



**Velton · Zegelman PC**

**Attorneys at Law**

www.vzfirm.com

795 Folsom Street, Suite 100

San Francisco, CA 94107

(408) 891-7991

---

---

**Attorney-Client Confidential Communication**

**Attorney Work Product**

**December 23, 2017**

Native Video Box  
Attention: Alexander Shishow  
Via Email at ash@nvb.digital

Re: Analysis of the NVB Tokens Under the Howey Test

To whom it may concern,

*Based on that definition and our reading of relevant case law, as well as on our understanding of the facts and our review of the materials you provided on the structure of the Tokens, we conclude that the Tokens would not be deemed to meet the definition of security and, accordingly, that the federal securities laws do not apply to the initial distribution and subsequent trading of such Tokens in the United States.<sup>1</sup>*

Please accept this letter as the legal opinion, further described herein, regarding the NVB (“Token”) sold by the entity doing business as Native Video Box (“Client”).

**1. Introduction and Scope of Advice.**

1.1. The Client is the developer of the NVB Platform (“Platform”), which is designed as a distribution platform for video advertising.

1.2. The Client is seeking to raise funds, via Token Sale.

1.3. This memorandum analyses the token structure as it would operate on a fully developed platform and assumes that tokens sold prior to the launch of the Platform will comply with applicable securities laws.

1.4. Velton Zegelman PC has been asked to analyze as to whether the Token, with certain features described in the Token Sale Documents (as defined below), would be considered a “security” for

---

<sup>1</sup> Our analysis is based on our discussions with you, the materials you provided and the law as it exists as of the date hereof. We have not considered any state or non-US law analysis, including that of federal preemption related to state blue sky laws, and this outline relates solely to the definition of security under the federal securities laws. We do not express any view on any other body of law or legal construct, including without limitation the franchise laws of any state. As of this date, to our knowledge there are no court cases, no SEC rules, and only a few SEC releases that directly address the question discussed in this memorandum as to whether certain blockchain tokens should be characterized as securities for purposes of Section 2(a)(1) of the Securities Act. As such, the SEC or a court could reach an alternative conclusion different from the one provided in this memorandum.

purposes of Section 2(a)(1) of the Securities Act of 1933 (“Securities Act”) and Section 3(a)(10) of the Securities Exchange Act of 1934 (“Exchange Act”).

1.5. We provide our opinion based on the following: (1) White Paper enclosed as Exhibit A; and (2) our conversations with the Client (collectively, the “Token Sale Documents”).

1.6. Please note that we have neither undertaken a legal analysis of any tax implications which may arise in connection with the token sale, nor have we undertaken a legal analysis of any legal framework not mentioned herein.

## **2. Background Information**

### **2.1. The Platform**

The Platform can be generally described as a distribution network that marries content creators with video advertisement sellers. To clarify, there are three primary players on the Platform: publishers; content creators; and programmatic partners. The content creators upload their content (i.e., DIY videos, vlogs, etc.) to the Platform. Programmatic advertising partners will contract with the Client and be matched with the content uploaded by the content creators. The publishers host the content of the content creators (i.e., the content created by the content creators will be played on the publishers’ website).

The revenue generated from the programmatic advertisements will be split as follows: 60% to the publisher; 15% to the content creator; and 25% to NVB.

### **2.2. Token Use and Functionality**

The Token will serve as the internal settlement currency for the Platform. Thus, all persons transacting thereon will be paid in NVB tokens.

## **3. Legal Analysis**

The broad definition of “security” is contained in Section 2(a)(1) of the Securities Act: “any note, stock, treasury stock, security future, security-based swap, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement... *investment contract* ... or, in general, any interest or instrument commonly known as a ‘security’, or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing”.<sup>2</sup>

The applicable Supreme Court case for determining whether an instrument meets the definition of security is SEC v. Howey, 328 U.S. 293 (1946). The Supreme Court has reaffirmed the Howey analysis (“Howey Test”) as recently as 2004 in SEC v. Edwards, 540 U.S. 398 (2004). Moreover, the SEC confirmed the applicability of the Howey Test to public token sales in the Report of Investigation, dated July 25, 2017,

---

<sup>2</sup> US Supreme Court stated that the definitions of “security” under the Securities Act and the Exchange Act are treated as being the same, despite some technical differences. SEC v. Edwards, 540 U.S. 398 (2004) (*citing* Reves v. Ernst & Young, 494 U.S. 56, 61 n.1 (1990)).

related to DAO Tokens. Thus, the applicable standard for analysis remains the Howey Test.

Howey focuses specifically on the term “investment contract” within the definition of security, noting that it has been used to classify those instruments that are of a “more variable character” that may be considered a form of “contract, transaction, or scheme whereby an investor lays out money in a way intended to secure income or profit from its employment.” Howey, 328 U.S. at 298; Golden v. Garafolo, 678 F.2d 1139, 1144 (2d. Cir. 1982) (stating “investment contract” has been used to classify instruments that do not fit other categories); *see also* Black’s Law Dictionary (10th ed. 2014).

Some of the investment interests listed above are more properly characterized as traditional types of securities, so their combination with a non-security blockchain token increases the likelihood a blockchain token will be deemed a security under US laws.

The Supreme Court in Howey developed a four-part test to determine whether an agreement constitutes an investment contract and therefore a security. Pursuant thereto, a contract constitutes an investment contract, considered a security, if there is: (i) an investment of money; (ii) in a common enterprise; (iii) with an expectation of profits; (iv) solely from the efforts of others (e.g., a promoter or third party), “regardless of whether the shares in the enterprise are evidenced by formal certificates or by nominal interest in the physical assets used by the enterprise.” Howey, 328 U.S. at 298-99. ***To be considered a security, all four factors must be met.*** *See* Edwards, 540 U.S. at 390.

We provide our analysis of the Token below, based on each Howey factor:

### 3.1. Investment of Money.

Under Howey, and case law following it, an investment of money may include not only the provision of capital, assets, and cash, but also goods, services, or a promissory note. *See, e.g.,* Int’l Bhd. Of Teamsters v. Daniel, 439 U.S. 551, 560 n.12 (1979); Hector v. Wiens, 533 F.2d 429, 432-33 (9th Cir. 1976); Sandusky Land, Ltd. V. Uniplan Groups, Inc., 400 F. Supp. 440, 445 (N.D. Ohio 1975).

The courts and the SEC have repeatedly stated that the term “money” includes not only fiat currency but any commonly accepted indication of value. Specifically, in its Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: The DAO, No. 81207, dated July 25, 2017, the SEC reconfirmed that ETH and other cryptocurrencies are equivalent to fiat currency for the purposes of Howey test, since both represent a “contribution of value”. The same principle was previously upheld by US courts in SEC v. Shavers, No. 4:13-CV-416, 2014 WL 4652121, at \*1 (E.D. Tex. Sept. 18, 2014) (holding that an investment of Bitcoin, a virtual currency, meets the first prong of Howey).

Whereas it is unclear what currency will be accepted for the Tokens, page 27 of the White Paper illustrates that the Tokens will be sold “at a price of \$1.” Thus, there is no doubt that there will be an investment of money in exchange for the Token. In sum, the first prong of Howey Test is satisfied.

It may be argued that some persons (i.e., content creators and publishers) are not purchasing Tokens and just getting paid in them. However, this is irrelevant considering that the Tokens will still be purchased by the programmatic advertisers, which is described further below.

### 3.2. Common Enterprise.

Different judicial circuits in the US use different tests to analyze whether a common enterprise exists. Three

approaches predominate: (i) Horizontal Commonality; (ii) Narrow Vertical Commonality; and (iii) Broad Vertical Commonality. Please see below a definition of each test and its application to Tokens.

### 3.2.1. *Horizontal Commonality.*

Under the Horizontal approach, a common enterprise is deemed to exist where multiple investors pool funds into an investment and the profits of each investor correlate with those of the other investors. *See e.g., Curran v. Merrill Lynch*, 622 F.2d 216 (6th Cir. 1980). In other words, there is a proportional distribution of profits according to percentage ownership of the investor pool. Whether funds are pooled appears to be the key question, and in cases where there is no sharing of profits or pooling of funds, a common enterprise may not be deemed to exist. *See, e.g., Hirk v. Agri-Research Council, Inc.*, 561 F.2d 96, 101 (finding discretionary future trading account was not investment contract because there was no pooling of funds); *Wals v. Fox Hills Dev. Corp.*, 24 F.3d 1016 (7<sup>th</sup> Cir. 1994) (promoter of condominium timeshare did not pool profits and thus no common enterprise existed).

In this instance, Horizontal Commonality is satisfied, because the funds raised during the Token Sale will be pooled and used to develop and maintain the Platform. Moreover, the Token holders' profits correlate to one another in the attenuated sense that the Token may subsequently be traded for other crypto currency and/or fiat. The value of the Token during secondary trading correlates each Token holders' profits.

Whereas, it may be argued that the profits are also effected by the amount of activity on the platform, it nonetheless is correlated in one regard. Moreover, the focus on Horizontal Commonality is the pooling of funds. In sum, Horizontal Commonality is likely satisfied.

### 3.2.2. *Narrow Vertical Commonality.*

The Narrow Vertical approach looks to whether the profits of an investor are tied to a promoter. *See SEC v. Eurobond Exchange Ltd.*, 13 F.3d 1334 (9th Cir. 1994) (imposition of profit limitations on investors through requiring promoter to receive excess return rate tied promoter's fortunes to investors).

The Narrow Vertical approach is likely satisfied, because the profits of the Token holders are tied to that of the promoter in the sense that the profits are shared among the three parties described above. When the Token holder makes money (i.e., publisher and/or content creator receive share of profits), the Client receives 25%. Thus, there is a direct correlation between the profits of some Token holders and that of the Client.

It may be argued that the only purchasers of the tokens will be programmatic advertisers, because they will be paying the publishers and content creators via tokens. The advertisers do not receive a share of the profits and are in fact the ones paying. However, the advertisers realize profits via impressions made (i.e., ads watched), and the ultimate payout from the programmatic partners will be determined by the number of impressions.

In summation, all Token holders' profits are correlated to the profits of the Client, and the Narrow Vertical approach is likely satisfied.

### 3.2.3. *Broad Vertical Commonality.*

The Broad Vertical Approach considers whether the success of the investor depends on the promoter's expertise. If there is such reliance, then a common enterprise will be deemed to exist. *See e.g., SEC v. Continental Commodities Corp.*, 497 F.2d 516 (5th Cir. 1974) (promoter's recommendations regarding

certain futures contracts demonstrated investor reliance on promoter's expertise).

The Broad Vertical approach is likely satisfied, because the success of the Token holder largely depends on the expertise of the Client to implement its business plan and to develop a platform that operates as intended. Specifically, the Client is responsible for marrying the appropriate programmatic partners with the appropriate content creators and publishers. This requires a certain level of expertise that the success of all parties involved depends on. Accordingly, the Broad Vertical approach is likely satisfied.

### 3.3. **Expectation of Profits.**

Under this third prong of the Howey Test, profit refers to the type of return or income an investor seeks on their investment (rather than the profits that the system or issuer might earn).<sup>3</sup> Thus, for purposes of the Token, this could refer to any type of return or income earned by holding the Tokens, which would be narrowed to the extent it is derived passively (e.g., from the efforts of others).

In summation, just because there is a return or profit, does not mean that the investment contract is a security. It is the passive nature of the return, as determined by the "efforts of others" analysis, that results in an "investment contract" and security as opposed to a simple contract instrument.

Since courts consider this factor through the lens of the "efforts of others" factor, we analyze this prong along with the fourth factor below.

### 3.4. **Solely from the Efforts of Others.**

In the past, courts have been flexible with the word "solely," such that, in addition to the literal meaning, it will also include significant or essential managerial or other efforts necessary to the success of the investment. *See e.g.*, SEC v. Glenn W. Turner Enters., 474 F.2d 476, 482-83 (9th Cir. 1973); SEC v. Koscot Interplanetary, Inc., 497 F.2d 473 (5th Cir. 1974) (holding that where promoters retain immediate control over the essential managerial conduct of an enterprise, rather than remote control similar to a franchise arrangement, this element is met); *but see* Hirsch v. Dupont, 396 F. Supp. 1214, 1218-20 (S.D.N.Y. 1975), *aff'd*, 553 F.2d 750 (2d Cir. 1977) (indicating that solely should have literal application). Overall, the purpose of this fourth prong of the Howey Test is to determine whether generated profits require active involvement by the investor. If the answer is yes, then this fourth prong is likely not met.

#### 3.4.1. *Only Programmatic Advertisers are Investors.*

It is our opinion that the programmatic advertisers are the only investors, because they are the only persons incentivized to purchase the Tokens. To clarify, all other parties (i.e., publishers and content creators) only get paid in Tokens. The Token's sole use is to pay the publishers and content creators. Unless the publishers and content creators also have programmatic advertising platforms they wish to use on the Platform, there is no use in holding onto the Tokens. Thus, they will likely trade the token for other crypto currency and/or fiat.

Accordingly, the only investment of money comes from the programmatic advertisers.

---

<sup>3</sup> More specifically, profits may include all manner of returns, such as dividends, other periodic payments or the increased value of the investment whether it is a variable or fixed return. *See e.g.*, Edwards, 540 U.S. at 390.

#### *3.4.2. The Focus is on Business Revenue and not Appreciation of the Token.*

The focus of the Token is not to be held as an investment that will appreciate in value. Instead, it is meant to be used as currency for programmatic advertisers to pay the related parties. Thus, the purpose is to purchase the Token so a programmatic advertiser may use the platform as a venue to spread their ads. The way the Token is designed, the incentive is merely to purchase the token with the intent of using it to pay instead of holding it for appreciation purposes.

#### *3.4.3. Active Participation.*

Whereas there is a passive nature to the way the transactions occur (i.e., programmatic advertising), there is active participation in the sense that all parties involved are engaged in back-end processes that make the Platform tick. To clarify, if content creators are not creating content and/or programmatic advertisers are not developing advertisements, then the Platform would be meaningless and void of any reason. Accordingly, it is clear that there is active participation in the sense that the expected profits are derived from each party's own efforts and not solely and/or substantially from the efforts of the Client.

#### *3.4.4. Secondary Trading of the Token.*

The Client intends to list the Token on a secondary exchange to permit interested parties a method of obtaining tokens outside of the initial Token Sale. It is unclear how soon following the Token sale the Client intends to list the Token on an exchange. However, the mere listing of the token does not necessarily implicate US securities laws.

Instead, the fact remains to be seen what will occur when the Token is listed on a secondary exchange, and we cannot definitively state one way or another. However, it is our opinion that listing tokens on an exchange immediately following a token sale will likely cause the token to be treated and traded like traditional securities.

Thus, if the Client lists the token on an exchange too soon following the initial Token Sale, it is likely that the Token will become a security by virtue of the economic realities of the Token being traded like a security.

#### *3.4.5. Potential Appreciation of the Token.*

The potential appreciation in the value of the Token, due to secondary trading, does not change our view that it is not an investment contract. As described above, the incentive to hold the Token is not as an asset that will appreciate in value itself, but to create value through the independent use and application of the Token (i.e., generate ad revenue).

### **3.5. Conclusion.**

***Based on the above analysis, we believe that the Token Sale Documents describe a digital token that is not likely to be deemed a security under applicable US laws.***

4. **Disclaimers**

**NO GUARANTEES:** CLIENT UNDERSTANDS THE RISKS INHERENT IN THE UNCERTAIN LEGAL STATUS OF THE BLOCKCHAIN AND CRYPTOCURRENCY INDUSTRY IN THE UNITED STATES. YOU UNDERSTAND THAT LEGAL ADVICE PROVIDED HEREIN DOES NOT GUARANTEE SUCCESS OR IMMUNITY FROM CIVIL AND/OR CRIMINAL PROSECUTION DUE IN PART TO THE EVOLVING NATURE OF THE BLOCKCHAIN AND CRYPTOCURRENCY INDUSTRY IN THE UNITED STATES.

**CLIENT ADVISED TO CONSULT WITH ATTORNEY:** WE ADVISE CLIENT TO CONSULT WITH AN ATTORNEY AS OFTEN AS PRACTICABLE, BECAUSE THE LEGAL LANDSCAP IS ALWAYS CHANGING. WE FURTHER ADVISE CLIENT TO REMAIN AWARE OF THE SHIFTING LEGAL ISSUES REGARDING THE BLOCKCHAIN INDUSTRY.

**TOKEN DESIGN VS TOKEN SALE:** CLIENT UNDERSTANDS THAT EVEN IF THE TOKENS, AS DESCRIBED HEREIN, MAY NOT BE CONSIDERED A SECURITY BY DESIGN, THEY MAY BE CONSIDERED A SECURITY IN THE MANNER OF HOW AND WHEN THEY WERE SOLD AND/OR HOW THEY ARE TREATED. CLIENT UNDERSTANDS THAT IF THE TOKEN IS EVENTUALLY SOLD AND HELD BY PURCHASERS FOR INVESTMENT PURPOSES, THEN IT IS INCREASINGLY LIKELY THAT IT WILL BE CONSIDERED A SECURITY.

**PRE-SALE:** CLIENT UNDERSTANDS THAT THE VERY NATURE OF A PRE-SALE WILL LIKELY IMPLICATE US SECURITIES LAWS AND THAT SUCH SALE IS CONDUCTED IN COMPLIANCE WITH SUCH APPLICABLE LAWS.

Please do not hesitate to contact us if you have any questions.

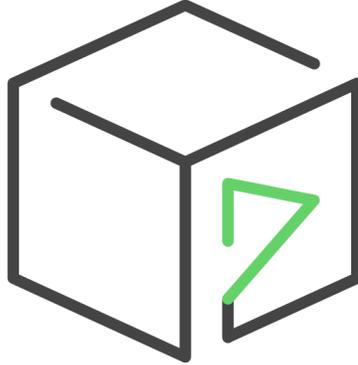
Sincerely,

A handwritten signature in blue ink, appearing to be 'Julian Zegelman', written over a horizontal line.

By: Julian Zegelman  
Velton Zegelman PC

# Exhibit A

## White Paper



# NATIVE VIDEO BOX

## Video Distribution Platform

NVB Whitepaper version 2.0.0 of December 20, 2017

**[nvb.digital](http://nvb.digital)**

# Table of contents

<b>nvb.digital</b>	<b>0</b>
<b>Table of contents</b>	<b>1</b>
<b>Disclaimer</b>	<b>3</b>
<b>Abstract</b>	<b>4</b>
1. Ad fraud vs multi-tier blockchain	4
<b>Introduction</b>	<b>6</b>
1. Market overview	8
2. The Video Advertising BOOM	9
3. Programmatic	11
4. Native Advertising	13
5. Our Conclusions	14
<b>Competitors</b>	<b>17</b>
1. YouTube and Facebook	17
2. Google Video Ads and Facebook Business	18
3. Vloggers' marketplaces	18
4. Agencies	18
<b>Outlook</b>	<b>19</b>
<b>Why NVB?</b>	<b>20</b>
1. Content Creators / Right Owners	20
2. Publishers	20
3. Advertisers	21
4. Token holders	23
5. Web Users	23
<b>Token Distribution</b>	<b>25</b>
<b>Technical solution</b>	<b>26</b>
1. How it works	26
2. Interaction with publishers and right owners	26
3. Decentralised content delivery network	27
4. Assessors	28
	1

5. Advertisers	29
<b>Roadmap of the project</b>	<b>30</b>
Core services go live (ML powered website analysis and programmatic ad sales)	32
Self service interfaces go live	32
Start of programmatic sales via SSPs	32
Full scale self service and statistics interfaces go live	32
Android SDK	32
iOS SDK	32
Mobile apps network	33
High Impact Ad formats implementation	33
Direct Deals implementation	33
Integration with top 10 SSP and Ad Exchanges	33
Brand safety (Europe pack) multilingual implementation	33
Leading CMS Integration	33
Latin America expansion	33
In-house Advertising Agency (sale house)	34
Top 50 programmatic demand sources	34
Native Promo Videos Launch	34
China and South Asia expansion	34
Brand safety (Asia pack) multilingual integration	34
<b>Fundraising process</b>	<b>35</b>
First stage – pre-sale (1st of December, 2017 to 31th of December, 2017)	35
Second stage - ICO (1st of December, 2018 - 28th of February, 2018)	36
<b>NVB tokens explained</b>	<b>36</b>
<b>Advisory Board</b>	<b>41</b>
<b>Team</b>	<b>42</b>
<b>Glossary</b>	<b>45</b>

p. 40 - Added:

The system is ready for exploitation and token circulation before the start of pre-sale. As soon as the tokens are issued, they can be used for transactions in NVB system.

p. 41 - Added:

U.S. citizens are not allowed to participate in NVB pre-sale for legal reasons. However, they are welcome to take part in NVB token sale starting Jan 1, 2018.

P. 30 - Added:

Distribution of funds

\*\*\*

## **Disclaimer**

PLEASE READ THIS DISCLAIMER SECTION CAREFULLY. CONSULT LEGAL AND FINANCIAL EXPERTS FOR FURTHER GUIDANCE.

The following information may be incomplete and in no way implies

a contractual relationship. While we make every effort to ensure that all information in this white paper is accurate and up to date, such material in no way constitutes professional advice. NATIVE VIDEO BOX neither guarantees nor accepts responsibility for the accuracy, reliability, current (as of this White Paper) or completeness of this content. Individuals intending to invest in the platform should seek independent professional advice prior to acting on any of the information contained in this paper.

# Abstract

так мотри

в абстракте должно быть четко видно 2 вещи

- МЫ. БАШЛЯЕМ. ЗА. ВИДЕО!!!! - это значит что мы приносим на сайт те видео, за которые нужно кому-то башлять...

разница как в кино медлу фильмом и рекламой, которую крутят перед фильмом. люди билет покупают не для просмотра рекламы.

-дисковери - рекомендейшн енжин - АИ блять и МЛ!!!

Native Video Box (NVB) is a next-generation decentralised video distribution platform, based on cutting-edge technologies of multi-tier blockchain and deep machine learning.

When we talk about 'video distribution' we not mean 'we will show ads' we talking about non commercial video content, like video bloggers creatives, DIY videos, video reviews or even short movies. We not just distribute it, we pay content creators for their content. So, from that perspective, all of adtech stuff you will find in this project is ehe tip of the iceberg, core of the NVB platform is more like YouTube. It's pretty similar to Uber that provides taxi service but don't own a cars. We provide video hosting and recommendation system but don't own inventory.

Our ecosystem is different from YouTube like cryptocurrencies differ from traditional banking system. We have created the service that meets the old pains of

advertisers, publishers and video content creators at the same time. We believe it will disrupt the industry and has potential to change future of video advertising.

NVB is focused on programmatic video advertising with native eco approach. Nowadays a typical digital video ad platform is literally a black box, so NVB was created to be all the way transparent from scratch.

## **1. Ad fraud vs multi-tier blockchain**

Fraud wastes up to 50% video advertising budgets due the lack of transparency. Processing the entire clicks and impressions flow via blockchain is the solution. But the ordinary blockchain isn't capable of handling workload ( average 30-100k requests per second) that adtech requires. We are going to implement special multi-tier blockchain technology to make the entire advertising process 100% straight.

## **2. Transparent tokenized revenue share**

There is a crowd of middlemen in supply chain who opaquely take up to 70% of advertisers money before they reach the publisher or video content creator. Tokenized revenue share mechanics is the answer: NVB tokens are the currency of the service. Smart contract grants transparent billing: 60% of any token spent by advertiser goes to owner of the website where the impression was made, 15% - to owner of content on which the impression was made, 25% - to NVB system as a service fee to cover the tech costs.

## **3. Transparent business: in the same boat with token holders**

But we aim at delivering transparency even beyond revenue and impressions levels. Any company launching ICO must be transparent by design and fully token oriented. Unlike numerous companies that spend significant part of the revenue for capitalization growth and dividends, NVB entirely focuses on token benefits

growth. NVB does not distribute dividends to shareholders; instead all revenues are distributed among participants of the ecosystem.

#### 4. Decentralised. Truly decentralised.

Video content delivery is overpriced. That's why other digital video platforms keep most of the money to their own. We have created decentralised content delivery network, maintained by community. Being the part of our video cloud storage, publishers can host the videos.

Native Video Box fuses together digital advertising legacy, modern approach and cutting-edge technologies into the new era TV.

# Introduction

**Native Video Box (NVB)** was originally launched in Russia in early 2016 as a native video platform for websites with editorial content. We would like to think of ourselves as a cohort of creative minds who *have set out to change the game of the video advertising market.*

## **Who will benefit from using NVB?**

NVB is a platform that has been designed to benefit a diverse range of content creator market players such as: publishers, advertisers and video bloggers.

## **Positioning power**

It provides websites with relevant video content and offers opportunities for additional monetisation, while ensuring brand values, a safe environment for advertisers and more than 90% complete views of video ads.

## **Pocket Friendly Profits**

Historically platforms such as YouTube and other well known video-hosting sites have disrupted the media industry by giving a new generation of video content creators the opportunity to monetize their content.

However, the original systems for monetisation were effective for awhile. But as time elapsed rapidly growing platform fees and centralized work models of modern video-hosting became more biased towards meeting the need of intermediaries vs lining the pockets of the content creator communities.

According to *Never Stop Marketing's* Jeremy Epstein, intermediaries earn ¢44 out of every \$1 on each link in the chain of advertising market costs. We agree with Epstein that the advertising industry is ready to take **a step forward.**

## So What's Next?

We're already witnessing shifts in areas such as the financial services sector and other fields who've adopted cutting-edge technologies to help reduce the traditional commission fees aka **Fintech**. With the help of **blockchain**, soon the advertising industry won't be needing centralized pricey intermediaries for effective content distribution anymore.

With this in mind, the creation of the **Native Video Box** ecosystem was born and links into the ongoing development of both **blockchain** and **tokenization technology**.

## How does tokenization technology work?

Tokens and blockchain made it possible to implement Native Video Box ecosystem that resembles YouTube like cryptocurrencies resemble traditional banks. Token sale results will be used to develop that fair and effective ecosystem.

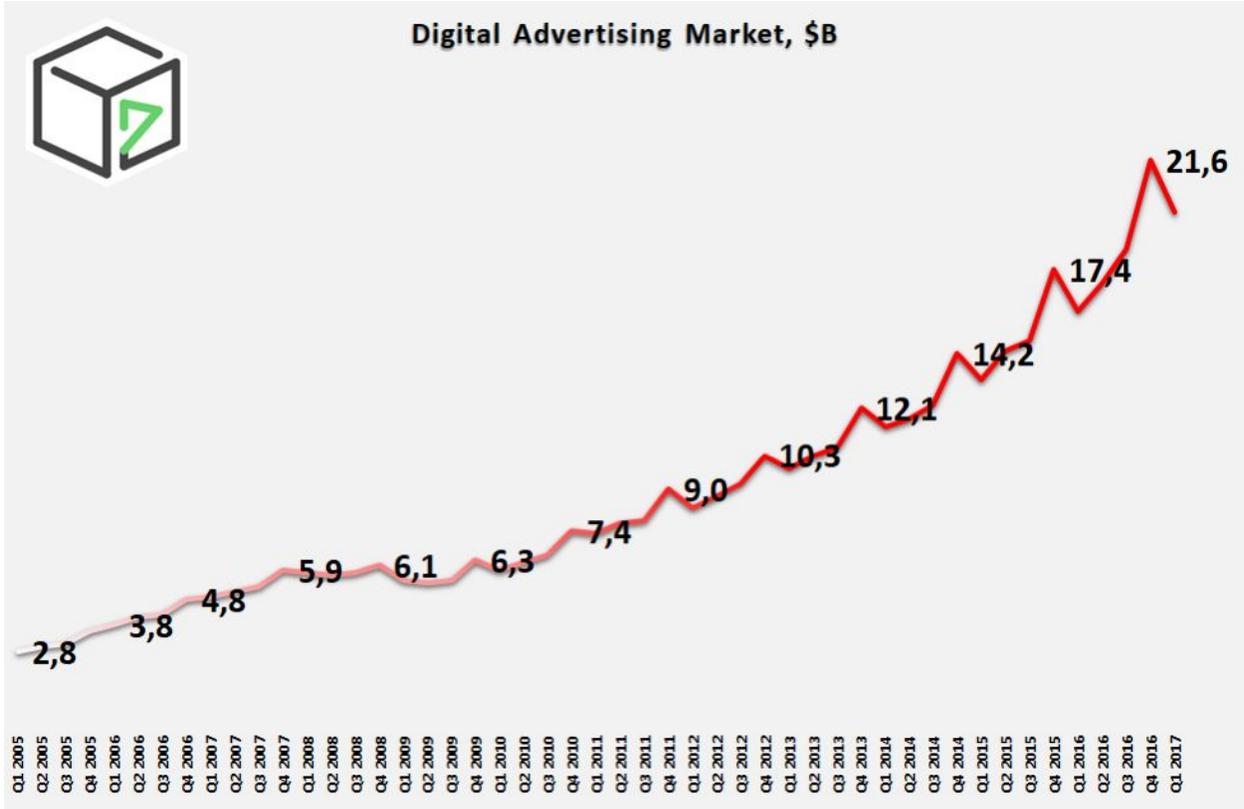
Native Video Box Token (NVB) is a currency of the service, which has a following role inside the ecosystem:

- Rewards for the participants: publishers and content creators
- Rewards for being the part of our video cloud storage
- A Security deposit and minimum Participation balance
- Payment for NVB platform services

Due to cryptocurrency nature of NVB tokens, it's an easy way to make payments for each individual blogger or publisher in variety of countries, solving the problems with financial clearing and regulatory paperwork as well as high payment commissions of fiat banks (for currencies conversions).

# 1. Market overview

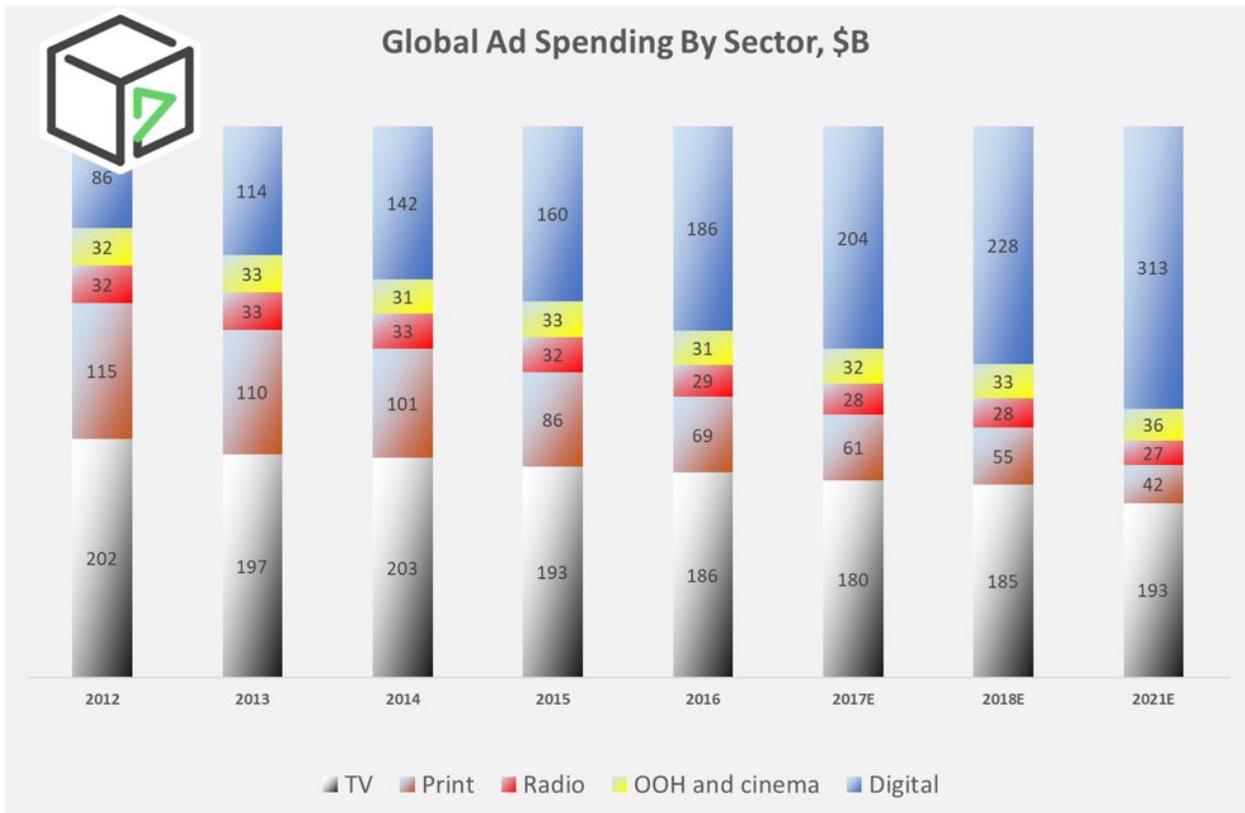
According to IAB US<sup>1</sup> digital advertising market has grown almost 7-fold in 12 years:



As report of Magna Global<sup>2</sup> intelligence agency states, “digital media has now surpassed linear television to become the No.1 category in advertising revenues”. In the same piece Magna points out that, “online advertising sales will grow by 14% this year while offline ad sales (television, print, radio, out-of-home) will decrease by -2%”. This trend is not new, below is the graph demonstrating comparative dynamics of digital and offline advertising totals:

<sup>1</sup> IAB Internet Advertising Revenue Report Conducted by PricewaterhouseCoopers (PWC)

<sup>2</sup> Global Advertising Forecast // Magna Global // June 14, 2017.



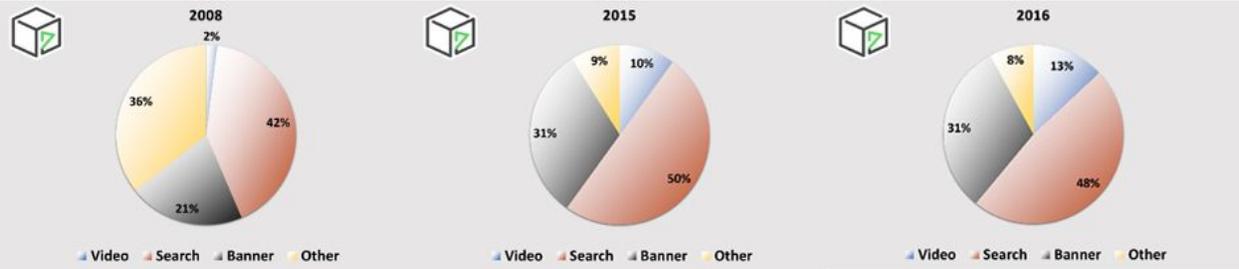
Magna predicts that digital advertising will comprise more than 50% of total volume of media budgets in 2021, whereas TV, 2<sup>nd</sup> most important category, will take only about a third of the market.

**FACT: From 2010 to 2016 analytics identified growth of worldwide market of internet advertising as 15-22% per year.**

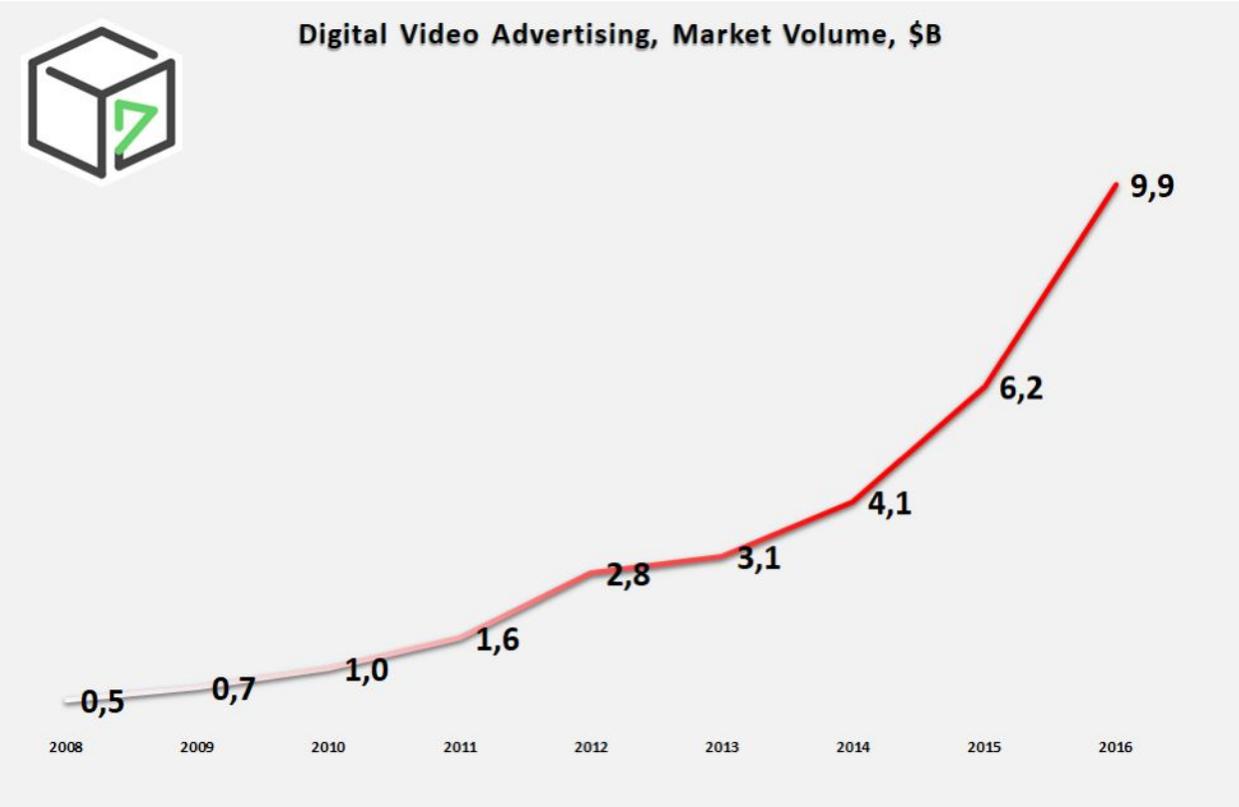
## 2. The Video Advertising BOOM

As broadband speeds have increased and users' attention span has shortened, overcome by ever-growing information inflow, video advertising has become the most popular way of online advertising, taking on a share of other digital advertising segments such as banner advertising and search ads. Fastest-growing segments, as identified by Magna Global, are video and social advertising (predicted to grow 30% and 32% respectively), and share of video ad expenditures

in desktop and mobile segments comprises 15% and 12% respectively as of the end of 2016 (or 13% of combined digital advertising), digital video advertising sector growing by more than 50% in 2016.



According to IAB data digital advertising growth was overwhelming during the past years, increasing in volume nearly 20-fold:



While video marketing power and reach peaks, the power of alternative formats of internet marketing is stagnating. So we can conclude that the video boom is on its way to dominating the marketing (with audio advertising also being more popular each year).

**FACT: In November 2014 Yahoo! acquired the video advertising service Brightroll for \$640M<sup>3</sup>. In 2016 native video platform ConvertMedia was acquired by Taboola for \$100M<sup>4</sup>, while Adobe bought video platform TubeMogul for \$540M<sup>5</sup>.**

However, video advertising aligns with accompanying content (films and videos by professional studios and amateur vloggers) more and more often, thus requiring better content discovery (for consumers) and targeting (for advertisers) on the part of technological platforms. Being heavier and more attention-demanding content, and, thus, having much bigger CPM price, video advertising by itself requires more effective and pronounced targeting, than any other type of advertising.

NVB is highly focused on delivering appropriate ad video to every consumer category, while allowing them to discover better content – thus, blurring the boundaries between advertising and content as good content is the best advertising possible.

### 3. Programmatic

Programmatic model, in its original interpretation, came across a series of obstacles on its way, remaining a popular method of marketing message delivery.

Among such obstacles:

1. Inability of most players to get comprehensive data on users' behaviour and/or process it in effective way

---

<sup>3</sup> Marissa Mayer Spends \$640 Million To Buy A Video Advertising Company. [<http://www.businessinsider.com/yahoo-buys-video-ad-platform-brightroll-2014-11>]

<sup>4</sup> Taboola has splashed tens of millions of dollars on a video ad tech company to take on YouTube, Facebook, and Snapchat. [<http://www.businessinsider.com/taboola-acquires-convertmedia-2016-7>]

<sup>5</sup> Adobe is acquiring ad tech company TubeMogul for \$540 million. [<http://www.businessinsider.com/adobe-is-acquiring-ad-tech-tubemogul-for-450-million-2016-11>]

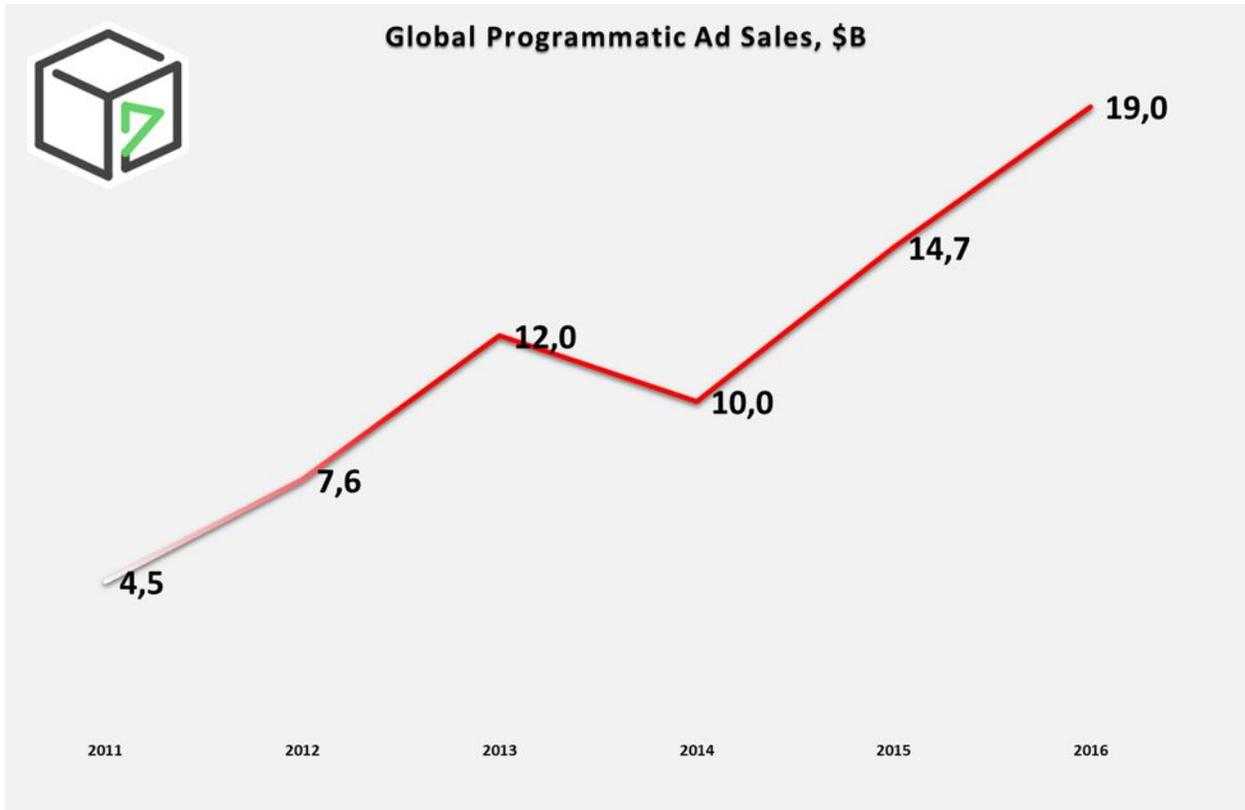
2. Poor performance of current ML models/systems in relation to issues traditionally more difficult for AI to assess, such as message relevance and quality
3. Absence of established infrastructure, allowing players to share/trade users' data and integrate separate solutions into data/ad-serving pipelines seamlessly

Beside that, concerns about brand safety and fraud, ubiquitous in programmatic world, ruined hopes of “classic programmatic” adepts - according to MediaRadar<sup>6</sup>, in the 1st quarter of 2017, 5000 fewer advertisers purchased ads programmatically than the first quarter of 2016, which is a 12% decline.

On the other hand, Magna Global reports that programmatic sales have reached \$19B in 2016 (although growth slowed a little, pace decreasing from 54% to 27%) and are on the course to reach \$42B in 2020, remaining the key driver of digital growth for years forthcoming. As Magna notes in its report, whereas now programmatic technologies are mostly used for banner advertising rotation, by 2020 programmatic will have video and audio segments infiltrated.

---

<sup>6</sup> Consumer Advertising - Maximizing Impact // MediaRadar // June 6, 2017



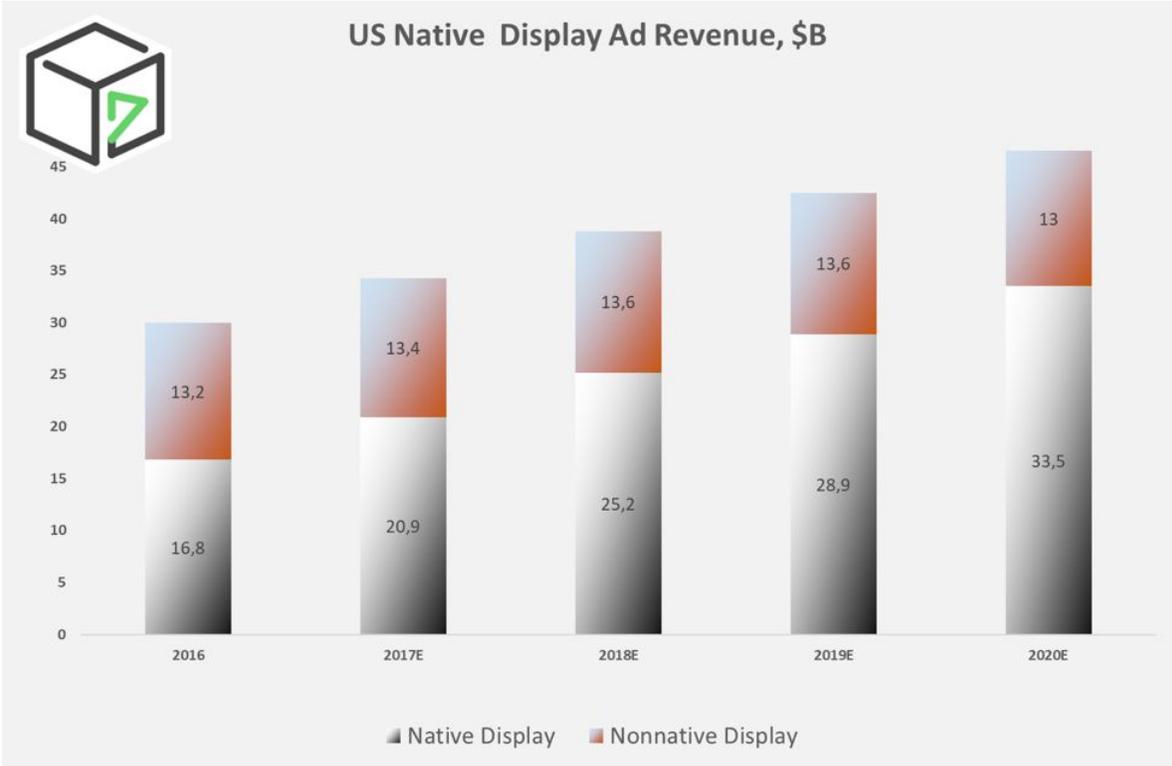
However, in our belief, even if some temporary reversal in programmatic growth trend is present, in a long-run, programmatic will dominate the market as using its element base is only a rational thing to do - just, it turns out, that some of the models tested proved to be wrong.

## 4. Native Advertising

With ad blockers becoming more and more popular and selective blindness of internet users turning into ubiquitous phenomenon, native advertising – native in content as well as in style – is becoming more and more of a key to effective digital marketing. With users targeted better and more data available on particular user the more focused – and, in a way, non-intrusive – approach becomes the most effective way to sell products and services.

Native advertising has become a buzzword, more for apparent trend in digital advertising than for a need of new term (some even argue that “native advertising” is just another way to say “good advertising” with distinctive features of both being

the same). According to Business Intelligence report, this sector of digital advertising, already bigger than non-native one, will grow to \$36.3 B in 2021, and constitute 74% of the market.



Whether you believe these numbers and agree with an addition of new taxon to ad ecosystem hierarchy or not - you are not going to argue with the statement that native advertising is clearly more efficient way to advertise **products, services and brands**.

## 5. Our Conclusions

The facts speak for themselves, the digital advertising sector is growing - FAST! Meanwhile, video advertising segment of the online marketing mix is growing even faster. The same is true, from the other side, for “native” and “programmatic” approaches – which we would rather consider as qualities and trends, but not advertising segments/niches clearly separated. For such thing is possible as native video advertising with impressions delivered with use of programmatic methods

(and it is exactly what some companies are doing already and others are going to; and it is exactly what we, ourselves, are going to do at NVB).

WHY? Because video is able to relay complex messages in a visually stimulating way that connects people to products/services and brands. Because native and programmatic approaches are only rational, if applied properly. Because we have found a new way to address an old problem – content discovery – a way, which is going to make cross-content and cross-channel digital journey of user easy and seamless.

As of now cross-channel journey of user (unless your starting point is Wikipedia) is very complicated and fragmented. Although links and tags have simplified search significantly, whether it is broad or deep, most of the time, even if we consider only one medium (such as text, or audio, or video information), user returns again and again to the starting point, uses search engines of different kind to enrich his scope. For cross-media idea communication the process is even more complicated – you read an article in WSJ and go to YouTube or another channel after that.

Or, in many cases, you don't. Because, as a consequence of mechanisms currently in use by advertising/content delivery platforms, much of the content never even born – or can't reach you in current layout. Search for high-class educational content – it is hard to come by one. Search for news and analysis, for discussion clubs or language courses, for expert opinions – it is hard to discover such type of content. But not because it is unpopular – just because there is no mechanism of vlogger promotion now and only in some particular areas (gaming, toys & children entertainment, “how-to” videos, sport etc.) it is possible to sell independent video content efficiently. Even in these areas there is a big room for improvement and content of real quality is scarce.

There is little doubt that company, which would be able to work out a way to establish a platform, simplifying users' cross-media journey, streamlining it and enriching their experience, would be able to build an ecosystem, incentivizing

qualitative (vs. simply viral) content creation and progressive discovery, will bring high returns for its shareholders. Keeping it in mind, we would like to outline three reasons why NVB could be a huge success:

1. Right business model, targeting publishers and vloggers in the first place and enabling them to profit in more than one way without sharing a bulk of these profits with lead-generating platform
2. Effective combination of half-automated techniques of channel tagging/filtering and programmatic approach in ad serving
3. Clear message - strictly defined niche market, which has not yet attracted attention of many players, but is going to dominate advertising space in future, prevalence of quality over quantity, building of long-standing relationships without sacrificing efficiency

# Competitors

Although NVB has no direct competitor, our business model in combination with approach being unique to the market, there are many companies working their way in adjacent fields:

## 1. YouTube and Facebook

As of 2017, these two platforms have become most common places to start you vlog at. Hundreds of millions watch video at one of those every day, with hundreds of millions/billions hours of video watched per day at every of those platforms. More than a billion people registered and more than a billion videos uploaded to both platforms. This is much more than competitors have – not more than 10M uploaded videos in most cases with max. 300M registered (DailyMotion; and it is significantly bigger than other platforms!). Unless we talk about specific niches – either by genre (Twitch) or by approach (Instagram and Snapchat) – these two places are the most popular starting points for vloggers. In both cases most of the discovery happens at the platform and, in most cases, videos are hosted by this very platform, too.

While both platforms has not build any cross-channel engagement tools and currently concentrated on intra-platform experience instead of cross-platform (with exception of, apparently, Google/YouTube interaction), have no particular editorial policy and mostly rely on user self-tagging, they could become our main competitors if they see a good opportunity in this market. However, they could become our strategic investors/buyers too. Presently, they represent most possible endpoints of user journey, where we are going to reroute users – thus, the bigger they grow and the more qualitative material they have, the better for NVB.

## 2. Google Video Ads and Facebook Business

*(same players from the other side)*

These two platforms/products are intended to serve as inner programmatic ad campaign facilitators for Google/YouTube and Facebook, respectively. However, as we have already mentioned above, these two products are neither platform-agnostic nor engaged in nourishing of content. Moreover, they are not concentrated on creating even better tuned marketing campaigns, and rightly so, judiciously leaving this part to advertisers and agencies. It is hard to define a right auditory and for a right video – to find its auditory at all – for Google/YouTube and Facebook are facilities/marketplaces and not agencies, although they do what is possible for them to increase the efficiency of ads running.

Also, both platforms target advertisers first, which is understandable, concerning their stories, but doesn't help to improve/filter content much (the one you are going to align you product with; at least, in a way).

## 3. Vloggers' marketplaces

While this group's members are closer to NVB in terms of business model, its representatives lack significant impact and target advertisers first, working in more direct way. It is advertisers, who initiate marketing campaigns here, and after they do it, they should manually choose vloggers, promoting their products/services.

Not only these marketplaces do not compete with us in the end of the day - by helping vloggers to promote themselves, they increase capitalization of market we work at.

## 4. Agencies

Although sometimes very similar in approach to what NVB is going to do, they lack any technology on their part, thus, agencies are usually only able to work with big YouTube stars and unable to “plug in” many vlog sources for particular

customer - there is also no automatic optimization inside and all the process is very labor-intensive

Above-mentioned players can be separated into two groups: market makers, interested in further expansions of relevant platforms and attraction of advertisers (Facebook and Google/YouTube) and much smaller players, which doesn't support plug-and-play interaction and are able to work only with a handful of channels/advertisers and not intended to provide cross-platform communication (agencies and marketplaces).

## Outlook

Nowadays video advertising services in many cases charge 40% to 80% commission fees from their partners. The majority of advertising benefits is received by intermediaries instead of content creators and publishers. On the contrary, NVB commission is only 25% from each view, which is enough to cover the net cost of system's work, while right owners and distributors get 75% of video advertising revenues.

While the traditional model of ads distribution doesn't give advertisers opportunity to control the surrounding content and quality of advertising contact, NVB avoids aggressive formats by using only licensed video content. This approach guarantees advertisers 100% brand safety.

Implementation of Papyrus<sup>7</sup> smart contracts planned by NVB team guarantees the transparency in financial relations among right owners, advertisers, publishers and token holders. At the same time, our principled policy is maintenance of 100% privacy for our partner websites' visitors. We don't use cookie, fingerprints and other methods of visitor identification: video is compiled based on page contents only.

NVB team counts on support of cryptocurrency in the questions of privacy extension and confidentiality in the sphere of internet advertising.

---

<sup>7</sup> <https://papyrus.global/>

# Why NVB?

## 1. Content Creators / Right Owners

There are number of companies who provide video promotion services like Ironsrc, Viroot or Viboom. They spread your video over the internet by different methods and burn a piece of your budget. Native Video Box do the pretty same for content creators, but unlike the companies above NVB pay content owners instead of demand money from them. In relative numbers it's 15% of revenue, in absolute it's more than \$2 per thousand impressions. Once again, videos from vloggers or whoever meets our policies will be spread over the Internet among a relevant content with a link to content creator page or channel and NVB will pay for that.

## 2. Publishers

- Additional revenues from video advertising

Share of video advertising expenditures on the Internet constantly grows. NVB opens the opportunities of growing video advertising market for websites that don't have their own video content. We pay 60% from advertising view cost: avg 9\$ per 1000 ad views.

- Up to 100% ads fill rate

All advertising in NVB network is sold via programmatic. It allows you to find out whether there is an advertising video for a visitor even while web page is loading. If not - you can hide the NVB block and show the third-party ad instead of it.

- Visitors spend more time on the website

Video player opens above the content on the same page: the user doesn't leave the website. This enhances the user session by 3-5, and often 7-10 minutes.

- Native eco-advertising

Machine learning algorithms find interesting videos in our storage according to the page's content. Native format of advertising block adapts to the design of web-page. NVB advertising is aimed at conscious clicks, the ad video doesn't pop up automatically. These features provide ecological format of advertising for a user and improves user experience (for publishers and webmasters who aim at fast monetisation, we offer more aggressive ad formats, including autoplay).

### 3. Advertisers

Video ad industry suffers from lack of high quality inventory, which is affordable and grants large reach and high involvement at the same time. We have created the brand new in-stream inventory that meet these needs. NVB spreads their ads over the global video recommendation system - like a global billboard network of digital era.

The system is based on good conditions for content right owners and publishers, while NVB also provides interesting high-quality video content for users, and the following advantages for advertisers:

- Modern technologies
  - programmatic purchases according to OpenRTB protocol
  - direct deals support
  - Video advertising by VAST 3.0 and VPAID 2.0 standards
  - Full viewability control by IAB OVV (Open Video Viewability) and MRC Viewable Ad Impression 2.0
  - Anti-fraud systems in collaboration with Papyrus

- Native in-stream format

Machine learning algorithms automatically pick the video content most relevant to the page's theme. The video block's design also automatically adapts to the page's design. At the same time, the advertising is shown in the player in-stream:

Pre-roll, post-roll and mid-roll of the main video requested by the page's visitor, and also pause-roll.

- Licensed video content

NVB works only with licensed video content via direct agreements with content creators and owners. Editing policy of NVB and high revenues for creators/right owners of video content guarantee its high quality.

- Better involvement

NVB provides advertisers with premium quality of advertising contact with audience:

- Conscious clicks (user consciously makes a click to launch a video)
- During the video there is no other content on the screen
- Player is always 100% visible and always has sound on

Because of these advantages we constantly raise efficiency and variety of interactive and high impact formats that give high level of involvement during the view of advertising.

- More than 90% of complete views of advertising videos

Users are interested in video content, specifically chosen according to the page's content, and make a conscious decision to view it.

- 100% brand safety

- Constant monitoring of content on the level of each page on the Internet
- Custom technology to ensure the brand's reputation safety based on neuronet.
- Moderation of publishers on the stage of network entrance

- Improved post-click

Following a link from NVB shows higher level of post-click involvement of advertiser's website: higher conversion level, average duration of a user session is

at least 30% higher, while the bounce rate is 20% lower than the average clicks from video advertising.

## 4. Token holders

Token is an internal currency at NVB, then any token holder owe some, constantly growing, volume of NVB inventory, which can be used and exchanged to other cryptocurrency or converted into fiat money.

NVB aims to raise tokens' value. NVB doesn't pay dividends to its shareholders: instead, all revenues are shared between the ecosystem participants.

## 5. Web Users

- Native advertising

NVB picks relevant video content for page's visitor. NVB's advertising videos play only if the visitors presses on the video, and it doesn't get in the way of his/her visit of the page. That's how they differ from out-stream videos that launch automatically when you open the page.

- Environmentally friendly

NVB team believes that advertising doesn't have to be obtrusive, aggressive and uninteresting to the user. NVB uses video advertising with in-stream technology that choses the advertising videos according to page's content and doesn't cause the visitor's irritation. Native widget organically fits in the page's content.

- Anonymity

Nowadays the privacy issues of users have become critically important. With many cases of websites collecting personal data without permission. NVB policy therefore states that we do not collect user data out of respect for the privacy of users and we expect the crypto community to support our values.



# Token Distribution

**Token name:** NVB  
**Total Token Supply:** 22 975 000 NVB  
**Goals:** 15 000 000\$

## Token distribution:

Project team — 8%  
Advisors — 4%  
Bounty — 3%  
Referral program — 5%  
Token buyers— 80%

Due to participation in the ICOS platform, Native Video Box must pay tokens to ICOBOX for the amount of 240 BTC worth.

## Bounty program:

Due to the fact that we consider our platform to be promising and extremely interesting, we believe that as many people as possible should learn about it. That's why on the bounty-program we will allocate 3% of all the tokens sold during the pre-ICO and ICO stages.

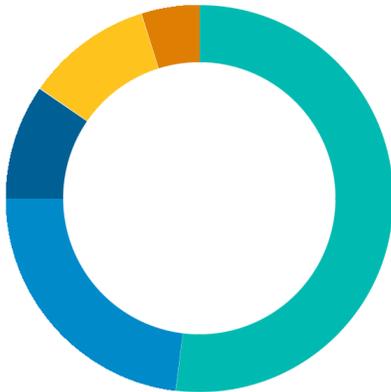
The NVB bounty pool will be distributed as follows:

- 25% Blog and media campaign
- 20% Community management  
(includes translations and moderation on forums and chats)
- 20% Signature and avatar campaign
- 12% Reddit campaign
- 10% Facebook campaign
- 8% Twitter campaign
- 5% Reserved for other creative ideas

## Distribution of funds

The funds raised during ICO will be distributed as follows:

Development - 55%, Marketing - 20%, Operations - 10%, Legal - 10%, 5% network growth



## Technical solution

### 1. How it works

1. User visits one of NVB's advertising network's website.
2. By means of machine learning algorithms system automatically picks most relevant videos from the NVB video base.
3. Thumbnails with brief descriptions are shown to the visitors
4. The visitor clicks consciously on thumbnail of an interesting video.
5. A video player that shows the video opens.

6. Before the video itself, visitor sees the pre-roll ad: advertising video up to 15 seconds in length.
7. Advertising view revenues is shared among webmasters, right owners and a platform.

## 2. Interaction with publishers and right owners

Our work with publishers is based on the approach, where NVB is seen as a source of additional monetisation that doesn't occupy advertising place or irritate the user. Widget shows attractive video content that doesn't look intrusive and enhances the duration of user's stay on the page. NVB thoroughly picks the video content it places on the websites.

To start working with NVB advertising platform publisher has to register and make an application. After application the publisher is checked for conformity to NVB's editing policy. If the publisher passes the inspection, NVB starts to pick the content for it.

To start working with NVB, the publisher accepts the contract and undertakes the following commitments:

- Place the widget's code as is, without editing.
- All actions taken by the publisher's account in NVB network are considered as actions of advertising publisher representatives
- Not to mislead NVB, including the restriction on faking the views of advertising videos

NVB undertakes the following commitments::

- Pay advertising revenues on time
- Place high-quality content on the website. The choice of content is customizable for the publisher

- When there are no suitable videos for the publisher, it doesn't show the widget, or it can show NVB logo or third-party widget according to the agreement.

### 3. Decentralised content delivery network

Video content delivery is overpriced. That's why other digital video platforms keep most of the money to their own.

We created decentralised content delivery network, maintained by community. So we can afford our service cost down to 25% of revenue instead of spending lots of money on Video Content Delivery Networks. Publishers could host the videos, being the part of our video cloud storage. They had been paying by the tokens and we just process the video metadata.

### 4. Assessors

In NVB eco-system an **assessor** is a person responsible for content moderation and screening. Our assessor service is based on progressive model of **sharing economy**, like Uber and Airbnb. Anyone can access the test task to become an assessor. Assessors work for a fee, accrued separately for every successful action. This system ensures activity and professionalism of NVB assessors.

Assessors in NVB system are responsible for:

- Initial content screening  
Is performed according to NVB platform editorial policy. Assessor's task on this stage is to choose video content, suitable for placement on the platform.
- Identification of right owners and publishers  
Assessor's task on this stage is to ensure that platform or right owner is eligible and trustworthy. Identification methods are up to assessor to decide. Assessor gets his fee only when platform starts to work with the platform. If a platform or right owner were falsely identified, assessors will be fined.
- Definition and assessment of content hashtag  
This task implies assessor check of content's hashtags. In case if right

owners haven't marked their content with tags or did it wrong, it's up to assessor to put the tags.

- Constant moderation of platforms and content  
Assessors regularly check video content and platforms in NVB eco-system.  
Assessor who has identified improper content is rewarded.

NVB is aimed at creating professional assessor community whose fees will be paid from network's funds. The opportunity of working with agency on author's rights is currently being researched. Assessors who make mistakes will be fined.

## 5. Advertisers

NVB has two types of advertising inventory: in-stream pre-rolls and native video. In order to use in-stream pre-roll inventory advertisers should use any DSP or AdExchange connected by open RTB protocol to one of SSPs that work with NVB via RTB ecosystem.

In order to use in spot native advertising, that is actually similar to content videos, advertisers should provide content that matches the NVB policy of content videos.

Native by content video ads also reach NVB inventory via programmatic ad services. A list of authorised services will be provided on the NVB website.

Native Videos will not available at the start of the project, but when they do became part of the platform it will lead NVB towards becoming a much more sustainable business model. Note, native by content videos are selected by machine learning as well as content videos [see Publishers section] while pre-rolls are served by RTB on whatever mechanics DSP chooses.

## Roadmap of the project

Month Year	Product Milestone	Sales Milestone	Turnover* \$M	Network: Sites/Video Ads
November 2017	Updated core services go live		n/a	
December 2017	Improvement of system performance		n/a	
January 2018			n/a	
February 2018	Self service interfaces go live		n/a	
March 2018	Early adopters start to show ads		n/a	
April 2018	Official start of programmatic sales via SSPs	Token goes to exchange listings	1.8	1.5K /120M
May 2018	Full scale self service and statistics interfaces go live		2.2	
June 2018	Android SDK	Exclusive cooperation with particular DSP	2.6	
July 2018	IOS SDK	Europe & UK office	3.2	
August 2018	Mobile apps network		3.9	3K / 250M
September 2018	High Impact Ad formats implementation		4.7	
October 2018		Launch of In-house DSP/ USA office	5.7	
November 2018	Direct Deals implementation		6.9	
December 2018	Integration with top 10 SSP and Ad Exchanges		8.4	6K / 500M

January 2019	Brand safety multilingual (European) pack		9.7	
February 2019	Leading CMS Integration	Brazilian office	11.3	
March 2019	Latin America expansion		13.1	
April 2019	In-house Advertising Agency (sale house)		14.6	
May 2019	Commencement of multi-tier blockchain		16.2	
June 2019	Top 50 programmatic demand sources		18	12K / 1B
July 2019			19.8	
August 2019	Native Promo Videos Launch		21.8	
September 2019			24	
October 2019			26.2	
November 2019	Native Promo Videos to worldwide advertising agency networks		28.6	
December 2019			31.2	
January 2020	Multi-tier blockchain fully implemented		35	24K / 2B
February 2020			36.4	
March 2020		Singapore office	39.4	
April 2020	China and Southeast Asia expansion		42.1	
May 2020			45.1	
June 2020	Brand safety (Asia pack) multilingual integration		48.3	

July 2020			51.2	
August 2020			54.3	
September 2020			57.6	48K / 3.4B
October 2020			60.5	
November 2020			63.6	
December 2020			66.8	60K / 4B

\* Opening to public of main NVB component

**Updated core services go live  
(ML powered website analysis and programmatic ad sales)**

Opening to public of updated main NVB components, which are ready to go global: client code for websites, content recognition crawler and necessary server side services.

**Improvement of system performance**

Refactoring of the bottlenecks of video distribution to improve system performance.

**Early adopters start to show ads**

Early adopters can start to use the system immediately after the token issuance.

**Self service interfaces go live**

Self service interfaces for publishers and content creators with basic functional and basic statistics.

**Official start of programmatic sales via SSPs**

Integration with a few new SSPs in addition to initial one. Significant demand increase. It is possible

### **Full scale self service and statistics interfaces go live**

Release of full scale publishers interfaces with appropriate tools and instructions for widget tuning and integration. Detailed statistics reports for both publishers and content creators as well.

### **Android SDK**

Implementation of “Android SDK” a tool that will make possible NVB integration right into many Android apps. Then NVB widget will be shown not only on a websites and their mobile versions but inside countless android platform applications and devices, from smartphones to smart TVs.

### **iOS SDK**

Implementation of iOS SDK, like Android SDK its NVB bridge for spreading into Apple iOS ecosystem and iPhone and iPad mobile applications.

### **Mobile apps network**

Start of mobile apps network as another branch of inventory growth. Integration of both mobile SDK with some number of mobile app developers and mobile ecosystem services.

### **High Impact Ad formats implementation**

Implementation of high impact video advertising formats for stronger RPM on a selected site.

### **Direct Deals implementation**

Ability to make direct deals on NVB inventory as a part of RTB ecosystem.

### **Integration with top 10 SSP and Ad Exchanges**

Integration with leading worldwide SSPs like Doubleclick, Nexage, Inneractive etc.

### **Brand safety (Europe pack) multilingual implementation**

Release of brand safety service for European languages in addition to basic english oriented brandsafe engine. Brand Safety means that ads will not show among aggressive, tragic or obscene (not safe in other words) content.

### **Leading CMS Integration**

Release of plugins for popular Content Management Systems (website engines in other words) including Wordpress, Drupal, Wix and others. So huge number websites will be able easily integrate NVB widget into their projects.

### **Latin America expansion**

Bunch of necessary, market specific, features to make NVB products participate in carnivals so Latin America publishers and advertisers will get all NVB benefits.

### **In-house Advertising Agency (sale house)**

Full cycle advertising agency that will provide clients with appropriate service from brief to native video creative and effective media campaign.

### **Commencement of multi-tier blockchain**

Selected events (clicks and ad loading) are placed into blockchain with multi-tier blockchain technology.

### **Top 50 programmatic demand sources**

Reaching and connecting all specific, mobile and local demand sources to get maximum possible demand on our inventory.

### **Native Promo Videos Launch**

Starting a bit different product for advertisers. A video that looks like more like content from our affiliated video creators then short video advertisement, but actually it is advertising. Those videos will be shown by the same way as creators content but without pre rolls and via NVB programmatic engine only instead of RTB ecosystem.

**Multi-tier blockchain fully implemented**

100% platform events are processed via blockchain (including all VAST and VPAID events, viewability etc).

**China and South Asia expansion**

Bunch of necessary, market specific, features to make NVB products spicy enough for Asian cuisine and let Asian publishers and advertisers get all NVB benefits.

**Brand safety (Asia pack) multilingual integration**

Release of brand safety service for Asian languages in addition to basic english and euro oriented brandsafe engine. Brand Safety means that ads will not show among aggressive, tragic or obscene (not safe in other words) content.

# Fundraising process

The process is split into two stages.

## **First stage – pre-sale (1st of December, 2017 to 31th of December, 2017)**

At pre-sale stage we are going to raise \$500k, pursuing two goals:

- 1) Checking token holders' attitude and level of interest
- 2) Closing deals with institutional token holders, willing to be early birds or not able/not willing to participate in later stages
- 3) Making a final check of overall ICO mechanics

The system is ready for exploitation and token circulation before the start of pre-sale. As soon as the tokens are issued, they can be used for transactions in NVB system.

Tokens of pre-sale and ICO stage will have the same structure and design, with no difference between them.

Pre-sale period consists of two parts:

- 1) 1<sup>st</sup> of December to 10<sup>th</sup> of December. Minimum amount of the purchase is \$5000. At this part, 50% discount to account for early investment is given, with 1 NVB token priced ETH equivalent of \$0.5 instead of \$1 (the exchange rate setting rule is to be defined).
- 2) 11<sup>th</sup> of December to 31<sup>th</sup> of December. Minimum amount of the purchase is \$1000. At this part, 25% discount to account for early investment is given, with 1 NVB token priced ETH equivalent of \$0.75 instead of \$1 (the exchange rate setting rule is to be defined).

U.S. citizens are not allowed to participate in NVB pre-sale for legal reasons. However, they are welcome to take part in NVB token sale starting Jan 1, 2018.

## **Second stage - ICO (1st of January, 2018 - 28th of February, 2018)**

In a second, or main stage of our ICO process, we are going to raise up to \$14,5M (so that the ceiling cap for the whole ICO process would be \$15 M). Tokens this time are sold at equivalent of \$1 for each.

## **NVB tokens explained**

NVB tokens are utility tokens based on the Ethereum platform in accordance with the ERC20 standard.

During pre-sale and ICO periods 20M of NVB tokens minted and sold, at a price of \$1, with no way to create new ones as a result of actions on the part of NVB or other entity. NVB team commits to distribute impressions delivered via outlined mechanism, with no inflows/outflows of money beside those required for purchasing (or realized as a result) of buying/selling tokens.

NVB tokens are the currency of the service: all the transactions among system participants are conducted solely in tokens. NVB network is monetizing with in-stream ad loads. To acquire ad impressions, advertiser needs to purchase NVB tokens.

NVB billing is hourly based. Tokens from advertiser's wallet for the ad impressions are transferred to other system participants:

- 60% - to owners of website where the impressions were made,
- 15% - to owners of content on which the impressions were made,

- 25% - to NVB system as a service fee to cover the tech costs.

Tokens aren't burnt when used once within the system: they can be used endless number of times. However, NVB holds the right to burn up to 100% of the tokens it would receive as service fees.

After the ICO is over and before 1st of April of 2018 and launch of NVB platform, it is possible to trade tokens or to buy impression with them with tokens prices at nominal price of \$1.

After 1st April tokens become the only medium at NVB, with no restriction on their worth at all and only one important restriction concerning their circulation - freezing period. Below is the schedule according to which freezing period length converges until it is 1 month:

Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sen 18	Oct 18	Nov 18
5	4	3	1	1	2	1	2

To encourage the publishers and video content creators to join NVB in the early stage (period when we'll practice token "freezing") we offer them a special 'platinum' status as one of early adopter participants. This means that will get lifetime priorities and essential bonuses in every aspect of the interaction with the system.

All the tokens activated in a system in a period of time have total value equal to turnover of the system, which can be approximately calculated as:

$$\frac{CPM}{1000} * Impressions$$

Apparently, "freezed" token can not be activated.

### Example

1. Advertiser purchases tokens for 100\$ according to the current rate (let's assume a token's exchange rate is 1\$)
2. Video ads are shown of a value of purchased tokens.
3. At the end of an hour, tokens are withdrawn from advertiser's wallet and transferred to other system participants' wallets:
  - 60 tokens - to publishers, where the ads were shown
  - 15 tokens - to owners of content pre-roll of which ad was shown
  - 25 tokens - to NVB system as a service fee to cover the tech costs
4. NVB burns at least 5 tokens ( basically, from 5% to 20% of all the tokens).
5. Any system participant can sell his tokens on exchange at any moment when the 'freeze' period is over.

## **Risks**

Purchase of tokens is connected with high level of risks: risks connected with price of token, author rights risks, blockchain and software related risks, safety risks. There is also a number of risks related to platform's development, company business and governmental activities.

Every buyer should thoroughly consider all the risks involved before making a purchase. If any of these risks occurs, NVB platforms and price of tokens can be negatively affected.

### **NVB tokens are not securities**

User acknowledges, understands, and agrees that NVB tokens are not securities and are not registered with any government entity as a security, and shall not be considered as such. User acknowledges, understands, and agrees that ownership of NVB does not grant the user the right to receive profits, income, or other payments or returns arising from the acquisition, holding, management or disposal of, the exercise of, the redemption of, or the expiry of, any right, interest, title or benefit in NVB Platform or any other NVB property, whole or in part.

## **Absence of guarantees of income or profit**

There is no guarantee that NVB tokens will grow in value. There are no guarantees that the price of NVB tokens will not decrease, including significantly, due to some unforeseen events, or events over which the developers have no control, or because of force majeure circumstances.

## **Risks associated with Ethereum**

NVB tokens will be issued on the Ethereum blockchain. Therefore, any failure or malfunctioning of the Ethereum protocol may lead to the trading network of NVB tokens not working as expected.

## **Regulatory uncertainty**

Blockchain technologies are subject to supervision and control by various regulatory bodies around the world. NVB tokens may fall under one or more requests or actions on their part, including but not limited to restrictions imposed on the use or possession of digital tokens such as NVB tokens, which may slow or limit the functionality or repurchase of NVB tokens in the future.

## **NVB tokens are not an investment**

NVB tokens are not official or legally binding investments of any kind. In case of unforeseen circumstances, the objectives stated in this document may be changed. Despite the fact that we intend to reach all goals described in this document, all persons and parties involved in the purchase of NVB tokens do so at their own risk.

## **Risk of losing funds**

Funds collected in fundraising are in no way insured. If they are lost or lose their value, there is no private or public insurance representative that buyers can reach out to.

### **Risks of using new technologies**

NVB tokens are a new and relatively untested technology. In addition to the risks mentioned in this document, there are certain additional risks that the team of the NVB platform cannot foresee. These risks may manifest themselves in other forms of risk than those specified herein.

### **Author rights risks**

NVB prohibits actions of ecosystem participants that violate intellectual property rights and deletes all content that contradicts with author rights law, including law of author's rights in digital age. NVB reserves the right to terminate the contract with video content creators in case of violation of author's rights.

There is a risk that individuals or companies who present themselves as right owners or use someone else's content will mislead NVB.

If NVB has to take part in judicial proceedings, this fact can negatively affect company's reputation. In case if a trial is lost, court may oblige the company to pay legal costs and compensation to the author right's owner. In this case NVB will face losses that can negatively affect NVB tokens value or lead to bankruptcy.

To minimize these risks NVB has introduces the institute of assessors and plans to finalize the user agreement, verification and filtration systems in case legal precedents occur. NVB asks all ecosystem participant to notify us in case they notice content that violates author's rights.



# Advisory Board

## **Mike Raytsin**

Co-founder of ICObox, the most scalable provider of token offering services. Serial entrepreneur, angel investor, crypto industry visionary.

## **Julian Zegelman**

Legal advisor for NVB. Founding partner and corporate attorney at [Velton Zegelman PC](#), entrepreneur and angel investor, Julian assists startups in and out of blockchain world with entity formation, venture capital financing, M&A, and technology transactions. Having worked with a number of venture funds and angel investors, non-profit organizations and ICO projects, Julian has developed good connections with startup ecosystems all over the world, with particular focus on USA and Eastern Europe

## **Yaacov Bitton**

CEO and Co-founder of [Advanced Cash](#): easy to use and versatile online payment system that is one of the most popular payment service provider gateways for fiat - token operations the in the crypto community.

## **Alexander Miheev**

Managing Director of Finam Global Investment Fund, focusing on executive management of equities and Chief Operating Officer of [GOSU.AI](#): AI-based startup in personalized cybersport coaching.

## **Georgy Mikhaylets**

Co-founder and Vice President of Business Development in [Win Pay](#): one of the largest instant mass transfer systems on the East-European market of international banking services for individuals.

# Team

## **Alexander Shishov**

### **Founder and CEO**

A project leader with 10+ years of experience in Ad Tech and Machine Learning projects. Alexander has managed development teams on multiple projects (Mirax Group, [Creative Mob](#)) before successfully launching [Botscanner](#), an automatized system for traffic quality control. In Native Video Box, he brings together expertise in Ad Tech and blockchain technology, aiming at creating the future of advertising.

## **Andrey Smirnov**

### **CTO**

A team leader with 10+ years of experience in full stack development (serverside, frontend, databases), with comprehensive expertise in AI/ Machine Learning. Previously worked as technical director on Mirax Group, Shturmann and [Botscanner](#).

## **Nikki Stewart**

### **Head of marketing**

A marketing media pro with 10+ years of experience in digital media and communication. CSCC Media founder and digital influencer with comprehensive experience in organic digital marketing strategy and social media engagement.

## **Dmitriy Solodkiy**

### **Blockchain evangelist**

Data scientist on programmatic advertising systems with 5+ years of experience in business and sectoral analysis. Experienced ICO advisor ([ITO.SG](#)) with expertise in research&analytics. Among Dmitriy's previous projects is development of

AdTech (RTB) Algorithmic Trading Platform. Holds a degree in economics from Bonn University.

## **Andrey Tsvetkov**

### **Front end developer**

7+years experience in frontend development with expertise in advertising implementation (GPM-Digital, BrightCove, DoubleClick, VAST, VPAID) and video player/widget creation. Andrey's previous work experience includes video ads technologies companies for VAST / VPAID, Open RTB & programmatic advertising ([Weborama](#), Bazoola).

## **Pavel Vasin**

### **CBDO**

A business development manager with 10+ years of experience in Marketing, Ad Tech and account teams management: «[Begun](#)», the first service for contextual advertising and «[Between X](#)», the leader on Russian programmatic advertising market. Pavel contributes to Native Video Box his deep experience in Ad Tech business development and extensive knowledge in the field.

## **Peter Kozyakov**

### **IR Director**

Strategic Marketing with 10+ years of experience in banking and finances. Previous successful projects include [Win Pay](#) (co-founder, BDM), [PayU](#) (Sales Director), [Payonline](#) (Head of Key Account Sales).

## **Alexander Vasilev**

### **Commercial Director**

Fintech and banking professional with 10+ years experience. Among Alexander's previous successful projects are [Rapida](#), [PayU](#) and recently [Win Pay](#), where he is a co-founder and commercial director.

## **Xenia Vyazemskaya**

### **PR Director**

3+ years experience in project management and leadership in multiple fields. Previous work experience includes PR team management in [e.Queo](#) - innovative technologies for interactive business communication and e-learning.

Constantly learning and improving her professional skills, Ksenia brings practical knowledge of PR development and enthusiasm to NVB.

## **Maxim Prudchenko**

### **Head of Support**

International head of support services professional. With a degree in Applied Informatics in Economics, Maxim brings together high-quality client service and professional knowledge of the field.

# Glossary

Right owners (creators) of video content – bloggers, studios and other owners of video content that is displayed on websites via the NVB widget.

AdExchange – An ad exchange is a sales channel between publishers and ad networks that can also provide aggregated inventory to advertisers. They provide a technology platform that facilitates automated auction based pricing and buying in real-time. the definition of an ad exchange excludes technology platforms that exclusively provide tools that enable direct media buying and selling between exchange participants.

Autoplay – video content that initiates “play” without user interaction or without an explicit action to start the video (essentially automatically starting without a “play” button being clicked by the user).

Bounce rate – Figured as a percentage, this compares the number of visitors to a website who arrive and immediately leave vs. those who stay and spend time on the site; can be used to measure the effectiveness of a website, a search campaign or an ad campaign. .

CDN – Content delivery network A service that hosts online assets and provides content management via servers located around the globe to reduce the latency of downloads to users.

Crawler – A robot (also known as an automatic indexer, bot, Web spider) in NVB system that goes through the web-pages to index their content to fit videos for them.

CTR (click-through rate) – The ratio of number of clicks on advertising announcement per total number of views.

Direct deals – The deals is negotiated directly between buyer and seller (in-person or via a platform), the inventory and pricing are guaranteed, and the campaign runs at the same priority as other direct deals in the ad server.

DSP (Demand Side Platform) – also called buy side optimizer and buy side platform is a technology platform that provides centralized and aggregated media buying from multiple sources including ad exchanges, ad networks and sell side platforms, often leveraging real time bidding capabilities of these sources.

High Impact format – exclusive ad formats that can improve audience engagement and lead to better results. The most effective high impact ads include interactive takeovers, pre-roll ads, gravity advertising, and push down ads.

IAB OVV (Open Video Viewability) – technology that measures the portion of a video ad that is in view and the amount of time the ad is in view. developed by IAB (International Advertising Bureau ).

ICO – initial coin offering, a process of initial distribution of tokens, undertaken by project, usually to fund its activities in some or the other way

In-Stream Video Ad – Played before, during or after the streaming video content that the consumer has requested (Pre-roll, Mid-roll, Post-roll). These ads cannot typically be stopped from being played (particularly with pre-roll). This format is frequently used to monetize the video content that the publisher is delivering. In-Stream Video Ads can be played inside short or long-form video and rely on video content for their delivery. There are four different types of video content where in-stream may play: UGC (User Generated Content/Video), Syndicated, Sourced and Journalistic. In-Stream Video Ads are displayed within the context of streaming video content.

Metainfo (meta data) – information about features and properties, characterizing some objects, that allows to automatically search and manage them in big information flows.

Metainfo Storage – storage of meta information.

MRC Viewable Ad Impression 2.0 – standard of fixation of video viewing, developed by MRC (Media Rating Council), according to which the video is considered watched if the user sees more than 50% of ad, 1 second or more.

Native advertising – A form of paid media where the ad experience follows the natural form and function of the user experience in which it is placed. These paid ads aspire to be so cohesive with the page content, assimilated into the design, and consistent with the platform behavior that the viewer simply feels that they belong.

OpenRTB – open protocol for the automated trading of digital media across a broader range of platforms, devices, and advertising solutions created by IAB that allows an individual ad impression to be put up for bid in real-time.

Out-Stream Video Ad – A form of video advertising that takes place outside of In-Stream Video content. The key difference between in-stream and out-stream video ads is that out-stream video ads leverage the existence of standard display ad units to deliver a video experience as opposed to another static or rich media format. For example, a site visitor may view an article on a news website and a muted, auto-play video ad may load in a standard display ad unit and then be followed by some video footage.

Post-click – scheme of users accounting in internet advertising, where user is identified via a special cookie after he clicks on the advertising.

Programmatic – programmatic trading is the use of automated systems and processes to buy and sell inventory. This includes, but is not limited to, trading that uses real time bidding auctions.

Publishers – web sites owners who place NVB widget on their pages to show advertising videos.

Session duration – the time user spends on the website.

SSP (Supply/Sell Side platform) – A sell side platform (SSP), also called sell side optimizer, inventory aggregator, and yield optimizer is a technology platform that provides outsourced media selling and ad network management services for publishers. A sell side platform business model resembles that of an ad network in that it aggregates ad impression inventory. However, a sell side platform serves publishers exclusively, and does not provide services for advertisers.

The inventory managed by the SSP is usually purchased by aggregate buyers, either demand side platforms (DSPs) or ad networks.

Token holders – all the NVB token holders including the project team, bounty receivers, publishers, content right owners and other token holders who have acquired NVB tokens during ICO or Pre-Sale.

User experience – the overall experience of a person using a product such as a website or computer application, especially in terms of how easy or pleasing it is to use.

VAST – a standardized method for communicating the status of a video ad back to the ad servers in the case where the ad is served from a dynamically selected ad server. It is specifically designed for on-demand video player where the ad response is parsed prior to play. VAST is applicable to Linear Video Ads (such as "pre-rolls"), Non-linear Video Ads (such as "overlays") and Companion ads as defined in the IAB Digital Video Ad Format Guidelines.

VPAID – (Video Player Ad Interface Definition) a protocol used for ad servers, ad units, and publishers to communicate with each other in order to serve video ads with interactive capabilities.