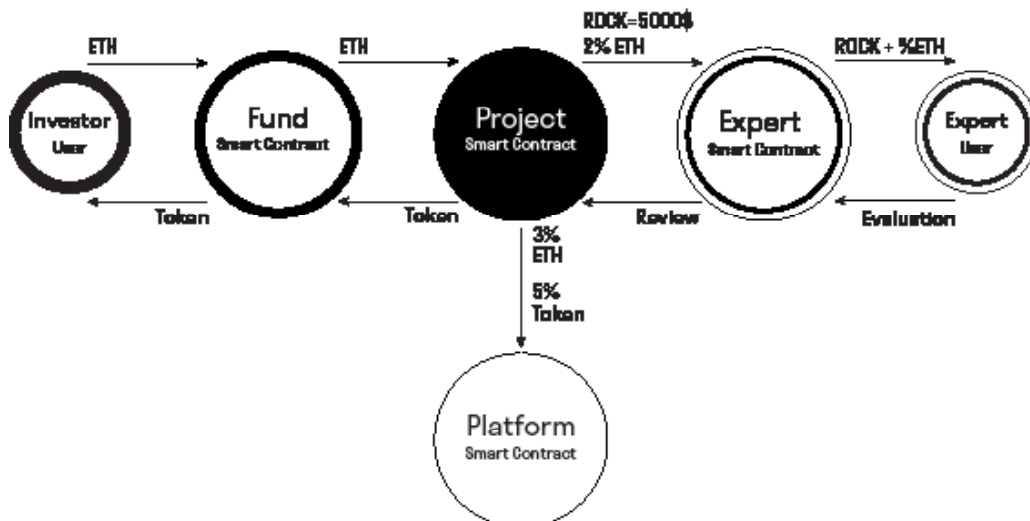
Comparison with competitive solutions

	coinlist.co	republic.co	bnktothefuture.com	neufund.org	Rocket DAO
Dapp (Web 3.0)	-	-	-	+/-	+
Usage of blockchain technology	-	-	Ethereum	Ethereum	Ethereum
Smart contracts used	-	-	-	+/-	+
Own token on the platform	-	DPA	BFT	NEU	ROCK
Expert assessment	-	-	-	-	+
Round investment system	-	-	-	-	+
Escrow	-	+	-	-	+
Investment classification	SAFT	DPA (tokenized SAFT)	Equity/convertible notes/tokens	Only tokenized equity	All kinds of tokens/SAFT (tokenized SAFT)
Usage of fiat money	+	+	+	+	-

Business plan

Rocket DAO platform retains 5% of the funds raised by a project as well as 5% of the tokens issued by startups. 2% in ETH go for the experts' remuneration. 5% of startup tokens and 3% of the raised funds with the help of our platform go to Rocket DAO Investor for the platform development and ROCK redemption on the market.

In addition, our business model assumes close cooperation with blockchains who are interested in developing startup ecosystems based on their solutions. In the end the winner will be the blockchain which is the most successful in collecting great projects within it.



We offer solutions for efficient and high-quality project selection and investing that will benefit to any blockchain boosting its ecosystem growth speed.

Working with funds and analytical companies and providing them with **Rocket DAO Expert** API is also an important element of our business model.

Our goal is to confidently take 5-10% of the world ICO market by 2022 and become one of the most popular Web 3.0. platforms for:

- Fundraising through tokens sale.
- Assessment monetization.

Token ROCK

ROCK is ERC20 utility token of the **Rocket DAO** platform. The main function of ROCK is to provide access to the platform's functionality. Every user who wants to create his/her own fund, become an expert or apply for financing will have to place a certain amount of ROCK tokens in a depository. These tokens will become transferable within 6 months.

In addition, we consider a possibility of preparing various services as well as creating a space where users can provide services to each other. ROCK is an internal currency of Rocket DAO in this case.

Initial number of tokens: **25,000,000 ROCK.**

Roadmap

Below is the history of Rocket DAO development up to the present moment as a timeline:

July 2017

Idea to create **Rocket DAO**.

August 2017

Self-financing of the project.

August - September 2017

Initial concept solution development; creating first version of the WP; pre-seed financing stage.

October - November 2017

Development of first demo version of the platform.

December 2017

Release of first demo version of the platform.

December 2017 - February 2018

Completion of pre-seed financing stage.

March 2018

Development of a new concept of a decentralized fundraising platform. Beginning of **Rocket DAO Wallet** development.

April - May 2018

Development of the first version of **Rocket DAO Investor**.

June 2018

Release of the first Android version of **Rocket DAO Wallet**. Beginning of **Rocket DAO Expert** development. Expert community building.

July 2018

Release of the basic functionality of **Rocket DAO Expert**.

Plans until the end of 2019

Overall Roadmap for the year:

October 2018

Platform launch (test mode).

October 2018

Marketing activities in order to attract and retain the first users of the platform.

December 2018

Listing at a few middle size stock exchanges (eg Kucoin, ethfinex, exrates, hdax, gate.io).

March 2019

Platform launch.

April 2019

Listing at the top 10 stock exchanges.

April - December 2019

Reaching the target indicators of the number of the platform's users.

Current development status of first version of the Rocket DAO is shown in the table below:

	August	September	October	November
Expert				
Forum				
Knowledge base				
Expert base				
Expert profile				
Startup integration				
Fund				
Smart contracts				
Main page				
Metamask integration				
Create fund/Voting				
Fund lifecycle				
Startup				
Main page				
Startup lifecycle				
Expert integration				
Smart contracts				
Add project				
Wallet				
i0s				
Android				
Backend				

Future plans

As we have mentioned before, one of our goals is to transform a decentralized fundraising platform into a decentralized startup accelerator.

At present our development strategy includes the following tasks:

- Constant improvement of Rocket DAO.
- Integration with new blockchains.
- Integration with relevant solutions, post-ICO analysis.
- Integration with market's forecasting solution (Augur or Gnosis) in Rocket DAO Expert.
- Building a scoring system based on artificial intelligence, powered by the collected data from Rocket DAO Expert.
- Creation of manuals for experts, startups and investors based on Rocket DAO Expert experience.
- Creation of a marketplace for services that experts provide for startups.
- Creation of collaboration tools for experts and startups.
- And many more!