

ROCKI: A Hybrid User-Centric Music Streaming Ecosystem Powered By The ROCKS Token Promotions

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Abstract

ROCKI is the world's first hybrid user-centric music streaming platform and ecosystem powered by the ROCKS token that rewards both the artists for having their music streamed, and also rewards the listeners for listening to curated music. We offer a blockchain solution to improve the music streaming industry. It removes the middleman and brings the most benefits towards the musicians and listeners. Plus, NFT(non fungible token) will be utilized in the ROCKI ecosystem to mark the music copyright and its related income in a later version of the ROCKI product. We analyze the real-world implications of blockchain technology, examine the influence of smart contracts on music platforms and analyze the change of information and the way of handling information on the blockchain. The ROCKI platform is built for mass adoption and it's already happening today, at www.rocki.app

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1 Introduction

1.1 Background

ROCKI is a next generation music streaming platform and ecosystem powered by the ROCKS token that rewards both the artists for having their music streamed, and also, rewards the listeners for listening to curated and promoted music. ROCKI is currently in a private alpha testing of the music streaming platform, and the public beta platform is scheduled to go live in the last quarter of 2020.

ROCKI is one of the first platforms to use a unique hybrid user-centric payment model to compensate musicians on the platform from monthly subscription revenues and in the platform native ROCKS token. We believe the user-centric payment model is the fairest compensation model for music streaming, as it centers around paying the majority of the subscription revenue from a listener directly to the artists and songs they are streaming. As a world first, ROCKI will use a unique hybrid payment model to pay artists on the platform with a combination of a daily distribution of ROCKS tokens (Crypto), and a user-centric monthly subscription service (Fiat).

Recorded music is a \$11 billion dollar per-year industry (1), distributing intangible, digital goods with virtually no delivery costs, losing billions of dollars since inception, and the content creators themselves are grossly underpaid. According to the leading Citigroup GPS report (2) on the music industry conducted in 2018, only 12% of all the revenue generated in the music industry makes it back to the artists. Make no mistake: this is a broken industry ripe for disruption. Furthermore, the industry's architecture for contracting and accounting remain decades out of date, still relying on bureaucratic and ancient systems developed in the days of sheet music and jukeboxes which are completely unfit for a modern, digital economy.

1: <https://www.digitalmusicnews.com/2020/02/25/recorded-music-market-2019/>

2: <https://www.businessinsider.com/musicians-received-12-percent-43-billion-generated-by-music-industry-study-2018-8>

1.2 Solutions

ROCKI will fix all of these challenges with the following solutions:

- removing middlemen and intermediaries to allow direct listener-to-artist relationships
- only working with artists who entirely own their own music (independent artists) to allow us to entirely avoid legacy record labels and institutions, (the independent music category is the fastest growing category of the music industry, up 35% between 2017 and 2018(3)) and represents by far, the largest category of all total artists.
- utilizing the strength of the blockchain to handle all aspects where blockchains have proven to be highly effective (transparency, security, trustless contracts, financials), and,
- pay streaming royalties in a Hybrid model, both in Fiat and Crypto, and share the majority of the subscription revenue to the musicians.
- pay listeners in Crypto to listen to sponsored and curated music from both ROCKI (the company), and from other artists who wants to reach more fans and listeners with their music. More details will be explained in the token economics section.
- Built in token economics to incentivize both listeners and musicians and share the majority of the revenue to both parties.

3: <http://routenote.com/blog/independent-music-is-the-fastest-growing-part-of-the-industry/>

ROCKI is a commercial-grade music streaming ecosystem designed for the public at large, a true mainstream application and not simply focused on the cryptocurrency community. So, whilst blockchain technology will allow us to deploy a trustless, low-cost decentralized marketplace for music and near-real-time royalty payments, for the regular (non- blockchain-savvy) user, blockchain interactions happens unnoticed, under-the-hood, whilst being fully accessible to those looking for them. This means ROCKI is one of the first generation of projects to introduce blockchain technologies to the mainstream part the world, as it can be used by anyone. True mainstream adoption is already happening on our platform today.

1.3 How we'll decentralize the music industry

ROCKI uses a unique hybrid user-centric model to compensate musicians on the platform. The user-centric payment model is more centered on paying the artists directly. For each listen of a song, the royalty's portion of their subscription is divided only among the rights holders of the song/artist they listen to. ROCKI is democratizing the future of the music industry by allowing for the removal of unnecessary middlemen/intermediates and allowing direct payment relationships between artists and listeners. ROCKI creates much needed transparency by clearly showing stream counts, profit splits and wallet balances and earnings, whilst being clear and transparent regarding premium music placements and how playlist inclusion is determined. We enable Simplify Contracting & Accounting by superseding old fashioned paper / PDF contracts with Smart Record Contracts and other types of Smart Music Contracts and Empower listeners by moving from passive audiences towards a world of pro-active contributors who themselves are able to earn ROCKS: the utility token which powers the ROCKI ecosystem.

1.4 How we're Different

ROCKI is not trying to fix the music industry of the past, but instead represents a whole new music industry and ecosystem fit for the future. There have been many attempts to fix the broken music industry - and some have even utilized the blockchain, but these solutions have typically been bolted onto the existing system, which we believe is broken beyond the point of repair. We assert that it is simply impossible to fix the problems of the industry whilst having to make deals with thousands of different stakeholders (record labels, publishers, copyright societies, streaming platforms), all with competing interests and obligations, and many of whom benefit greatly from keeping things just as they are. By casting aside, the old legacy industry and only allowing music entirely owned by artists themselves (independent artists), ROCKI is free to ignore the grandfathered rules and protective, monopolizing stakeholders of the old world, creating a brand-new future-focused industry and echo system from scratch.

2 Technology

2.1 The use of public and private blockchains

ROCKI consists of Three interactive blockchains:

- Public blockchain, where the issued ROCKS tokens are circulating and can be bought and sold
- Private Ethereum blockchain, which is used to perform all the transactions within the system (i.e. payment from the ROCKI payment system to Artists, tips from Listener to the Artist etc.)
- NFT blockchain, copyright of every piece of music is marked by a unique NFT token in the ROCKI ecosystem for protection of music creator and its corresponding income. What's interesting is it being tradable making creations transferable and investors/fans able to enjoy income generated by the music.

When a user wants to perform certain actions within the System, a user must lock tokens on their wallets, which will be transferred from their wallet in the public blockchain to the System wallet in that blockchain, and at the same moment, the same amount of tokens will be transferred from the System wallet in the private blockchain to their wallet in that blockchain. Immediately after (when this pair transactions are committed) the user is able to perform the desired action in the System. This allows us to keep the balance between the number of tokens circulating within the private net and the number of tokens on the System wallet in the public net. When the user wants to perform actions outside the System, the user will need to unlock tokens on their wallet, which will be transferred from their wallet in the private blockchain to the System wallet in that blockchain, and at the same moment, the same amount of tokens will be transferred from the System wallet in the public blockchain to their personal wallet in that blockchain.

Immediately after (when this pair transactions are committed) the user will be able to operate those tokens: for example, sell or trade them on a crypto exchange.

Some of the biggest barriers to mass adoption of blockchain products is the need for crypto wallets with their specific operations, which can be hard to understand for the common user. Now we can interact with Fiat gateways to deposit and withdraw funds to the private Ethereum blockchain without interacting with actual crypto wallets: we plan to implement the user flow where users can transact with their credit or debit card within the ROCKI platform to fund subscriptions, tips and various promotions. The user can also withdraw funds they earned on the ROCKI platform. These features will help the company and service to scale and will lead to dramatic user base growth and utility within the ROCKI ecosystem. Due to the linking of the number of tokens circulating within the private blockchain and the System wallet in the public blockchain, operations with the Fiat gateways should lead to the growth and stabilization of the ROCKS tokens exchange rate. This strategy has the following advantages:

1. We save gas. All the transactions among ROCKI users are committed in our private net, which enables us to save on gas on all of the internal transactions.
2. We provide greater security. Most of the time users' tokens are stored in the private net which minimizes the risk of theft or unauthorized access.
3. We keep a higher exchange rate. All of the ROCKS tokens circulating among the users are stored on the common System wallet so there are less tokens that can be traded on the crypto exchanges at any time. That shortage of tokens will help the company keep a stable and growing exchange rate at any given time when users are actively involved in the System activities.
4. We will use Fiat gateways. We can go viral and grow fast, as we provide simple and easy to follow use cases for new users, who many of them are new to the world of crypto and inexperienced with blockchain technology.
5. NFT as a mark of calculating income belonging to the copyright owner of the music will be fully realized in the V2 of ROCKI platform.

2.2 Smart Contracts

Smart contracts are a digital contract allowing terms contingent on decentralized consensus that is tamper-proof and typically self-enforcing through automated execution. Contract theory draws upon principles of financial and economic behavior as different parties have different incentives to perform or not perform particular actions. However, in the absence of blockchain and decentralized consensus, the person who edits and controls the contract has more market power.

Smart Contracts are one of ROCKI's signature applications and represent a stratospheric improvement over the music industry's antiquated contracting and accounting practices. Smart Record Contracts allow the various stakeholders of a piece of music to record their ownership shares in an indisputable contract, which cannot be amended unless all parties agree to it. Furthermore, these Smart Record Contracts can then be used to distribute the ROCKS royalties tokens due for streaming in real time to multiple artists' wallets. The open-architecture of Smart Record Contracts will eventually allow any other product to also use ROCKI-created Smart Record Contracts to distribute royalties in ROCKS. There is no limit to the number of collaborators / stakeholders a Smart Record Contract can contain, so any number of varied splits can be created, covering almost any musical composition. Consider some examples: The Vienna Philharmonic uploads a song, using a Smart Record Contract to split the income over their 145 different members equally. A 10-person hip-hop group uses a Smart Record Contract to distribute royalties across their entire crew, each with different shares of the earnings. An artist donates a split of the proceeds from her new album to a charity. A generous (or publicity-seeking) artist decides to split the proceeds from his new song with his fans. He/she asks fans to send their ROCKI user names and creates a Smart Record

Contract splitting the future ROCKS stream revenue with over 300 fans. This last example is particularly interesting and opens up new opportunities, promotions and marketing strategies for the artist.

The possibilities for innovation are endless. Whilst we believe the most fascinating uses of Smart Record Contracts will be discovered by artists themselves, exotic options could include: A group decides to become a fan-owed collective, where any fan can join the Smart Record Contract which distributes ROCKS tokens equally across all fans. An artist crowd-funds her album using ROCKS, giving all funders a profit-split in the resulting musical release. Smart Contracts are just the first step in using trustless contracts to revolutionize the music industry. We already have plans in place for Smart Management Contracts, Smart Remix Contracts, and whilst discussing them further is beyond the scope of this short White Paper, many more will follow.

Artists who want to simply split streaming revenue by fixed percentages can do so on-chain directly on the ROCKI platform. ROCKI computes the splits and allows artists to extract their earnings via the voucher system described above. However, the more interesting option that we hope artists will begin to explore as blockchain tech becomes more mainstream and accessible, is to deploy their own Smart Record Contract (SRC) to Ethereum themselves. They can then assign 100% of the track's royalties to the address of the SRC on ROCKI. Any of the participating artists will be able to cash vouchers for the song's royalties, which transmits the ROCKS tokens to the SRC. They can then interact with the SRC to extract their personal earnings. With this approach, artists can split earnings in any way they see fit.

2.3 Decentralized music data storage and streaming from blockchain

We are going to keep all our files in the distributed data storages to keep them safe and save on cost. We are considering Filecoin, Arweave and BTFS and will choose the optimal solution after comprehensive testing. We are going to make a final decision based on the feedback from our community and the functionality. In the future, we will explore and build technologies that enable people to stream directly from the blockchain. Not only can musicians upload their songs on-chain and store them forever, listeners can play the music whenever they want.

3 Token economics and platform incentivization (Token Ticketer: ROCKS)

3.1 Listener subscriptions - Hybrid User-centric model

ROCKI uses a unique hybrid user-centric model to compensate musicians and artists on the platform. The user-centric payment model is more centered on paying the artists directly for the music streams they consume.. For each listen of a song, the royalties portion of their subscription is divided only among the rights holders of the song/artist they listen to.

Fiat payment: The platform charges consumers to access the music provided by artists. The basic edition is free and ad supported, however unlimited music streaming without ads is \$8 a month for the premium edition. The monthly subscription revenue is distributed this way: 70% will be shared to artists (Premium subscriber revenue will only go directly to the songs/artists they listen to, size of the allocation is based on minutes listened), 20% will be kept for the company, and 10% will be used to buy back tokens from the open market. Buy-back tokens will be airdropped to our users through promotions.

Cryptocurrency payment: An alternative subscription model is paying the subscription fee using the platform native token ROCKS. The payment through ROCKS has a 30% discounts compared to fiat subscription payments. The unit token value is calculated by averaging the market price of ROCKS in the past 12 hours. Users will see the amount of ROCKS tokens they need to pay for the premium version when they go to the payment selection. A user can choose to pay for a period of one month to a full year.

The monthly subscription token revenue is distributed this way: 80% will be shared to artists (Premium subscriber revenue will only go directly to the songs/artists they listen to, size of the allocation is based on minutes listened), and 20% to buy back tokens from the open market then airdropped to our users through promotions.

3.2 Multifunctional staking for application

Staking subscription: An alternative subscription model is staking tokens for the premium edition. Listeners can choose to stake (lock) ROCKS tokens for the premium subscription. A listener can choose to unstake the token and end the subscription, or he can choose to keep staking. Subscription users do not lose the tokens after staking. Staking rewards only go to the artists they listen to. Staking reward to musician from every subscriber is calculated by

$$Y = X \leftarrow M/L \leftarrow T/365 \leftarrow (\text{Annual rate of staking reward \%})$$

where Y = The amount of staking reward a musician gets from one subscriber, X = Total number of tokens a subscriber stakes for subscription, M = Hours the subscriber listens to the awarded musician L = Total number of hours the subscriber listens to in each, and T = Number of staking days.

Example: Jack stakes 100 tokens at the beginning of march to enjoy staking for premium subscription. During March, Jack listens to Bjorn's music for 30 hours and Tyler's music for 70 hours. At the end of month, Bjorn and Tyler will get Jack's staking reward tokens. If we assume the annual rate of staking reward is 20%, then Bjorn will get 0.49 tokens from Jack's staking and Tyler will get 1.15 tokens from Jack' staking. Jack does not pay for the staking reward and he will get all his staked amount back if he withdraws from subscription. Reward tokens are mint from the reserved 60% tokens from initial total supply.

Staking for your favorite musicians: A listener can choose to directly stake for his/her favorite musicians. By staking to a specific musician, the user agrees to give all his staking reward to support the musician. The staking for musicians has an annual staking reward of 15% and the minimum staking time is 7 days. Stakers can choose to stake and unstake after 7 days and staking reward will be deposited to musician accounts each 7 days. This further boosts the income of your favorite musicians. Reward tokens are minted from the reserved 60% tokens from initial total supply.

3.3 Advertisement revenue sharing and music promotion

For the 10% revenue (both in fiat and cryptocurrency) collected from premium subscription, ROCKI will set up music campaigns to incentivize listeners and airdrop tokens to participants. Each day, users will receive bonus tokens by listening to curated or promoted songs or participating in campaigns.

For basic users who do not want to pay for the monthly subscription, they will have to listen to or watch advertisements after they listened to three songs. Unlike the traditional advertising model where the company keeps all the advertisement revenue, our platform shares 60% of advertising revenue to users who watch or listens to the advertisements. Basic users will get tokens as bonus when they listen to the curated or promoted music.

Another form of promotion in our music platform is singer/music promotion. Musicians can promote their newly released music with rewarding listeners through a token drop. A musician can set up a promotional music issuance and deposit the tokens for the bonus for the listeners. ROCKI will allocate bonuses to listeners based on their time listening to the songs and other criteria.

At the launch phase, users can invite friends to join the ROCKI platform to earn token rewards. The user will be rewarded based on the total number of hours the referrals listens to on ROCKI.

3.4 Economics of live music streaming

Traditionally, there are several ways for musicians to monetize their live music streams. The most common ways are donations from fans, advertisement revenue, partnerships and YouTube super chats. There are many platforms, but very few who truly benefits the musicians. Some of them are YouTube live, Facebook live, Instagram Live and Twitch. To attract musicians and provide a sustainable live stream environment,

our platform maximizes the benefits for musicians. Instead of being a middleman for advertising and partnerships and taking cuts, we offer a platform which musicians can directly negotiate with advertisers and partnership companies. In this case, a musician will keep the majority of this revenue in their pocket. If the musicians agree to that our platform shows advertisement during their live stream, they will be compensated based on the advertisement revenue. Viewers will also be compensated for watching or listening to advertisements and they will earn tokens as compensation. The platform will share advertising revenue with musicians and viewers alike.

If musicians have external advertising and partnerships revenue sourced not from our platform, they can choose to pay a platform fee in order to include the advertisement. The platform fee will be used to buy back tokens and facilitate airdrops to viewers as rewards.

Viewers can tip musicians in the form of fiat money and/or cryptocurrencies. The platform will take 30% of each tip as service and transactional fees, and the rest will be paid to the musicians.

3.5 Direct Payment

Both musicians and listeners can use ROCKS tokens as means of payment for the in-app services. For musicians, direct payments applies to: downloads of specific songs, tips from listeners to artists, Limited editions or collectibles (aka “digibles”), and other direct artist-to-listener transactions: private concerts, one-on-ones, merch sales, event tickets, etc.

For listeners, direct payments applies to: Tips from artists to listeners, royalty commission if an artist has added a listener (fan) to a Smart Record Contract and stream revenue has been generated.

3.6 Artist financing model

Artists sometimes need financing at the beginning of their music production. In the traditional music industry, artists often get investments in order to create new music and albums, which usually are paid back after generating profits from the musical production. The next stage of our platform is to provide artists with token financing. Artists can raise tokens to finance new music production, and those who invest, own stakes in the revenue generated from future music streaming on the platform.

3.7 NFT: a new incentive system

On the ROCKI platform, every piece of music can be NFTed and the NFT system becomes a new incentive system for both artists and listeners.

There are two types of NFT on ROCKI:

NFT-ERC721: Marking ownership and right for income sharing of the music,
1 NFT for one song only,
Transferrable

NFT-ERC1155: Marking the rights of exclusive music listening,
1 NFT has limited copies set at initial issuance,
Transferrable

- Any artist can issue NFT tokens to mark their music as long as they meet the criteria of the platform. Special criteria should be released before the launch of ROCKI Version 2.0.
- NFT can be traded to anyone freely with an agreed contract cosign between the seller and the buyer. NFT owner can enjoy the income allocated to the music NFTed and the specific formula will also be released before the launch of ROCKI Version 2.0.
- For premium subscription, music NFTed has more weight (5 times of music not NFTed) when counting the time length listened to, which means the artist can earn more incomes than those artists who has no music NFTed;

- For staking subscription: 20% of staking reward goes to platform and 80% goes to artist if he has no music NFTed just like how it is stated above in 3.1. However, 100% of staking reward goes to artist if any music NFTed.

3.8 Token Metrics

The ROCKI token allocation and release attempts to trade off the following objectives:

- Provide incentives for early musician and listeners;
- Provide incentives for token holders to not speculate token but use it to generate utility on ROCKI platform;
- Distribute tokens widely and to parties that provide meaningful utility to the network;
- Build an active and growing community that builds, supports and use ROCKI.

3.9 Token supply and distribution

ROCKS token has a total supply of 100,000,000 (100million), and the distribution of tokens is as follows:

- Community music mining - 63% (63,000,000 tokens);
- Ecosystem & Bounties - 16.78% (16,774,981 tokens);
- Team - 14% (14,000,000 tokens);
- Public Swap - 4.22% (4,225,019 tokens)
- Advisor - 2% (2,000,000 tokens);

3.10 Token lockup and release schedule

- Public swap tokens are fully unlocked after the sale.
- Team and advisor tokens are unlocked 12 months after listing and then release 20% each six months.
- Bounties and community music mining tokens are released based on marketing plans and platform payment activities.

4 Platform usage benefit analysis

4.1 Benefits For Artists

The primary benefits to artists using ROCKI are as follows:

- **More income:** With a user-centric model, musicians get compensated based on how much time their fans spend listening to their music. We share at least 70% of the subscription fee to musicians and enable staking for musicians to get them more sources of income. Refer to the token economics section for more details.
- **Real Time Royalties.** Most artists wait a minimum of 6-12 months to receive royalty payments for streams and downloads, but can wait as long as two years. This is because their income is filtered through an unnecessary bureaucratic chain of streaming services, distributors, record labels, publishers, and copyright societies. In this era of digital distribution, there is no need for this. At ROCKI, artists are paid on a daily basis with ROCKS tokens being delivered into artists' wallets at the end of each day via our Real Time Royalty Network.

- Removal of Middleman / Intermediaries. Having 4-5 different organizations between an artist and a listener often leads to a huge amount of income disappearing before it reaches the artist - according to a 2015 report by Berklee College of Music(4), between 20-50 percent of royalty payments aren't making it to the correct recipients. ROCKI facilitates direct listener/artist relationships with no need for record labels, publishers, distributors, or copyright societies, leading to more income for the artists and better deals for listeners.

4: https://www.berklee.edu/news/fair_music_report

- Complete Transparency and Authenticity. An associated issue with having numerous intermediaries between artist and listener is a complete lack of transparency. Artists are presented with indecipherable royalty statements, sometimes hundreds of pages long, often years after a stream took place. Tracking this series of events to the time that the stream originally took place is burdensome and expensive, so artists generally remain powerless and accepting of what they are told by those in power. ROCKI is entirely transparent, publishing daily totals of stream numbers.
- Trustless Contracts. Currently, music industry contracts are done the old-fashioned way: on pen and paper in a lawyer's office, or, at best, emailed PDFs. This often results in funds being withheld or misappropriated. With the advent of Smart Record Contracts, ROCKI empowers artists to create trustless public contracts showing the stakeholders of a song.

When royalties are due, these contracts split ROCKS between the stakeholders on a daily basis. Whilst Smart Record Contracts are the first implementation of smart music contracts (and a signature piece of ROCKI technology) the possibilities for other smart music contracts are endless: including Smart Management Contracts, Smart Remix Contracts, Smart Crowdfunding Contracts and more.

- Ecosystem Participation. By way of the ROCKI ecosystem, artists can engage with listeners in a bidirectional relationship in stark contrast to the classic "customer / product"

relationship that current legacy streaming services offer. The ROCKI ecosystem will offer a multitude of ways for artists to spend their ROCKS within the ecosystem including, but not limited to:

- artists paying listeners their own ROCKS tokens to listen to their music,
- promoting their own tracks via in-site advertising,
- tipping "superfans",
- crowdfunding up-and-coming artists,
- playlist inclusions, and many more.

4.2 Benefits For Listeners

Early discussion of the ROCKI Platform has been heavily focused on the benefits for artists, which has led some music consumers and fans to ask – not unfairly – "What's in it for me?". As mentioned previously, listeners crave an authentic relationship between themselves and their favorite artists. Whilst we pride ourselves in providing a substantially better deal for artists, we believe the ROCKI Platform also provides net benefits for listeners due to a number of unique mechanisms, particularly the ability to earn the ROCKS tokens themselves. The primary benefits for listeners using ROCKI are as follows: Get paid to listen to curated and sponsored music or advertisements. As a world first, ROCKI is rewarding listeners to listen to promoted music on the platform via daily payments of the ROCKS token. The promoted tokens come from two sources:

1. 10% of the subscription fee revenue will be used for incentivizing listeners.
2. Additional tokens will be allocated from the bounties and music mining pool.

Each day, a listener can earn additional ROCKS tokens by listening to sponsored songs that artists themselves are paying out from their own supply of ROCKS tokens for listening to. The artists themselves will set the amount of ROCKS tokens to give out for each stream play of their music. This provides a fantastic promotional opportunity with no intermediary. Artists will also have the ability to target users very specifically based on their music preferences or location, which should result in a better experience for both listener and artist. To prevent gaming of the system, each listener will only be allowed to listen to a promoted/sponsored song once per day and receive a payment. Furthermore, promoted/sponsored songs will not count towards charts, or Streaming As Mining totals, meaning it will not be possible for artists to “buy their way” into the charts. Of course, if a listener enjoys a particular promoted/sponsored song, they will no doubt return for repeat listens despite the fact they were only paid for their first play, and these repeat listens will be counted towards charts. This means that poor-quality promoted tracks are unlikely to receive further plays, whereas high-quality promoted tracks are likely to go on to receive substantial organic plays and new fans/followers for the artists.

The listener can also curate Monetized Playlists, a proprietary and world first feature where the playlist curator earns a percentage commission of the stream revenue generated from their curated playlists. The artists themselves decide the percentage of commission to give away to playlist curators for including their songs in their playlists. We believe playlists curators are valuable stakeholders in the online music world who, until now, have not been rewarded for their efforts.

5 Competition and business development

5.1 Competition

We would recommend anyone interested in the music/blockchain space look at the various companies operating as objectively as possible, taking all factors into account; understanding of the industry, founders, advisors, path-to-adoption. ROCKI exists because this is a personal mission; a passion project from people who genuinely care about building a better, more democratic and transparent music industry. Before starting this journey, we looked around to see if anyone else was attacking the same problem. If we had felt another company was on the right path, rather than compete, we would have looked for a way to join them, for this is bigger than us as individuals. As it happened, nobody seemed to have made a lot of real progress, which is why ROCKI exists. It is also important to point out that we are creating a whole new music industry – not trying to build on top of the old legacy industry; two strategies that are very different both in scope and results.

5.2 Go-to-Market Strategy

Our go-to-market strategy falls roughly into three phases. The following is a detailed plan of how ROCKI is going in the near future.

- Phase 1: Artist Driven. Estimated Timescale: First Twenty-Four months.

For the first two years following ROCKI’s launch, we estimate that our artists will be ROCKI’s main marketing tool, as word of our superior offering spreads, and more and more artists join the service. During this phase, we will rely on the proven ability of content-creators to actively drive fans to marketplaces they participate in. We will build dedicated fans (both of the artists and of ROCKI itself), who will be significantly more activated than traditional listeners who are not connected to any artist, have no platform loyalty, and are simply looking for “full catalog” (however, we will target this base in Phase 2). During this phase, listeners will likely find their way to ROCKI directly from artists’ social media posts (“Listen to my new song on ROCKI now”). Our marketing primarily relies on attracting artists and building catalogue via:

- Targeted Social Media Promotions. Targeting specific posts to music makers, particularly those also interested in cryptocurrency.

- Artist Outreach. Reaching out to suitable artists via our onboarding team and account managers, helping artists to sign up and add their music to ROCKI, and explaining the workings of the service.
- Incentivized invite System. By using an incentivized invite system, artists (and listeners) are rewarded ROCKS tokens for successfully on-boarding new users.
- Sponsor bigger new artists. ROCKI has reserved 10% of its total token supply to be used for bounties, artists acquisitions and partnerships. Similar strategy as product placement / influencer marketing, ROCKI will invest in getting exposure through bigger artists with bigger fan bases to scale.
- Public Success Stories. Pursue an education campaign sharing real success stories from artists making a viable income from ROCKI who previously were not able to.
- Phase 2: Music Discovery. Estimated Timescale: Year three and beyond.

By the start of year three, we estimate that the ROCKI Platform’s substantial catalog of music, much of which will be exclusive to ROCKI, which will allow us to gearshift from “artist-driven” promotion to “music discovery”: demonstrating that ROCKI is a place to hear great new music, much of which cannot be heard anywhere else. Key priorities at this stage will be continuing to build out our feature set to ensure that the ROCKI Platform is the most technologically advanced streaming platform on the market, combined with more traditional advertising models providing value and revenue for artists and listeners alike.

- Traditional Marketing. “Real world” marketing mediums such as print, billboards, and similar – will drive home the message that the ROCKI Platform is not only an ethical music platform, but also the coolest one: the place where the hottest new exclusive tracks can be found. This is a key differentiation between the ROCKI Platform and the legacy streaming platforms which we will market heavily.
- Digital Marketing. A combination of tried-and-tested methods (such as Google AdWords and native Facebook / Instagram / Twitter adverts), combined with newer models like Influencer Marketing, embedded Stories and similar, will fully utilize the cutting-edge digital marketing strategies of the day.
- Partnership Deals. Increasing catalog size and profitability via partnership deals, made from a position of strength. These could range from deals with traditional labels or publishers (providing all income is distributed at source via ROCKI) to tie-ups with synchronization companies, allowing ROCKI’s catalogue to be easily featured in TV, films, and so forth.
- Increased Features. Smart Record Contracts allow us to seamlessly automate detailed accounting tasks which require accounting departments in the hundreds at the legacy streaming services. This allows our core development team to work on new feature seats, including, but not limited to.
 - Smart Management Contracts. Artists can sign with a manager, agreeing to pay them a certain percentage of income over a period of years. Standard music industry management contracts are not trustless and frequently lead to protracted lawsuits when disputes arise, or payments are missed.
 - Smart Sampling Contracts. Pre-authorized sample clearance which allows artists to legally use samples from other artists’ work based on ROCKS payments to the original artist agreed by both sides.
 - Tipping. Bi-directional tips between fans and artists. Non-mandatory payments like tipping are a fast-growing internet behavior which we believe can play a valuable role in the ROCKI economy.
 - Digital Collectables (“Digibles”). One-off songs, or limited-edition pieces of cover art, numbered by the artist, with proof-of-ownership stored on the blockchain.

- Crowdfunding Models. Artists are able to raise funds in ROCKI to fund projects, such as music videos, studio sessions, or similar.
 - Private concerts. An artist performs a live streamed gig privately for a selected group of users.
- Phase 3: Listener driven. We envision a large growth in the user onboarding coming from listeners recommending ROCKI and the ability to get rewarded for listening to music among their friends. Our new user sign-up process will be gamified and incentivized, where each new user that signs up, automatically results in three more new users. This will be achieved with additional ROCKS token sign-up bonuses for referring friends to sign up, thus accelerating the user growth tremendously.

5.3 Conclusion

As mentioned in a previous section, ROCKI exists because this is a personal mission – a passion by a team who genuinely care about building a better, more democratic, and transparent music industry from the ground up. It's important to point out that we're not trying to fix the broken legacy music industry, but rather, we are creating a whole new music industry from the ground up, built on the latest blockchain technology.

- We actually know the music industry.
Our team members, founders and advisors have worked at the forefront of the music industry, often decades, and our team is made up by leading industry artists, label bosses, managers, lawyers, accountants and many more.
- We've got a path to adoption.
We know musicians and artists. Lots of them. But this is about more than our stellar contact book. It's about having firsthand knowledge of how to appeal to content-creators and building a service and catalog from the ground up. It doesn't matter how good your product is if you have no path to adoption. We already have thousands of artists and tens of thousands of songs live on the ROCKI platform steaming from our private alpha testing period earlier this year, now ready to be a part of the public beta launch scheduled for late summer of 2020. And this is just the beginning. At the public launch, we'll already be one of the biggest music platforms on the blockchain, if not the biggest, and we're just getting started.
- We build things ourselves.
Aside from our expertise in the music industry, our blockchain development team is as good as they come. Having built superior blockchain technologies for some of the leading projects in the blockchain and crypto space, will allow us to quickly build new features and scale the technology for mass market adoption.