

# XCHNG: The unified blockchain framework for digital advertising with five key advantages:

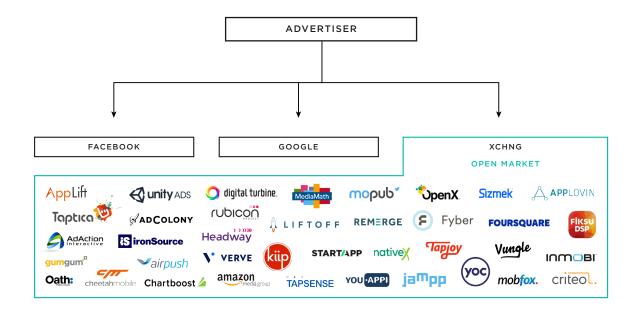
- 1 Direct transactions via an encrypted smart contract IO
- 2 The related matching and activation of audiences
- 3 Streamlined efficiency, transparency, and security
- 4 A next-generation system of record for all ecosystem participants
- 5 A token framework to give digital ads the status and security of a true asset class

### The Problem with Digital Advertising

Over half of the \$224B global digital advertising industry is in mobile. The ubiquitous smartphone connects advertisers to users on a personal level that is unprecedented. But the path to those users is convoluted and slow, where fraudsters and hundreds of middlemen siphon value out of ad spend at a rate of 50%, putting publishers, advertisers and users at risk and disadvantage. Frustrated with myriad issues and rampant waste, the ecosystem is ready for a better way forward. Indeed, in one 2018 study, 75% of marketers surveyed said they had been exposed to brand safety issues in their digital ad placements. Recently The Wall Street Journal reported that Procter & Gamble, the world's largest advertiser, had cut \$200 million in digital ad spending in 2017, partly because data showed it was wasting money.

#### The Solution: XCHNG

In Q3 of 2017, after two years of planning and development, Kochava Labs SEZC announced XCHNG, the high-speed blockchain-based framework for digital advertising. Blockchain technology includes features to address all the major issues plaguing the digital advertising industry today, and XCHNG is being custom built with innovations that aim to overcome the limitations of traditional blockchain. XCHNG is designed for speed, security and transparency at scale. Partners are actively joining to participate in this next generation system, which offers efficiency at scale and addresses advertisers' desire to access the open market outside the walled gardens of Facebook and Google by facilitating any advertiser to buy inventory directly from any source on XCHNG without intermediaries.



### A Smart Contract for Every Transaction

There's a problem at the heart of each digital advertising transaction today: The industry relies on an antiquated paper-based contract framework called the Insertion Order (IO) which lacks a mechanized way to verify contractual commitments (such as where, when and how an ad is to be served). Advertisers are left hoping that publishers (and the rat's nest of middlemen) deliver. XCHNG proposes to replace the paper-based IO with a smart contract IO to incorporate the terms in a fully traceable format, codified into a Ricardian contract that persists in an immutable, secure, and verifiable record. The smart contract IO is designed to ensure delivery on the terms without the involvement of a private, insecure central party. The addition of the XCHNG Token, a utility token created for transacting on XCHNG, offers further efficiency. Payments can be executed upon completion of performance elements. For example, an ad successfully served at the agreed-upon time, to devices with the specified OS, on a certain property, triggers payment to the publisher. With the XCHNG Token encrypted into the chain, the payment is executed securely, seamlessly, and instantly.

#### Built for Speed, from the Ground Up

In Q1 of 2018, Kochava Inc. unveiled a benchmark demo of the XCHNG framework to an audience of mobile industry insiders. The innovations on XCHNG include side chains and the Daily Rolling Chain to handle the high transaction volumes required for digital advertising. The live demo provided speeds of 180,000 transactions per second per IO. Because customers can have unlimited IOs, XCHNG stands to achieve millions of transactions per second through the use of unlimited side chains. This is well beyond today's transaction volume requirements.

## Backed by Industry Veterans

As sponsor of the project, leading global attribution and analytics firm, Kochava is uniquely experienced and prepared to specify a framework that meets the demands of advertisers and understands the challenges for publishers. Kochava measures over \$6B in ad spend annually, and is trusted by top brands and Fortune 100 companies globally. Deep industry knowledge and

strong relationships and partnerships are being brought to bear on the design of XCHNG via R&D subsidiary Kochava Labs SEZC. We are aware of no other blockchain project for digital advertising that addresses the end-to-end needs of the industry as comprehensively, or that is being designed by industry insiders with deep technical capabilities like this one.

## XCHNG: The Ecosystem for All

Kochava Inc. is poised to be the first reference implementation of a Measurement Provider on the XCHNG framework. XCHNG also provides opportunities for Ratings Providers, Payment Providers and ad serving miners to secure and scale the network and to create revenue-generation opportunities for XCHNG partners. Vendors in today's advertising ecosystem have a place on the new framework, and becoming blockchain-ready on XCHNG is easy.

#### **Incentive Mechanics**

The XCHNG consensus model is Proof of Stake based on Byzantine fault tolerance. Like other POS models, this model depends on a validator's economic stake in the network for validation of transactions. The system must operate like the enabling technology stack for other trading platforms, incentivizing both supply and demand to participate on the system. Participants within the system may earn tokens for generating new blocks. The blocks consist of transactions produced from a smart contract IO.

#### **Token Allocation**

The XCHNG Token is being offered first in a non-US Initial Coin Offering (ICO), preceded by a private pre-sale. Whitelist applications opened April 30th, allowing interested parties to complete the Know Y our Customer (KYC) process ahead of the sale opening. The XCHNG Token will be offered to a balance of participants with an emphasis on ecosystem partners who will engage in the utility of the token. Allocation will be structured as described in an additional token allocation document.