



**POTENTIAM**

**A SOCIAL NETWORKING  
MUSIC BASED ECOSYSTEM  
POWERED BY BLOCKCHAIN  
TECHNOLOGY**

**“*Governance means stewardship, not government or regulation.*”**

**Don Tapscott**

**WHITE PAPER BY BEN BALOGUN & MARCUS ADETOLA**

# ABSTRACT

Music creatives still go through an archaic system of intermediaries developed before the advent of the internet, where artists lose up to 86% of the proceeds from their music.

Potentiam connects and provides a stable platform for interaction and collaboration.

Potentiam is rewarding and fuels the motivation to succeed by providing a trusted platform that connects disparate users with like-minded goals, and aspirations to share and conduct transactions.

This white paper summarises a platform that averts the challenges emerging talents in the music industry face in the world today:

1. Cash Flow
2. Publicity/Exposure

## 1. Mission

To find the much-needed balance in the music and content distribution sub-industry. By creating a decentralised and incentivised collaborative music network dedicated to the development and exposure of music creatives and their audience. Our mission is to put the power back in the hands of the creators and their fans by providing a platform that creates direct and dynamic interactions.

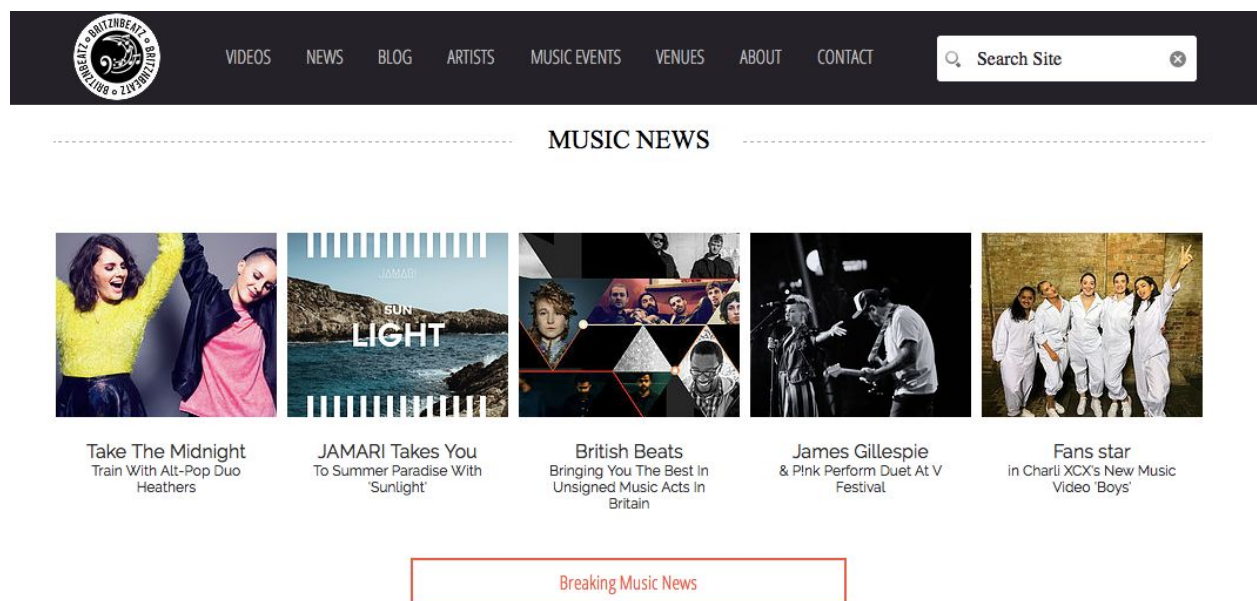
### 1.1 The Problem

These days, major media sources have too many ties with people and organizations that want to influence what's reported — think billionaire owners, mega-corporations, and big-money advertisers. Even our so-called public radio and TV are compromised by their reliance on funding from corporations, foundations, and government. This has unbalanced the music industry placing power in the hands of the infomediaries/gatekeepers.

- **Expensive proposition and services**
- **Lack of Interests/manpower**
- **Impersonal**
- **Incoherent Feedback**
- **Lack of adequate reward**
- **Barrier to entry**
- **Lack of Incentives**
- **Lack of direct negotiation**

## 2. What is Potentiam?

Potentiam was formed by people who have worked in music management for a number of years and realise and understand the difficulties involved in promoting new emerging music artists. In 2016 they founded a music publication **Britznbeatz** to help discover and promote musicians which continue to gain respect and recognition in the industry with over 150,000 subscribers and ongoing support from many music industry contacts.



The screenshot shows the Britznbeatz website interface. At the top is a dark navigation bar with the Britznbeatz logo on the left and menu items: VIDEOS, NEWS, BLOG, ARTISTS, MUSIC EVENTS, VENUES, ABOUT, CONTACT. A search bar is on the right. Below the navigation bar is a section titled 'MUSIC NEWS' with five article thumbnails. Each thumbnail has a title and a brief description:

- Take The Midnight**  
Train With Alt-Pop Duo Heathers
- JAMARI Takes You**  
To Summer Paradise With 'Sunlight'
- British Beats**  
Bringing You The Best In Unsigned Music Acts In Britain
- James Gillespie & Pink**  
Perform Duet At V Festival
- Fans star**  
in Charli XCX's New Music Video 'Boys'

Below the thumbnails is a red-bordered button labeled 'Breaking Music News'.

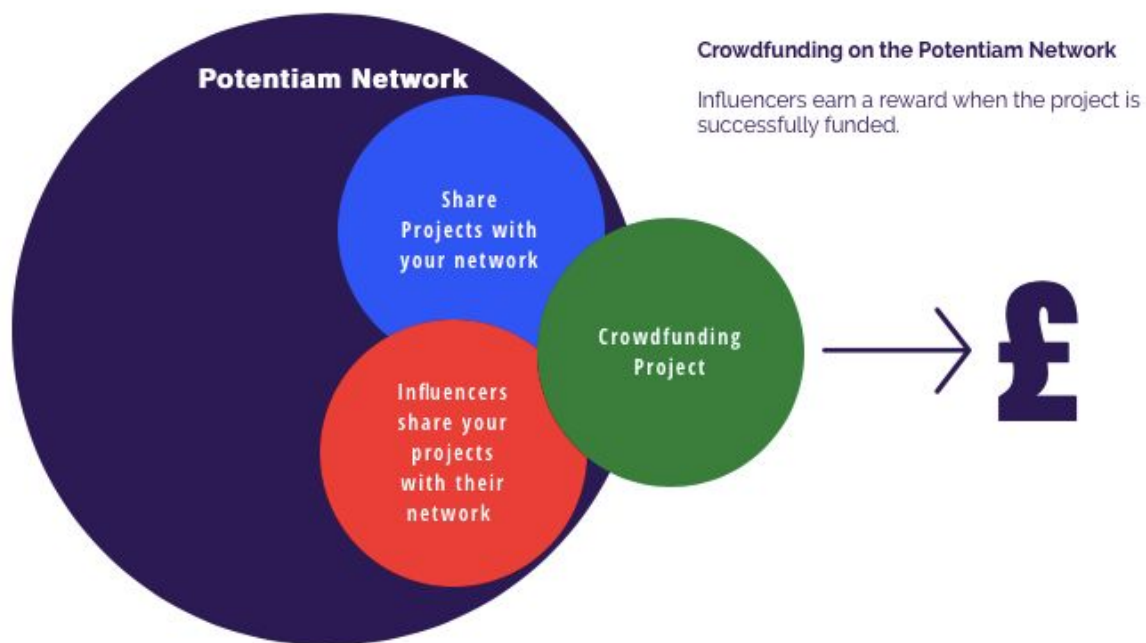
### BRITZNBEATZ MUSIC DISCOVERY PLATFORM

Potentiam is being created to give a voice to emerging artists, content writers in the music industry and all those who strive to make it possible. Aimed at propagating the scenes untapped talent, the platform's core function is to bring fresh faces to light through editorial exposure. Potentiam aims to achieve this with the use of blockchain, by creating a decentralised and incentivised ecosystem for musicians, bloggers and music supporters (basis for a P2P economy) powered by auto enforceable Smart Contracts within the community.

The Potentiam ecosystem enables direct interactions between content creators, influencers and supporters. It eliminates the need for intermediaries.

Potentiam features can be summarized in the points below:

1. A source for exciting content from the world of music
2. Music artist promotion
3. Social CRM (To identify, retain and re-invigorate relationships)
4. Crowdfunding & Tokenized opportunities
5. Job creation and reward for Writers
6. Reward for contributors in the project
7. A stable cryptocurrency
8. Advertising opportunities
9. Instant messaging



**Diagram: Crowdfunding**

### **3. Why Potentiam has a unique Token**

#### **Economic Value Of Potentiam Tokens (PTM)**

Owning an aligned unit of cryptocurrency means owning a stake in the underlying network. Holders of PTM will not only own a particular number of currency units. These units, apart from being a unit of exchange, are a 'stake' in the future success of the entire network. Millions of people around the globe could align their economic incentives by using PTM. The use of bitcoin, ether or other cryptocurrency could have been used, but

we deem it necessary to use our issued cryptocurrency (PTM) for the benefit of the project to foster a strong community around it (loyalty program).

When users are given the opportunity to become a part of a project and share in the rewards as the tokens appreciate in value they become emotionally invested in the community. Not only does their investment result in the conversion into loyal users, but it also transforms them into an army of evangelists who provide free marketing because they are excited about the venture and because its adoption will increase the value of their tokens.

PTM tokens give the holder the “access” to use the Potential platform and also a means of rewarding new users for joining Potential.

The Potential tokens (PTM) are easily transferable directly between users and through an established cryptocurrency exchange. This ease of transferability of the tokens on an exchange enables liquidity and thus drives price volatility based on the market’s growth of the Potential platform. This means the value of PTM will increase as usage increases.

To crowdfund a digital asset in form of a token is proven in the blockchain stratosphere. It has opened up the possibilities for start-ups to raise funds for groundbreaking ideas.

## **4.Crowdfunding**

All content creatives, for example artists and writers, start crowdfund campaigns by creating a decryption token(pledge) which is used in exchange for raising project funds and are the keys to unlock and access the respective creators content.

### **4.1 Project tokenization**

When a specific project is tokenized the decryption token holders can gain access to the content once it is available to access on the platform.

### **4.2 Brand Tokenization**

Not only can content creatives tokenize projects but they can also tokenize their brand, where Potential will be granted full exclusive rights to store and control access to all material past, present and future or as agreed in terms. Brand tokenization is a big commitment, the brands home/hub will become Potential network into the foreseeable future or as agreed by terms. Live performances/shows are not enforceable and are not

included. All other sales must be conducted via platform. All tokens will be tradable on an exchange.

## 5. Target Market

Potentiam is targeting two major markets

1. Music Marketing & Promotion
2. Social Media

### 5.1 Music Marketing & Promotion

Record companies are estimated to annually invest \$4.5 billion worldwide in marketing. This represents 26% of industry revenues. Marketing and promotion costs are the largest single item of spend for a record company on emerging artists. Artists pay anything from \$100 and upward to get promotion.

The global music business is said to be worth \$15 billion and that figure is set to rise, Potentiam would seek to expand its target market area in the future.



**Typical investment by a major record company in a newly signed artist**

|                                |                              |
|--------------------------------|------------------------------|
| <i>Advance</i>                 | <i>US\$50,000-350,000</i>    |
| <i>Recording</i>               | <i>US\$150,000-500,000</i>   |
| <i>Video production</i>        | <i>US\$50,000-300,000</i>    |
| <i>Tour Support</i>            | <i>US\$50,000-150,000</i>    |
| <i>Marketing and Promotion</i> | <i>US\$200,000-700,000</i>   |
| <i>Total</i>                   | <i>US\$500,000-2,000,000</i> |

Source: IFPI member record companies

Source: IFPI member record companies

### 5.2 Social Media

Facebook earned over \$26 billion in total revenue in 2016. User content on social media platforms generates billions in dollars, Annual growth continues apace. There is no doubt to the power of social media communications.

A PROJECTED

# \$41 billion

will be spent on social media advertising in 2017.



Source <https://sproutsocial.com/insights/social-media-trends/>

## 6. Revenue Streams

- Advertising on the Potential network.
- Fees from all confirmed contractual agreements between all network users on the platform. Eg crowdfund fees, e-commerce etc
- Use of specialized systems within the network eg profile ranking/visibility increase, use of state of the art CRM
- Earning a monetary reward in the form of token currency for participating on the network.

Fees are charged at 5% of this 30% goes to Potent Vault holders while 30% gets burnt and 40% goes to the Potential pool development fund.

Above are a number of ways by which income is generated by the network. And in time other ways that can generate revenue would be implemented.

## 7. Tools

**7.1 The PTM Token** - This is the Potential Token, used to gain access and transact on the Potential network and will be available on all major exchanges.

**7.2 IAM** - This is the tool that gives your profile credence. IAM is an overall score system which helps guide the Potential community in understanding who you are and

helps the Potentiam decide how to handle your interaction within the network.

**7.3 POTENT VAULT**– This is a community tool that not only assists the network users but help stabilise the economy of Potentiam. The Potent tool is used on the one hand to ensure stability of the network because by locking away PTM tokens for 1 year it ensures the system is moderated and governed by stakeholders that have long-term vested interests which will assist in the Longevity of PROJECT POTENTIAM. On the other hand provide value in price as this creates scarcity in tokens. The Potent holders are rewarded in two ways:

- a) The Potent score grows with time and is used to boost the IAM score
- b) The Potentiam fee structure is such that 30% of fees are distributed to Potent Vault holders
- c) better your visibility
- d) more weight your opinion counts on a vote
- e) aids your ranking as a staked member of Potentiam

You gain Potent by purchasing PTM and locking it into in your Potent Vault while keeping your private keys so your PTM is always under your authority.

Potent is used to boost your IAM

**7.4 Potent** - Potent is a score derived from use of the Potent vault. This score increases with time and is a multiplier of IAM.

## **8. Actors**

**8.1 Content creators** – All expression of recorded media are welcome to the Potentiam network. E.g. music audio files, music videos and written articles.

**8.1.1 Reviewers** – Specialist content reviewer on the Potentiam network.

**8.1.2 Writers** –Persons who write articles for publications, professional and those that write as a hobby. Their ranking will help differentiate the level of skill, punctuality and quality e.g Bloggers.

**8.1.3 Community** - The entirety of the users of the network.



**8.1.4 Advertisers** -All brands big and small will have the opportunity to place adverts on the network.

They will be required to allocate an amount of PTM to each advertising piece and choose how much each user gets per (vsv) view, share, and vote.

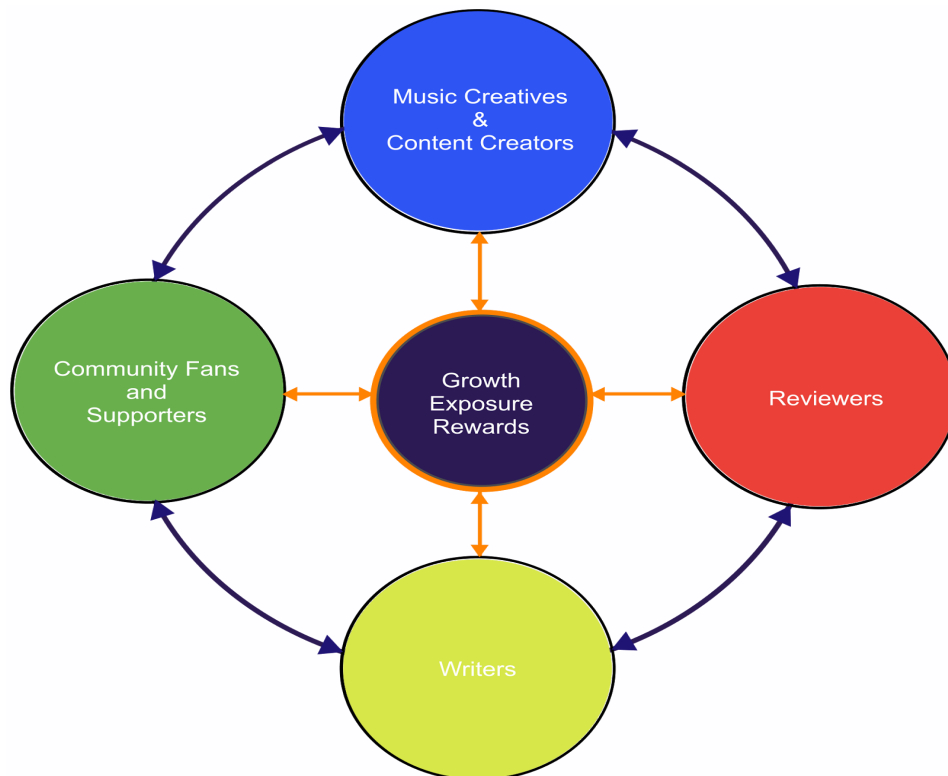
Advertisers can alter the pay per vsv parameters to increase or decrease payout as the brands deem fit. This creates a fair dynamic pricing model.

Reward the community/fans directly for interacting with content ie views, sharing, upvoting etc. rather than the community/platform intermediaries.

**8.1.5 Admin:** Admin will manage all the users and Meta data/content of the platform.

## 9. Network Interaction

There are numerous relationship ties this ecosystem will see flourish below are a few examples between:



**Diagram 9.1** flowchart how Potentiam interlinks music artists, reviewers, writers, fans

**Smart contracts are used to keep transaction trustworthy and transparent.**

**9.1 Content creator and Reviewers –**

Content providers request service from reviewers.

**9.2 Reviewer and Writer –**

Reviewers (e.g publication owners or editors etc.) outsource the write up of articles to writers.

**9.3 Content creator and Writer –**

Content creators request service from writer e.g Artist bio, press release etc

**9.4 Content provider/Writer/Reviewer and community –**

All participants improve and build up their arsenal of content for one purpose, getting an audience by distributing to connected peers and community at large.

**9.5 Community Rewards**

The community members have the opportunity to earn token rewards by engaging in activities that add value to the network such as inviting new members, sharing and promoting content.

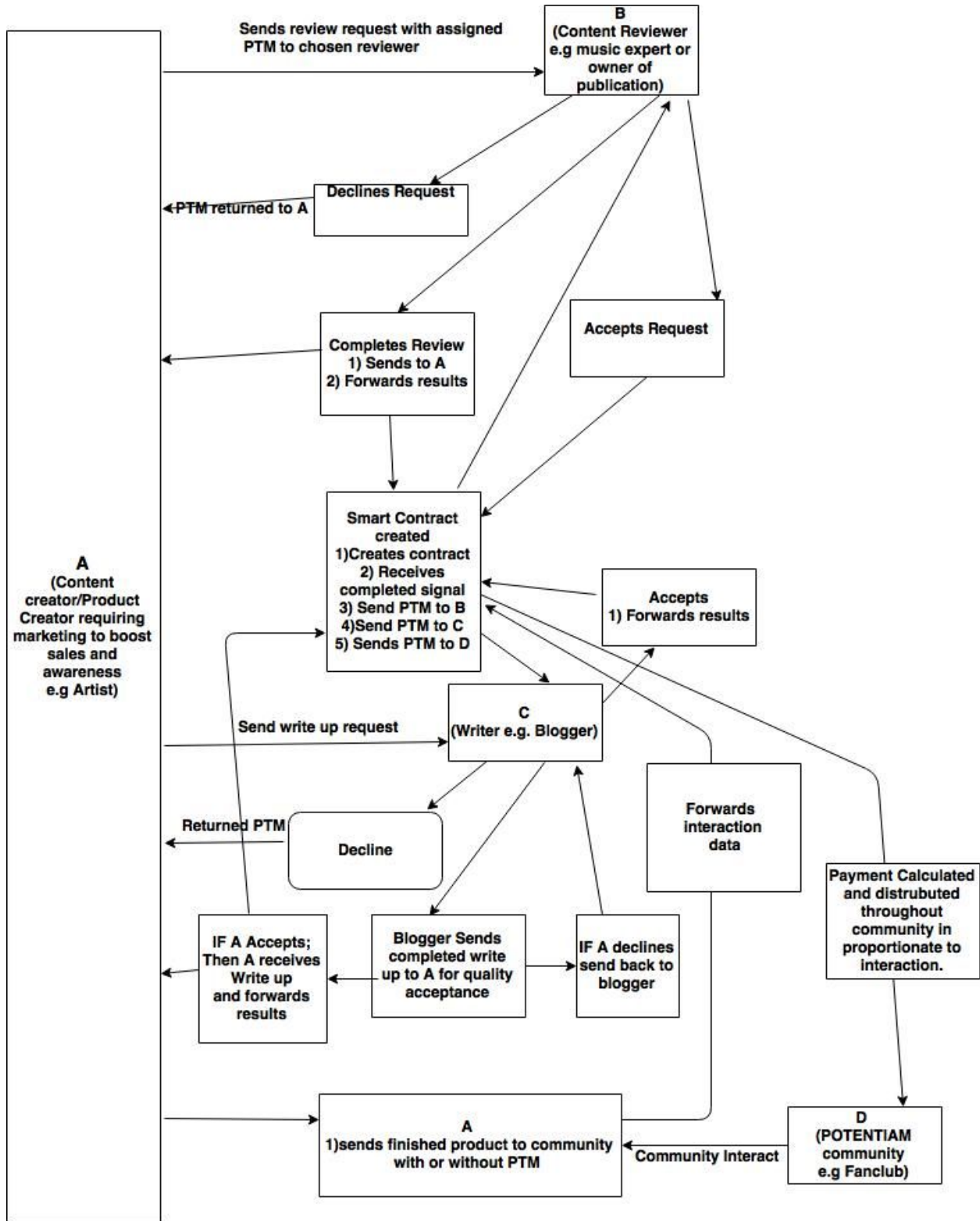
**9.6 Disputes**

When there are disputes between members, these disputes will be settled by the community and a charge will be incurred by those in dispute and system tools will penalise offenders accordingly using IAM scoring. The moderators view content which the dispute is about and vote to decide on a resolution.

**9.7 Bad Actor Controls (Fraudulent Feeds)**

Even though there are no barriers to entry on the platform there are mechanisms in place to control bad actors and fraudulent feeds on the network.

Potent vault holders elect individuals that can publish feeds on the network thereby limiting the amount of bad actors on the network. Since potent holders have a lot vested on the network it is only natural for them to eliminate bad actors. This reduces the use of bots on the system.



NB All requests are sent assigning PTM

Potentiam Network Diagram

## **10. Technical Description**

On Potentiam the Blockchain characteristics manifest in multiple “personalities,” such as a cryptocurrency, a computing infrastructure, a transaction platform with the use of smart contracts, a distributed accounting ledger and a P2P network.

The multifaceted nature and many potential uses are what makes the marriage of the blockchain technology and Potentiam so promising.

## **11. Sybil Attack Prevention**

In a Sybil attack, the attacker subverts the reputation system of a peer-to-peer network by creating a large number of pseudonymous identities, using them to gain a disproportionately large influence. A reputation system's vulnerability to a Sybil attack depends on how cheaply identities can be generated, the degree to which the reputation system accepts inputs from entities that do not have a chain of trust linking them to a trusted entity, and whether the reputation system treats all entities identically. **Wikipedia**

We have chosen to use an indirect validation technique where we rely on already accepted identities which in turn vouch for the validity of the remote identity in question.

The use of verifying against popular social networking sites will be used, two step authentications or mobile phone verification.

## **12. Monetary Policy**

This is the model for supply release and the cap on total supply.

We will only ever issue 100 million PTM In addition (Capped/Limited Supply), this will be done through an independent third party to ensure trust and transparency i.e. the independent third party will ensure that we cannot issue more PTM and or recall PTM already issued to people, and ensure the PTM already issued will be honored for their intended purpose.

Potentiam supports a well-controlled supply release increase.

However, even though there is a total supply cap Potentiam would only distribute a certain fraction of the available tokens to raise a fixed amount of capital for executing the project. The remaining PTMs are then held in an “escrow” type service to finance operational costs or future connected projects.

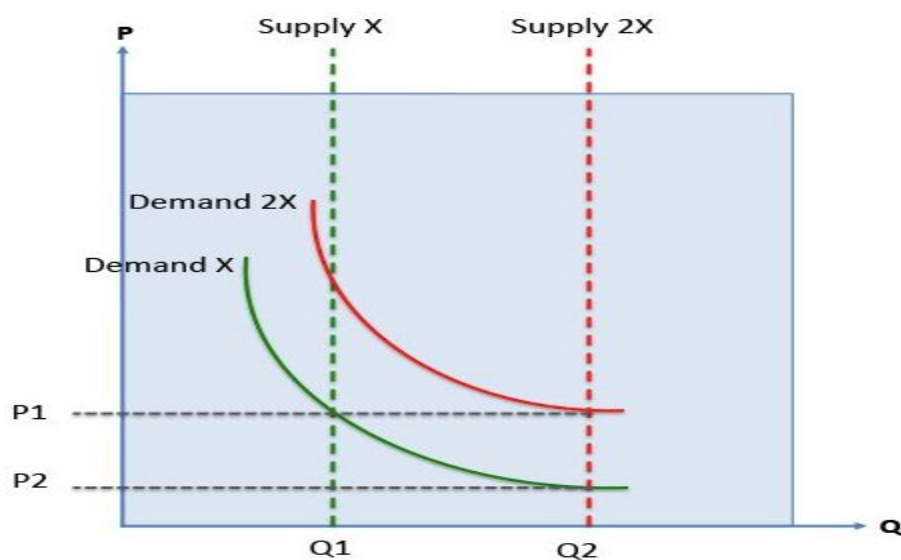
This allows for a fixed period to allow sale in a controlled manner over a “sufficiently long” period of time.

### 13. Fiscal Policy

We can manage commercial benefits based on levels of external competition, changes in operational costs and other unknown factors. This is a way of managing the flow of the issued token without taking drastic actions related to monetary policy.

The fiscal policy actions highlighted here are not directly connected to managing the supply of tokens in circulation but rather connected to managing the flow of tokens through indirect economic incentives.

A potential use is increase in the commercial benefit, which will increase aggregate demand of the tokens (from  $D_1$  to  $D_2$  in diagram below). Such an action can then be combined with monetary policy decisions, for example as the aggregate demand of the tokens increases through the fiscal policy decisions, the issuing company could then also release further tokens, that may be held in escrow, increasing the total supply in circulation (from  $S_1$  to  $S_2$  in diagram below). This combined increase of supply in circulation and the demand due to increased commercial benefits may have a minimal impact on the current market price. This simple thought experiment can be visualized as in the following diagram:

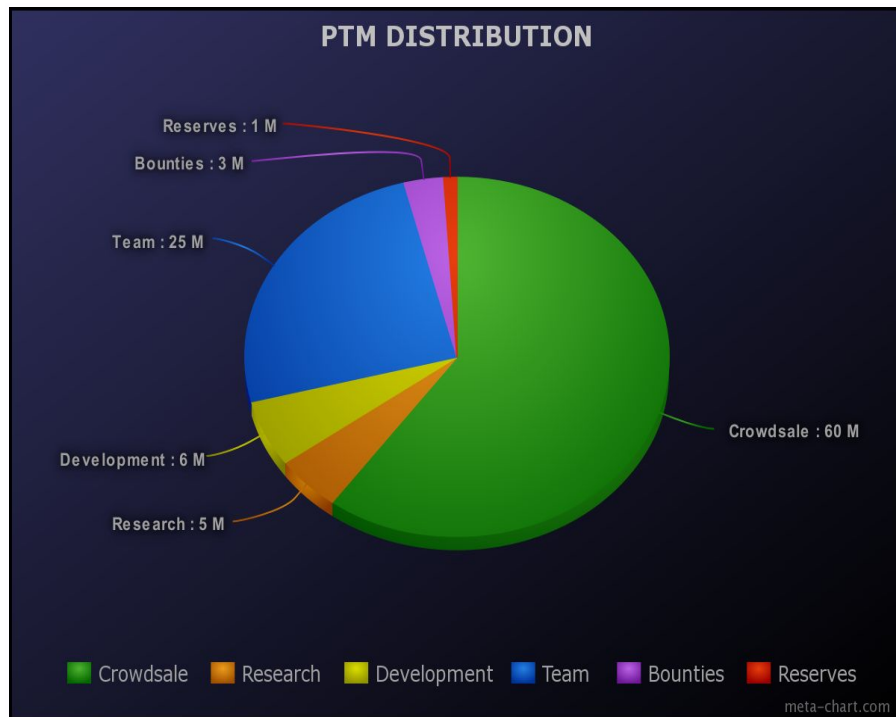


## 14. Token Crowdsale Details

Potential shall mint 100 million tokens and at its Token sale 60% shall be available for crowdsale, and the rest will go towards development, legal, team, reserves, accounting and marketing of the Potential Network.

## 15. Token Allocation

A total of 100 million tokens will ever be created using the platform. The diagram below shows the token allocation mechanism used for PTM



## 16. Fund Allocation

Our aim is to render an extensive and groundbreaking experience with the features on Potential. Funds collected will be used for the technical development of the network, legals, testing, deployment and marketing of the network. Ten percent of the total

Tokens supplied will be locked into a smart contract and accessible after one year. This is to show our commitment and confidence in the value of PTM to the investors. If the crowdsale does not reach the anticipated amount, we have a strategy to re-adjust our timelines, development and marketing process to safely accommodate the outcome.

- Development - Development of Potentiam, which is vital to the ability to maintain API advancement.
- Marketing - Continue advertising to encourage adoption and usage of Potentiam, develop positive public relations, pursue partnerships with entities that advance toward these goals.
- Consulting - Hire industry experts from a wide spectrum of sectors including: Business Strategy, Blockchain technology, and Marketing and Communications to advise Potentiam development, messaging, and overall goals.
- Accounting - Ensure responsible management, allow for resources to improve transparency and accountability, improve overall sustainability, and work with Legal and Consulting to advance the project.

## **17. Conclusion**

Potentiam is an evolving economic gateway to the global music landscape with a disruptive nature opening and creating immense possibilities for participants globally. We are not like tech companies that build a good business upon the massive amount of music content submitted voluntarily by desperate musicians/writers. They help only a few to succeed, but feed the hopes and dreams of millions. We are the reality of the millions. It is only the beginning.

## **18. Legal Risk Notation**

This white paper contains direct references to cryptocurrency and blockchain technology and while the legal parameters are not clearly defined as of yet.

As of when legal distinctions and specifications are set Potentiam will endeavour to stay compliant. Therefore, some of the processes here are subject to change.

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