

azit

Integrated Point Reward Platform for Property Tech Services

# WHITE PAPER

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## Summary

Currently, there are not enough personalized services or reward programs for Property Technology (Proptech in short) customers. While single-person households as well as business volume of real estate and residential markets are increasing, Proptech service companies are facing the following structural challenges:

First, membership programs are supposed to secure new customers and maintain existing customers, but the level of compensation that customers experience is insufficient due to limited amounts of rewards and places to use.

Second, lack of customer behavior data limits individual service companies to perform personalized marketing and customized services.

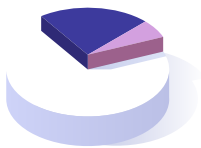
To address these challenges, our platform seeks to provide the following solutions to Proptech companies such as real estate, residential, IoT etc., and to customers who consume their services.



**1) Provide blockchain-based integrated Point Reward services**



**2) Expand usage and utility of the reward points to increase market value beyond existing reward point systems**



**3) Integrated marketing to co-elevate each company's traffic and reduce cost**

These solutions, through our platform, aim to secure key customers of each individual service and enhance customer loyalty by (1) maximizing existing Legacy point's value, (2) making synergy among companies via minimizing burden of cost and giving technical support, (3) using blockchain technology to address unbalanced benefits and trust issues.

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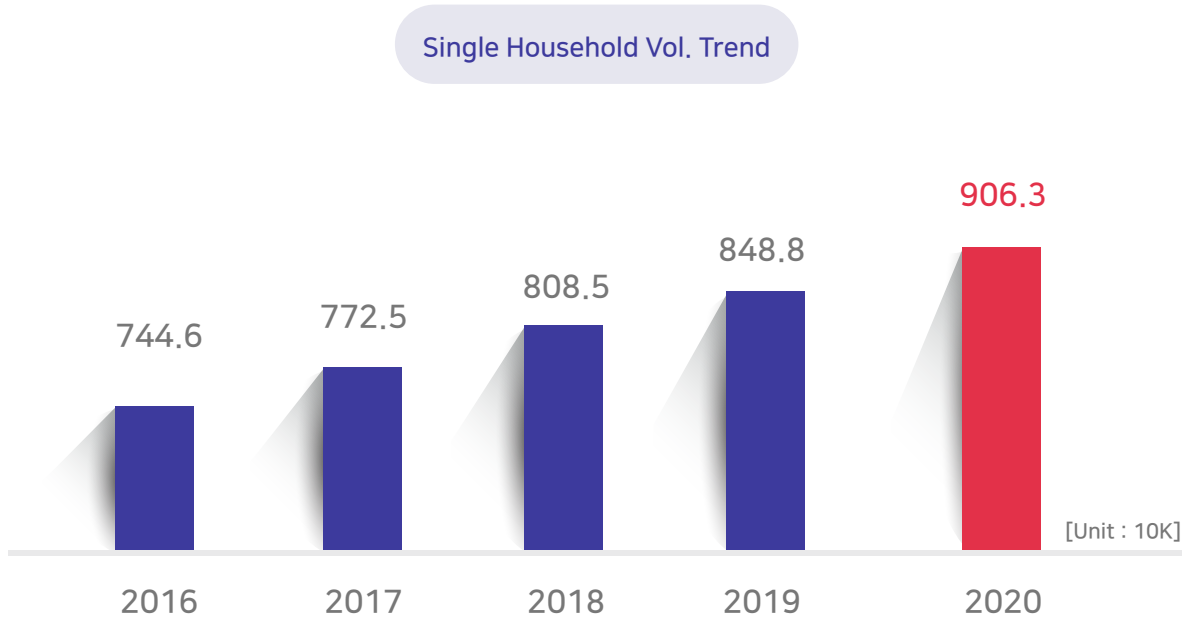
## DISCLAIMER



# Introduction

## 1 Residential Business Environment & Service Trend

The number of single-person households in Korea, which stayed at the level of 7 million in 2016, has exceeded to 9 million in 2020, taking up 39% of total households in a rapid rate.



Source : Resident registration demographics of the Ministry of Public Administration and Security

Along with the outbreak of COVID19, the pandemic accelerated housing related services such as real estate and living convenience services to transform from offline to online non-face-to-face business. As a result, the size of the domestic market is expected to be around 13.7 trillion KRW (11 billion U.S. dollars) to 18 trillion KRW (15 billion dollars)\* by 2022.

(\*Source: National Statistical Office and Korea Housing Finance Corporation)

In addition, the volume of reward points used as a marketing source by Proptech companies round up to 20 trillion KRW (17 billion dollars) in 2019 and is increasing yearly at a 10% rate\*.

(\*Source: National Statistical Office and Korea Consumer Resources)

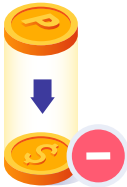
## 2 Issue Raising

As introduced previously, changes in the market environment have also accelerated competition and cost growth between real estate and residential service providers to attract new customers and lock-in existing customers, but there are challenges in terms of effectiveness when operating a membership program as followed:



### 1) Points only usable within the individual service.

Reward points are mostly used as a discount when new payments are made, which are only usable within the service that provided it. Points' utility is extremely limited because it cannot be used in other company's services. Additionally, due to the nature of real estate and housing industry, there are services such as rental contracts, moving etc., that have longer reuse terms (few months at the least and up to multiple years) which makes it harder for consumers to accept the reward points as a benefit.



### 2) Difficult to measure market value

It is impossible to exchange or refund reward points for fiat currency after the expire date has passed due to its limited validity, and it is also difficult to measure the market value since the service company decides an arbitrary value of the point.



### 3) Relatively low utility compared to development/maintenance costs.

Service companies deal with enormous development/maintenance costs and spend uncountable budgets to establish a membership program within their platform, but practical effect and impact on customers are very low. Furthermore, data for customer behavior is only tracked within the individual service, which leads to lack of various customer data and low marketing performance.

In conclusion, the membership programs provided by each service companies do not serve as an effective marketing tool for customers, and to overcome these limitations an integrated Point service is essential.

### 3 Solution

We intend to provide the following values by establishing an integrated Point platform that can overcome the limitations of these former membership programs and gain effectiveness

#### 1) Provide blockchain-based integrated Point services

Our blockchain-based integrated point platform will gather, manage, and operate separated reward points that customer earns from individual services. When service companies within our integrated point platform interlock their Legacy Point system via our API solution, customers can exchange/sell points acquired from each individual service into Tokens, which work as a medium used in our blockchain platform and vice versa

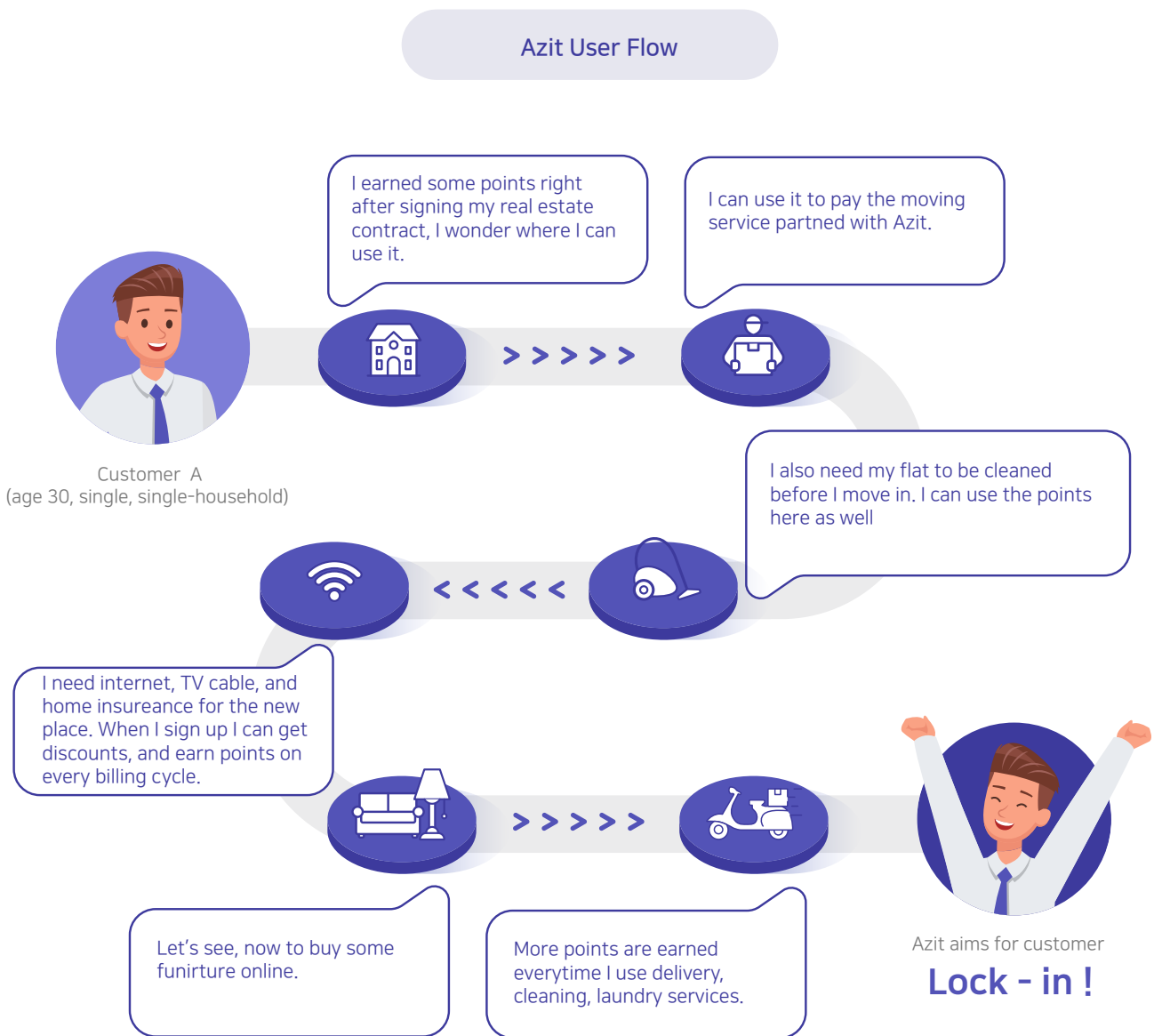
#### 2) Expand usage places and increase market value of reward points

Individual service company's reward points can be interlocked/exchanged in our platform using blockchain technology and be used to purchase other company's service or product. The cash value of each service company's points are determined reasonably and transparently by an algorithm that reflects the supply-demand quantity. Points can also be exchanged from Token to fiat currency through crypto exchange markets.



### 3) Integrated marketing leads Traffic growth and Cost saving

Service companies interlocked within our platform can share each other's customer pool, which could lead to acquiring new customers and strengthening existing customer's loyalty through integrated marketing and personalized curation services. Also, when each service joins the platform certain portion of resources will be used to support their marketing activities, and the process for interlocking points to our platform is much easier through API linkage, which can reduce development costs.



## 4 Azit Platform's Goal

### 1) Maximizing Point Value

AZIT's first goal is to maximize the Point value. In most cases, points obtained from a particular service can only be used on the designated brand, and customers face situations where they don't have enough time to gather certain amount of points or points expire entirely. To address this, AZIT platform will expand as many partnerships as possible so that customers can easily gather, use, and cash out points. Furthermore, AZIT will execute various marketing activities to help generate revenue for partner companies and encouraging customers to proactively use points.

### 2) Co-Growth via Partner Ecosystem

The biggest benefit of being a partner with AZIT Alliance is, we expect partners to share each other's customer pool through our platform to maximize marketing effects. In addition, there are various partner companies in the residential industry, but to create a cooperative structure rather than competition, we would like to include only one company for each service sector, such as partnering with only one of moving, cleaning, and house designing company. Also, our goal is to grow into a global platform and expand our territory by partnering with global companies to create opportunities for domestic partners to enter the global market.

### 3) Simplify Platform Entry and Resource support

Partner companies can interlock to the AZIT platform more conveniently with minimal development resources using API provided by the AZIT Alliance. Since there is no need to share customer information or payment details between other partners, sensitive issues such as operation, finance, and private information leaking out can be prevented.

In addition, AZIT Tokens can be provided to partner companies depending on their contribution to the AZIT platform. Partners can use AZIT Tokens for their needs, in various purposes including marketing activities such as providing compensation to users.



## 5 Necessity of Blockchain Technology

### 1) Reliability/Transparency of Blockchain-Based Point Transactions

One of the most important advantages of incorporating blockchain technology is reliability. Tokenizing former Legacy points allows more secure and reliable point transactions and helps partner companies avoid sharing sensitive information or direct interlocking with one another which makes it easier for customers to use points. Customers can also receive discount benefits when purchasing blockchain mileages with AZIT Tokens or even trade AZIT Tokens for fiat currency on crypto exchange markets.

Although it is possible to build a platform that integrates points without blockchain technology, it requires considerable resources to create a platform that has reliability and stability.

### 2) Global Partnerships and Virtual Asset Transactions

AZIT platform's other goal is to form partnerships with global companies in the future and interlocking their points. Thanks to the global standardization of blockchain technology, the business model of the AZIT platform, with relevance to real estate, residential services, has ample potential to expand into the global market.

### 3) Data Security Advancement

Sharing sensitive financial information between partners during the process of point integration may be reluctant, and even if internal information is shared between the two companies, security issues are likely to arise at any time. On the other hand, a highly secure blockchain system can solve these problems. Chains created separately for each AZIT partners prevent each internal information from leaking to another company, and the AZIT platform operator regularly monitors each chain. Also, partner companies can track how customers use points and analyze behavior patterns based on accumulated data.

### 4) Reduce cost of building Point system

Building a membership program typically takes months, and the cost can be heavy. Even if one company already has its own legacy point system, interlocking with other companies require enormous resources not only to build the system's infrastructure and language, but also to have to agree with privacy, security, and handling issues.

Interlocking to the AZIT platform using API makes it easier to build an integrated point system and saves significant time and cost.

# Token Structure

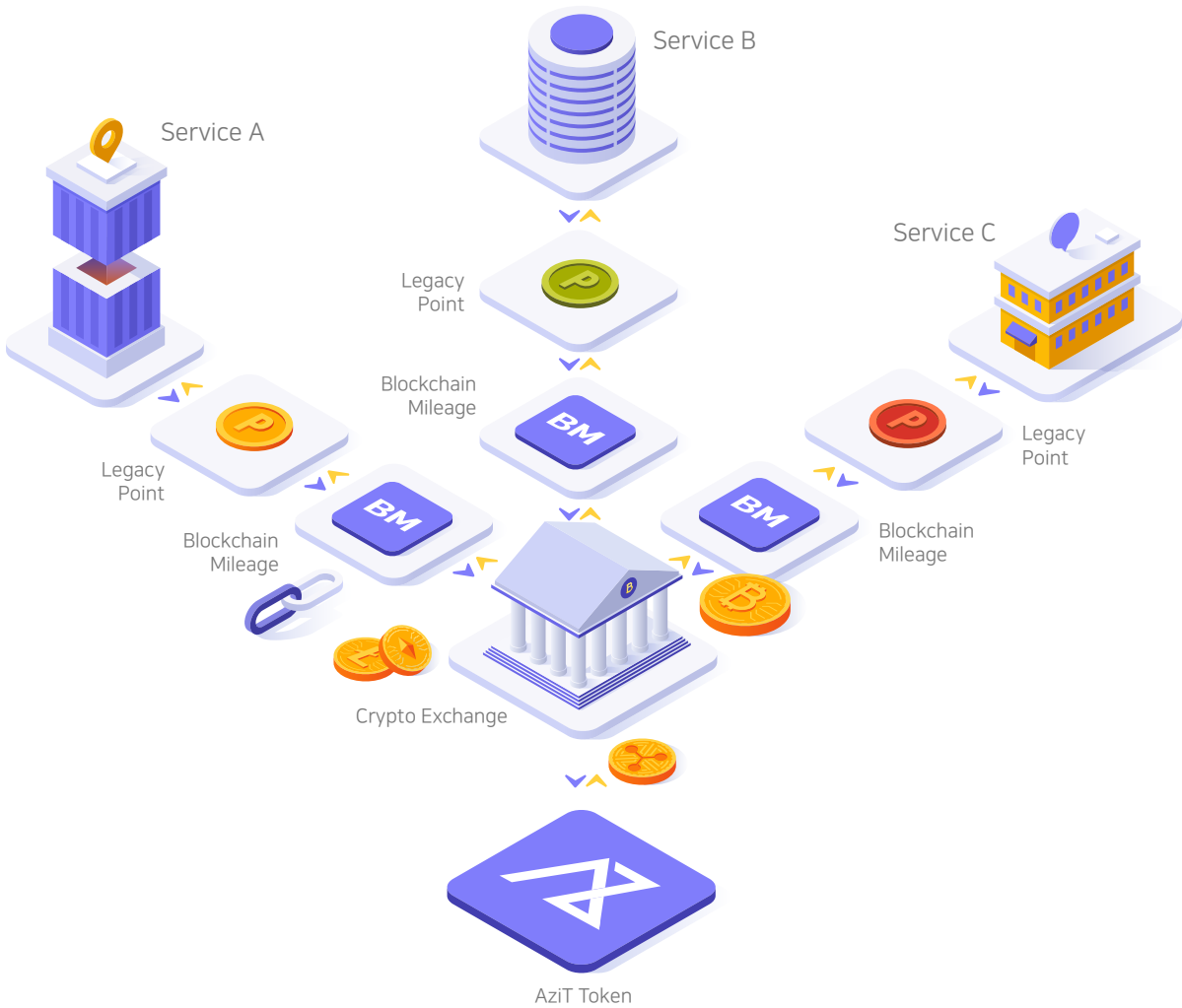
## 1 Definition of Blockchain Mileage · AZIT Token

### 1) Blockchain Mileage(BM)

Blockchain Mileage (BM) is a mileage Token based on blockchain technology that can be converted 1:1 with each partner company's legacy points or exchanged to AZIT Token.

It can be converted 1:1 with the legacy point because it has the same value. If one wants to use another partner company B's service, first it is required to sell company A's BM and obtain AZIT Token, then change the AZIT Token into company B's BM.

Each of the partner companies within the AZIT Alliance has its own BM and each is responsible for the operating and managing it.



## 2) AZIT Token

AZIT Token is a cryptocurrency that can be used for purchasing Blockchain Mileage or trading into fiat currency from an external crypto exchange market. The price of AZIT Token is determined by demand-supply of the crypto exchange market.



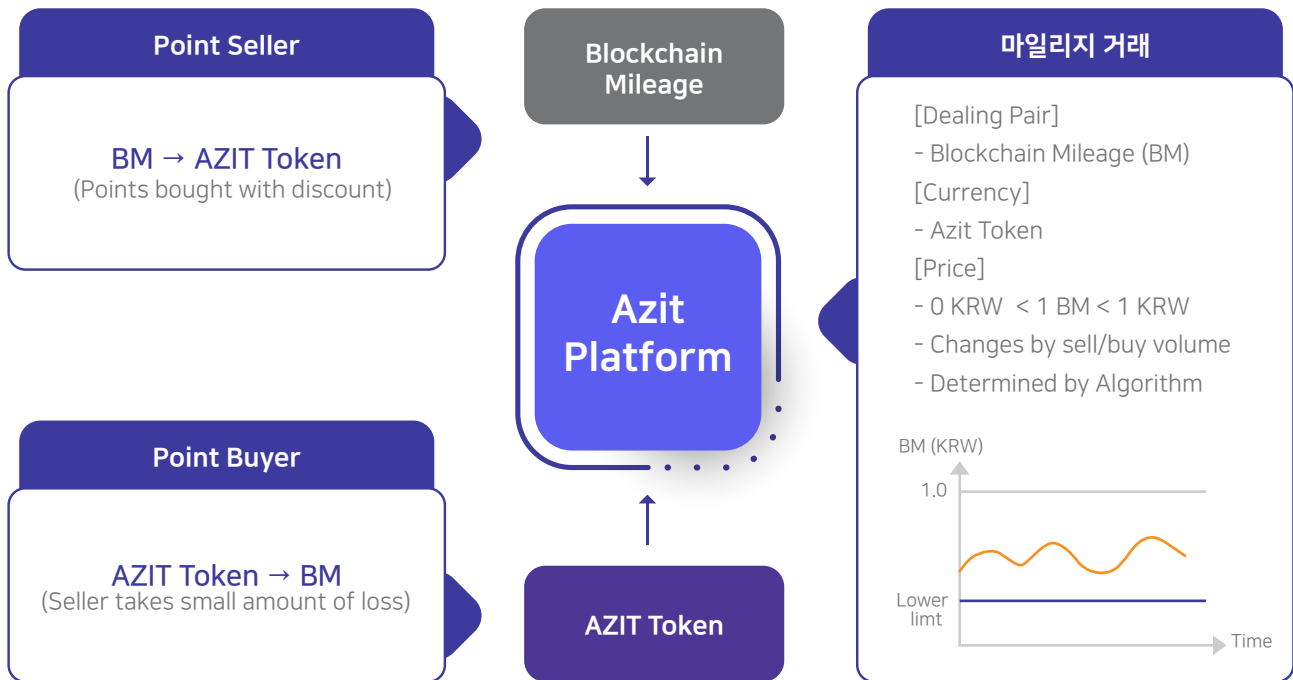
AZIT Token is a single means to purchase Blockchain Mileage and a medium for AZIT platform that allows customers to buy and sell Blockchain Mileage between two or more services.

There are four ways to obtain AZIT Token: 1) purchase from a listed crypto exchange market, 2) exchange with Blockchain Mileage, 3) receive air-drop via promotions, or 4) get p2p transfer from others.

## 2 Blockchain Mileage, AZIT Token Trading Structure & Method

\*Patent Owned by milkpartners Co.,Ltd. and Keyinside Co.,Ltd.

("SYSTEM FOR INTEGRATING REWARD BASED ON BLOCKCHAIN AND METHOD THEREOF" Application No. : 10-2019-0021820)



### 1) Blockchain Mileage Price Determination

AZIT Alliance aims to create a structure where Blockchain Mileage and AZIT Token are traded naturally under the principle of market, and the value of Blockchain Mileage is formed according to the market's demand and supply.

Each of the partner companies will form a side market where Blockchain Mileage and AZIT Token transactions are made. Each individual partner's Blockchain Mileage value is determined according to the demand, supply, and the algorithm set on the platform. As more active transactions occur in the side market, the Blockchain Mileage will find its stable value.

Blockchain Mileage, like cash, can be used as a payment source in each service. However, since Blockchain Mileage has relatively lower usage value than AZIT Token, the transaction price of Blockchain Mileage is always measured lower than AZIT Token. Followed by this method, customers can earn discount benefits when they purchase Blockchain Mileage with AZIT Token.

So, for example, if A purchases 10\$ worth of AZIT Tokens from a crypto exchange market and then buy Blockchain Mileage with it, A will receive 11\$ worth of Blockchain Mileage instead of 10\$ due to the usage value difference (\*This example is simplified just to show that there is a discount benefit. Actual numbers can vary).

## 2) Transactions in Platform

Transactions between Blockchain Mileage and AZIT Token does not actually occur directly from peer to peer. Instead AZIT platform automatically closes the deal at the price that is ordered by each seller and buyer.

For every Blockchain Mileage and AZIT Token transaction, a certain amount of transaction fee is charged to be used for the purpose of maintaining stable operation of the AZIT platform, and some of the generated fee is reinvested to be used as marketing assets to help partner companies' business.

# Platform Structure

## 1 Platform Component

### 1) Foundation

The Foundation develops and operates AZIT platform. Main task is to establish an integrated point system where Blockchain Mileage and AZIT Token can be traded, and continuously seek new partnerships and maintain relationships with existing partner companies to form a stable and healthy ecosystem.

### 2) Customer

There are 3 steps when customers are using the platform. First, the customer exchanges their Legacy Point into Blockchain Mileage A. Second, sells the Blockchain Mileage A and exchanges it to AZIT Token. Third, uses the AZIT Token to exchange for another partner company's Blockchain Mileage B, C, D etc. or cash out to fiat currency from a crypto exchange market.

Customers can either be flown from partner company's existing members or new users from exchange markets, or external traffic generated by various marketing activities.

### 3) Partner

AZIT Alliance Partners are mainly companies that provide PropTech services in real estate and residential related fields. Partners can expect their overall traffic to climb when they share each other's customer pool and receive reflex profit when one partner executes marketing activities. Partners can also get support from the platform such as targeted advertisements and personalized marketing based on customer behavior data stacked on the AZIT platform.



## 2 Platform Structure

### 1) Legacy Point System

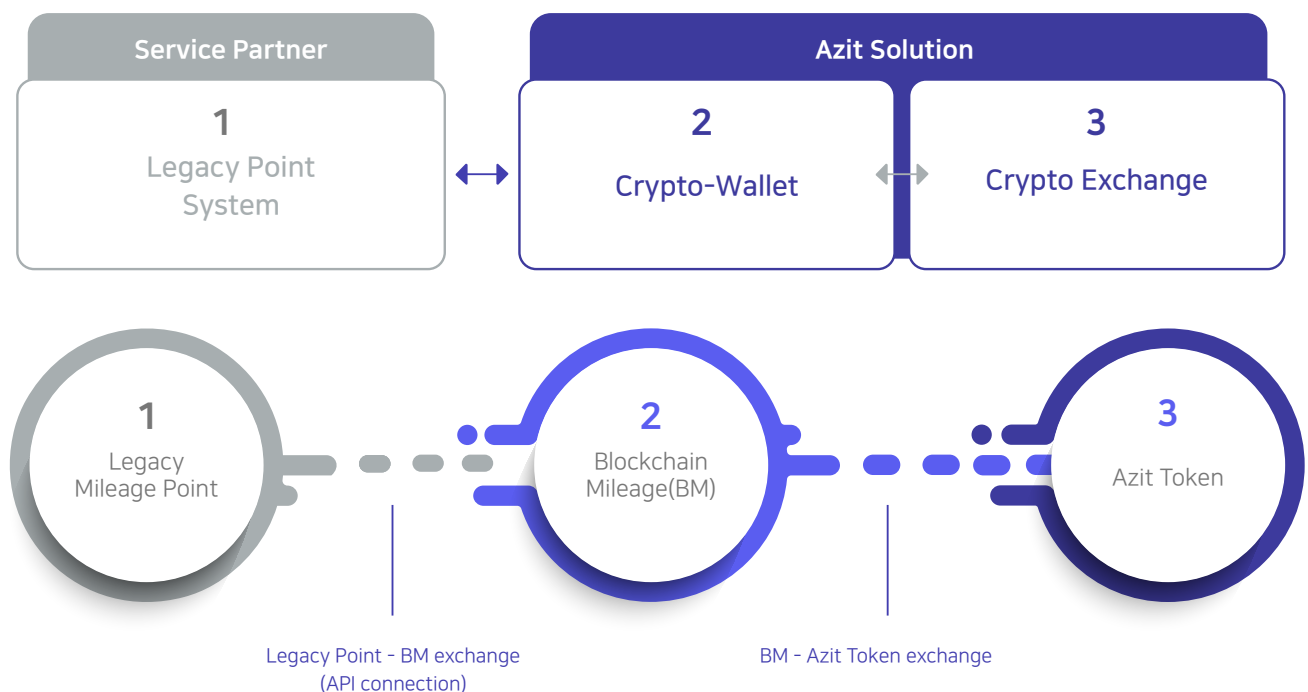
Legacy Point System is a membership program that partner companies already operate to gain customer loyalty by providing compensation. However, legacy points are recorded as debt on the corporate ledger, and it becomes a burden when the system doesn't operate as planned, in cases such as customer's low usage rate due to low value of the points given.

### 2) Crypto-Wallet

Crypto-Wallet (DApp) is a practical application to stake BM, AZIT Token. Users can make transactions and purchase or sell Blockchain Mileages using AZIT Tokens.

### 3) Crypto-Exchange

AZIT platform plays a role as a Crypto-exchange platform where Partner company's Legacy Points can be switched to Blockchain Mileages (BM) and then BMs can be exchanged to AZIT Tokens. AZIT Tokens can be cashed through external crypto exchange markets. On the other way around, AZIT Tokens purchased from an external crypto exchange markets can be exchanged to partner company's BM and then to Legacy points, to make payment for using the service.



### 3 Platform Technology

Our blockchain platform is built on Klaytn, a global public blockchain project of Kakao Group. Klaytn is an efficient hybrid open-source platform with all the advantages of public blockchains, such as decentralized data and control, decentralized governance, and the low latency and high scalability of private blockchains.

APIs are provided to partners participating in the AZIT Alliance for interlocking their Legacy Point systems. Electric Wallets are provided in form of DApp to make partner Legacy Points transferable into Blockchain Mileages and into AZIT Tokens and vice versa.





## Partnership

Our business goal is to create customer value and increase the profits of our partner companies. Customers can use Legacy points, which were previously limited to certain service, more flexibly in various services with more options, and partner companies can maximize their service by acquiring potential users from other partner company's user pool.

### 1 Customer Value Creation

Customer Value is created when customers can wholly use their points in practical places. In our case among various residential services such as 'real estate contract', 'moving', 'house cleaning', 'laundry', 'house designing DIY'.

Furthermore, customers can use their points practically and efficiently because the re-purchase cycle of each service are individually different. There are services that have longer cycles such as finding a place to stay and signing a real estate contract which will occur once every 6 month or longer, and there are other services that are used more frequently such as laundry and cleaning. Customers can accumulate points through frequently used services and after time use them in services that require large sums of expense, such as real estate contracts.

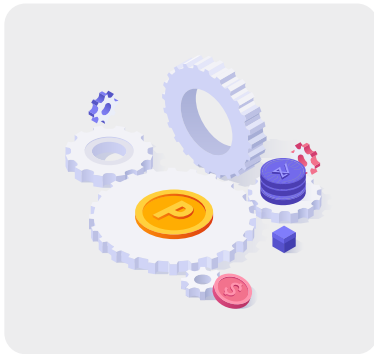
Proptech ecosystem is formed as such customer value is created, which helps in the long term for partner companies to provide more stable and high-quality services as they grow. Also, by enhancing customer experience, customers will be locked-in to the Proptech ecosystem and use residential related services seamlessly, creating a virtuous cycle structure.

In addition, when Blockchain Mileage is purchased with AZIT Token, customers can earn more Blockchain Mileages due to discount benefits. Because of the discount benefit, it is more sensible for customers to use AZIT Tokens to buy Blockchain Mileages. Value of AZIT Token as an integrated point method is expected to rise as AZIT platform becomes more actively used.

## 2 Partner Company's Profit Increase

AZIT Alliance is a group of PropTech companies that made an agreement to join our platform and form an ecosystem. Through AZIT's integrated point service, partner companies' overall customer traffic is expected to increase, in other terms, new customer acquisition and service usage should increase.

### Easy Point Interlocking



Directly applicable to service by interlocking former Legacy Point

### Blockchain's Transparency & Reliability



Transactions on the blockchain is almost impossible to forge, > reducing reliability cost

### Balanced Management based on Market Price



Balance formed by market price, Gradual distribution & Exchange ratio control

Our platform solves many limitations that former integrated Legacy point programs have. By using blockchain DLT (distributed ledger technology), interlocking, reliability, and imbalance problems between two or more partner companies can be solved, and can create new blockchain-based (Blockchain Mileage) points to link each individual partner company's legacy point system. Partner companies participating in the alliance are provided with technical solutions so that they can join the AZIT Alliance easily.

A portion of the transaction fee generated when Blockchain Mileages / AZIT Tokens are exchanged will be used to support partner companies as marketing assets, and AZIT Tokens can secure liquidity through centralized (or decentralized) crypto exchange markets.

## 3 Integrated Marketing

### 1) Individual marketing creates Chain effect

Certain volume of AZIT Tokens are provided to partner companies to support their growth, which can be used for acquiring new and churned customers or raise loyalty for existing members by rewarding AZIT Tokens or using its resource to execute various marketing activities.

The period and marketing strategy may differ for each partner company, but since all partner companies are connected through the AZIT Alliance, each partner's individual marketing activity affects the overall traffic to increase.

For example, when customers sign-up and use real estate contract service from company A's promotion, as the next step, there is a high chance that the customers are likely to flow naturally into other partner company's service such as cleaning, moving, and living which are interlinked to the AZIT Alliance. As a result, each partner's traffic that has been dispersed is integrated to form a bigger market.

### 2) Curation Service

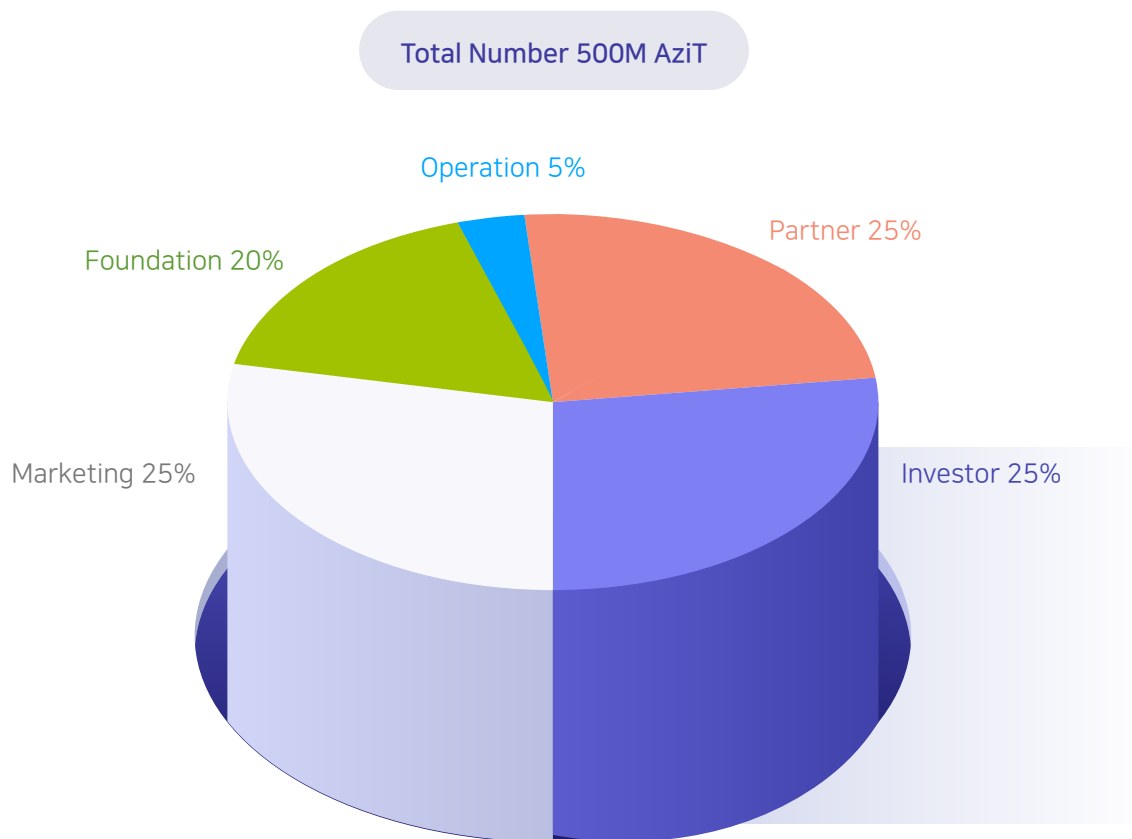
Customers need to sign-up and open a wallet from the DApp in order to exchange AZIT Token with each partner company's Legacy Points. Based on customer information and behavior, we provide a curation system that recommends certain service that the customer is looking for by analyzing activity data, and the service usage data after exchanging points from each partner company.

We expect the curation service to get more sophisticated and accurate as data samples stack over time after AZIT Alliance ecosystem is formed in some degree. Customers will be able to receive a personalized recommendation for what service they'll need on the next step based on their behavior, data such as number and cycle of service used or grouping customers with similar needs/situations (look-alike modeling).

Accurate service recommendation leads to customer action, and it is expected that the higher the service usage rate, the market becomes more stable, and it will also elevate each partner companies' growth.

## AZIT Token Allocation

Total number of AZIT Token issued are 500,000,000, KIP-7 token based on Klaytn. Details of allocation are sorted as followed.



### 1) Partner (25%)

This portion will be distributed to partner companies related to real estate, housing, and IoT that have joined the AZIT Alliance. Distribution amount is differed depending on partner company's size, brand image, potential growth, contribution to the platform, and order of when they joined the alliance.

### 2) Investor (25%)

This portion is for strategic investors who helped build our business in an early stage.

### 3) Marketing (25%)

Marketing portions are used for promoting our platform. It will be provided as a reward for contribution activities such as signing up for AZIT platform, participating events and achieving missions, and exchanging Blockchain Mileages

### 4) Foundation (20%)

Tokens allocated to the AZIT team for business expenses such as R&D, labor costs, and facility management costs.

### 5) Operation (5%)

This is the portion set for long-term operation and development of the AZIT Alliance platform, such as platform operation/management and technical upgrades in the future.

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