



SWACE HAS FINALLY ARRIVED

User-brand interaction now
becomes an adventure

Swace is a blockchain-based social
gaming platform where users gain
rewards for engaging with brands

Whitepaper V1.9

CONTENTS

	Disclaimer	3
	Glossary	4
	Mission & vision	5
WHAT	General description	7
	Engagement scenarios	9
	Internal ecosystem	13
	Technical app description	16
	Blockchain application	17
WHEN	Roadmap	22
WHY	The problem	24
	Market comparison	25
	Focus group	26
	Social media engagement statistics	28
	Social media trends worldwide	30
	Reward efficiency	31
	Habit formation	33
	Winner effect	34
	HOW	Marketing strategy
3 pillars		40
Core values		41
HOW MUCH	Payment token	43
	Token distribution	44
	Final words	45

DISCLAIMER

IMPORTANT NOTICE

PLEASE READ THIS ENTIRE SECTION AND DO NOT TAKE ANY ACTIONS UNTIL YOU FINISH IT. THIS WHITE PAPER IS A SUMMARY OF SWACE BUSINESS MODEL, TECHNOLOGY, AND BRIEF INTRODUCTION TO SWACE PRINCIPLES. PLEASE CONSULT YOUR LEGAL, FINANCIAL, TAX AND OTHER PROFESSIONAL ADVISOR(S) BEFORE ACQUIRING SWACE TOKENS.

This white paper aims to introduce the Swace project and team, describe in detail the Swace app, and invite people to join Swace as users, not as investors. It does not constitute or relate in any way nor should it be considered as an offering of securities in any jurisdiction, especially USA. We have a MVP; we do not promote Swace tokens for investment or speculative purposes; we offer a means of payment for services available on the Swace ecosystem. Acquiring Swace tokens shall not grant any right or influence over the Swace company or its decisions, however, it will grant you a right to participate in games and purchase our partners' goods. In Lithuania the offering of tokens on a trading platform does not change the legal qualification of the tokens, so we do not see a reason why any regulator of any country should treat our tokens as a security. Therefore, this white paper cannot constitute a prospectus or offer document for investment in securities. However, please take into consideration that if under any jurisdiction Swace tokens are recognized as a security, we reserve the right to unilaterally decide to make a refund in order to ensure that no damage was incurred and no rights were breached. The Swace company is not a financial intermediary according to Lithuanian law, is not a regulated person of any kind, nor is subject to Anti Money Laundering law, yet we will nevertheless perform KYC procedures because we want to know our community members.

Regulatory authorities are carefully scrutinizing businesses and operations associated with cryptocurrencies in the world. In that respect, regulatory measures, investigations or actions may impact the Swace company's business and even limit or prevent it from developing its operations in the future. Any person undertaking to acquire Swace tokens must be aware that the Swace business model, the white paper or Terms & Conditions may change or need to be modified because of new regulatory and compliance requirements from any applicable laws in any jurisdictions. In such a case, purchasers and anyone undertaking to acquire Swace tokens acknowledge and understand that neither the Swace company nor any of its affiliates shall be held liable for any direct or indirect loss or damage caused by such changes.

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GLOSSARY

Swace

Swace represents a new generation of rewarding social gaming platform. It is a game-based app which enables users to engage with brands and be rewarded for completing a variety of tasks. The app involves a token economy.

Swacing

Being a true Swacer, daring to make a change in your life by taking part in social games, sharing and socializing, engaging with brands and other users and being rewarded for it all.

Swace coin

The Swace currency. It is used within the app to enter social games, as rewards for likes and votes, as gifts to friends, to swap for goods or services offered by partners, etc. For winning a social game or participating, users earn Swace tokens. Brands purchase Swace tokens in order to set their game.

Swace Swap

The place to buy and sell Swace Coins.

Swacer

An individual who has adopted the Swace lifestyle and is already enjoying the adventure that it represents.

Engagement scenarios

Swace offers several types of engagement scenarios based on blockchain technology. Anyone can use the preconfigured frames in order to create a game following a set of rules. Engagement scenarios are constantly updated.

Swace wallet

The personal wallet of a Swace ecosystem member. It only stores Swace coins and all of its operations history is recorded in the blockchain. Coin purchases, transfers from other Swacers, and rewards arrive to the wallet.

MISSION

To give users positive emotions and encourage out-of-the-box activity. To empower users to be in control of their activity on social media, award them importance and respect, and reward them for engaging with brands.

VISION

Swace becomes a leading social gaming platform for everyone: fair, transparent and on a par with the world's most popular platforms.

WHAT

General description
Engagement scenarios
Internal ecosystem
Technical app description
Blockchain application

In this section we give an overall description of the project, including its technical aspects. We have included a detailed explanation of the user-brand engagement scenarios the app offers. Here you will also find explanations regarding the internal ecosystem of the app.

GENERAL DESCRIPTION

Swace is a community-driven initiative, envisioned as a solution to the unsatisfactory experiences users and brands have with social networks, each from their own perspective. It is an independent platform featuring preset gaming frames brands can use to engage with users, who in turn get rewards for participating and winning games. The app's economy is based on decentralized blockchain technology and revolves around a token called the Swace Coin.

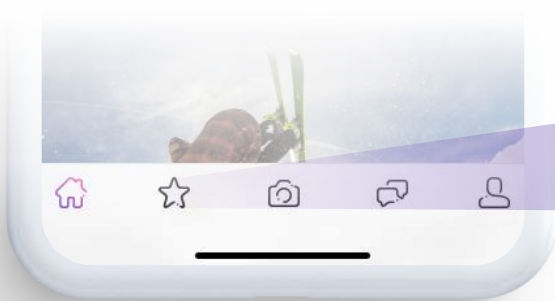
The app's main goal is to improve the interactions between users and brands. It encourages a more active and exciting lifestyle for the users while having them engage with brands in a genuine and non-manipulative way, forming positive associations and a happier user-brand relationship. We want to enable users to be more adventurous and to give them a feeling of being appreciated and rewarded for the content they generate and for the loyalty they give a brand.

Another central aspect of Swace is the socialization between users. Being a network centered around social gaming, Swace encourages healthy competition while helping the users find a balanced approach to sharing and relating to what others share. Instead of causing each other unpleasant envy and suspicions of fakeness, Swace will empower users to support each other in games, share and engage with each other, and even team up for better rewards.

Swace target group

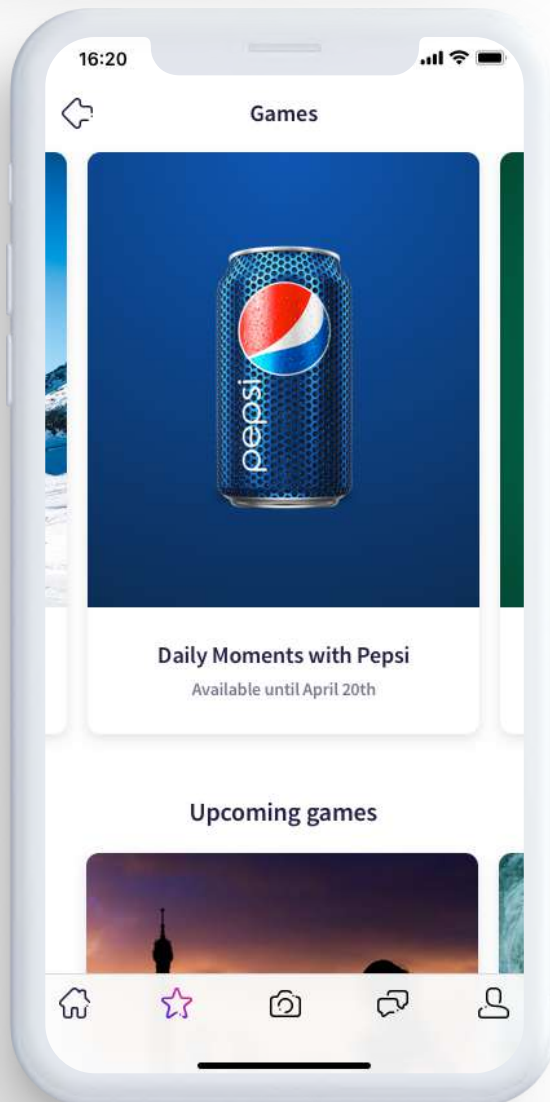
We believe that we understand our target group well and we are making an effort to satisfy their particular needs. Whether they are actively into sports, into partying, or in love, they are all similar in several ways. They are young (18–26), modern, and at least a little non-conforming. They are very social and enjoy sharing their lives with their friends on social media. For them, being an influencer is an important ambition. They value fun and want to improve themselves, they love new technologies in their lives and easily adopt them. They demand transparency and fairness, because they want to be in control of their own lives.

Swace responds to these needs by bringing in the latest innovations and by deliberately working in as open and transparent manner as possible. We are choosing to partner with brands that will match their interests and offer games that will appeal to them.



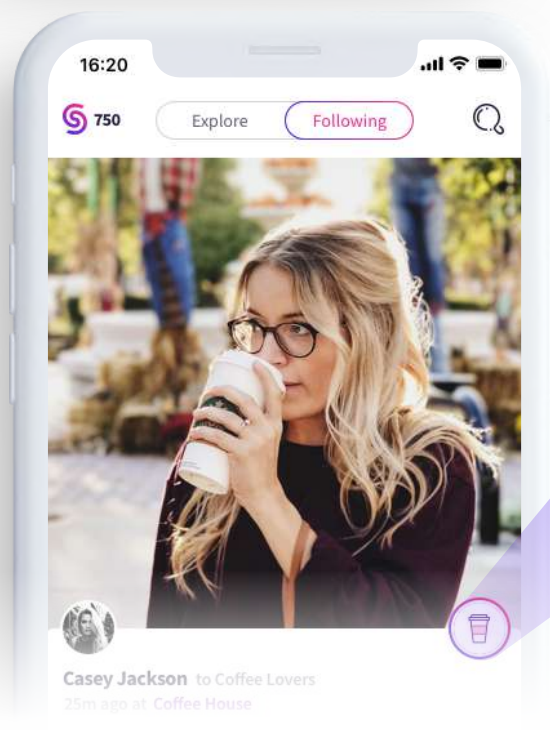
THE STAR

Here you enter the games.



GAMES LIST

This is where all the available and upcoming games are located.



GAME INDICATOR

This icon shows what game your friends or other users are participating in.

ENGAGEMENT SCENARIOS

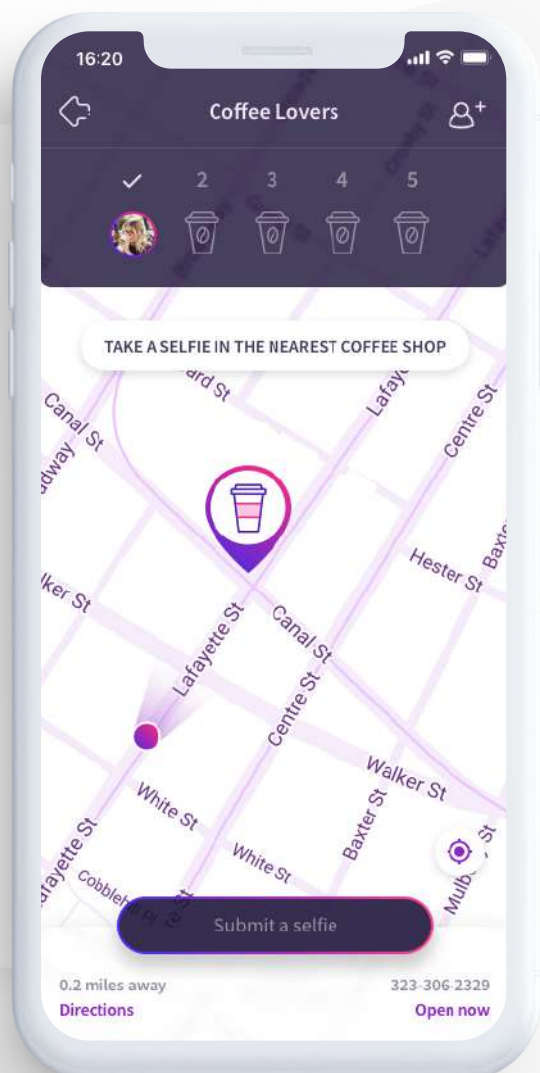
Swace develops a variety of frames in which social games can be created, making use of several different technologies and exploring user motivations which tie into our core values. The frames are flexible and enable anyone to create a game within them in a simple and straightforward way. The array of frames offered will be constantly updated with new options offered regularly. This is the central interaction of the app, powering user content generation, brand engagement, and the token economy.

Swace believes that by triggering the competition instinct, combined with habit building and the natural motivation of rewards, the lives of users can be enriched and made more exciting, which in turn will lead to greater loyalty to the brands standing behind the games.

Some examples of possible engagement scenarios are explained below.

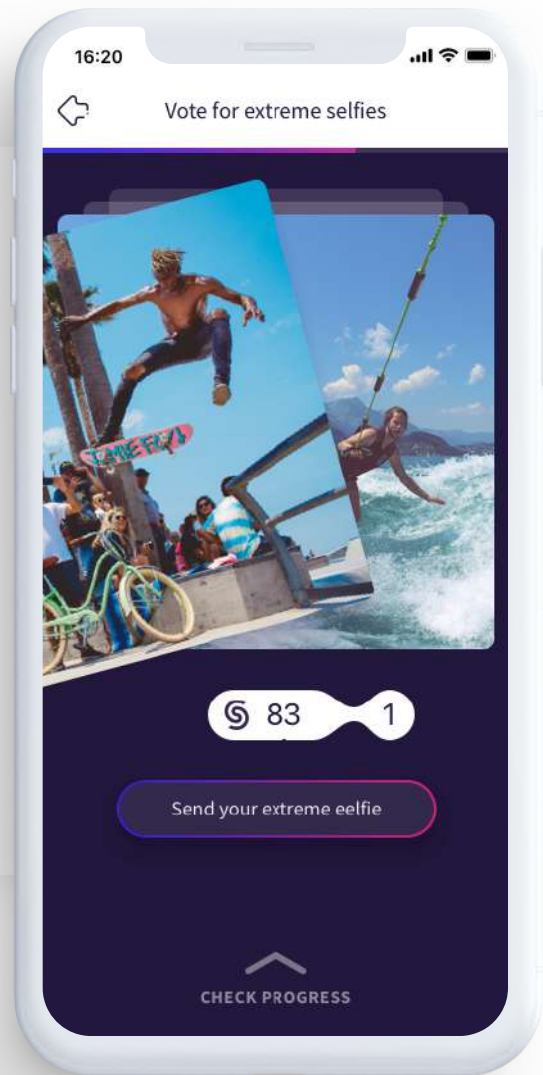
Location

Visit a specified number of locations over a given time period. Snap pictures or selfies of the brand in action, using provided guidelines, share the images and get rewarded. This type of game encourages users to effect a change in their daily routines, explore new locations in their surroundings, and feel adventurous — positive change associated with a brand name, promoting active engagement with the brand. The game involves habit building principles — repetitive interaction with a brand over a concentrated span of time helps form loyalty.



Voting

Upload a picture in response to an announced theme and try to collect as many votes as possible from other users. Only the submitter with the most votes is rewarded. Engaging the competitive drive and playing on the exclusivity of the reward, this type of game also calls for creativity on the part of the user, as the theme can sometimes be interpreted in more ways than one.

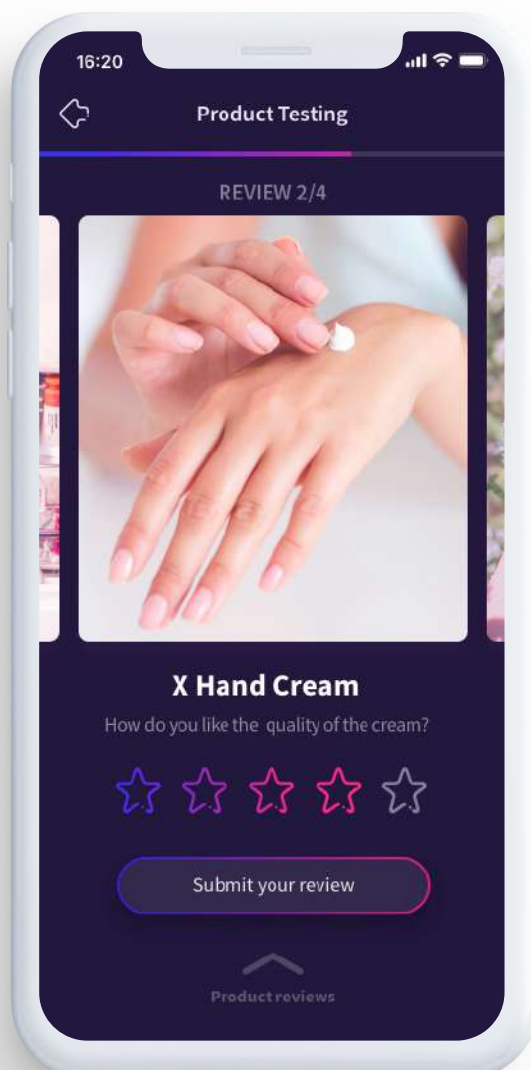
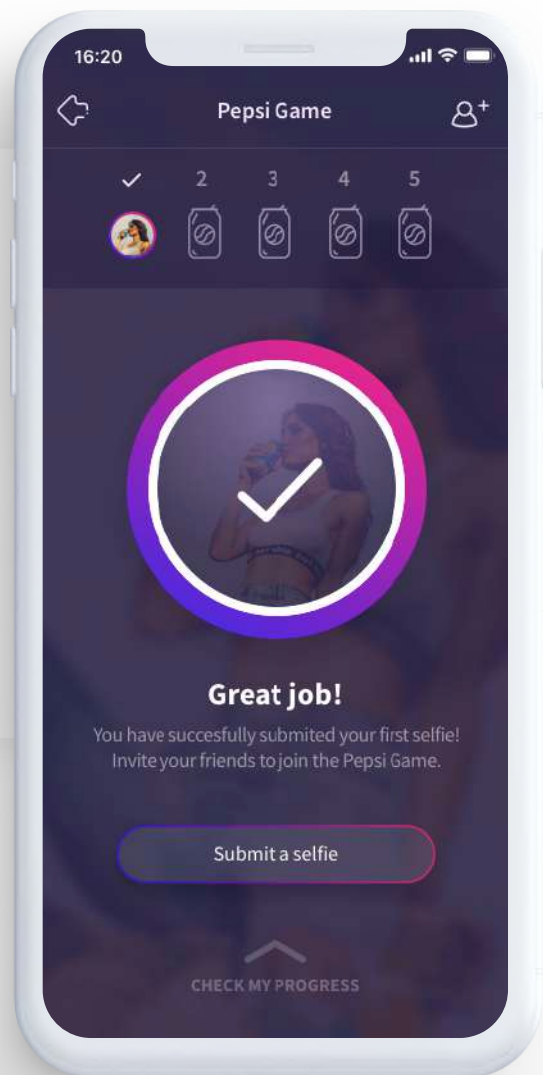


Augmented reality

Users must find 3D objects added to certain locations using AR. Collecting or spotting these objects earns them rewards. The use of the exciting technology of Augmented Reality provides the users with entertainment while encouraging physical activity, increased attention and curiosity as they search for the hidden objects in order to gain the rewards.

Emotions

Share moments with the brand during specified time to get rewarded. Linking emotional, photo-worthy moments in a user's life to a specific brand deepens the quality of the user's engagement with the brand by associating these emotions with the brand's name.

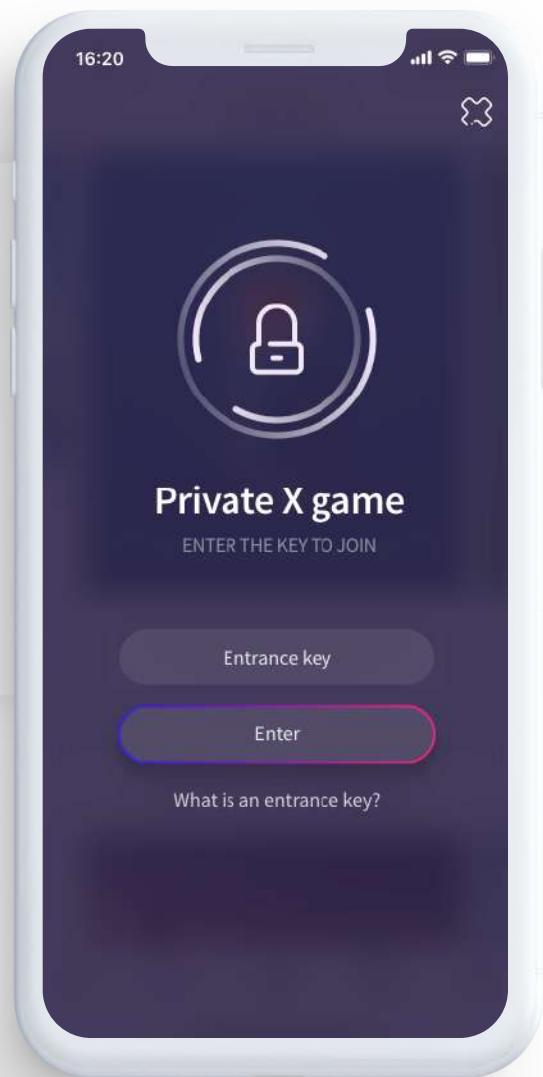


Product testing

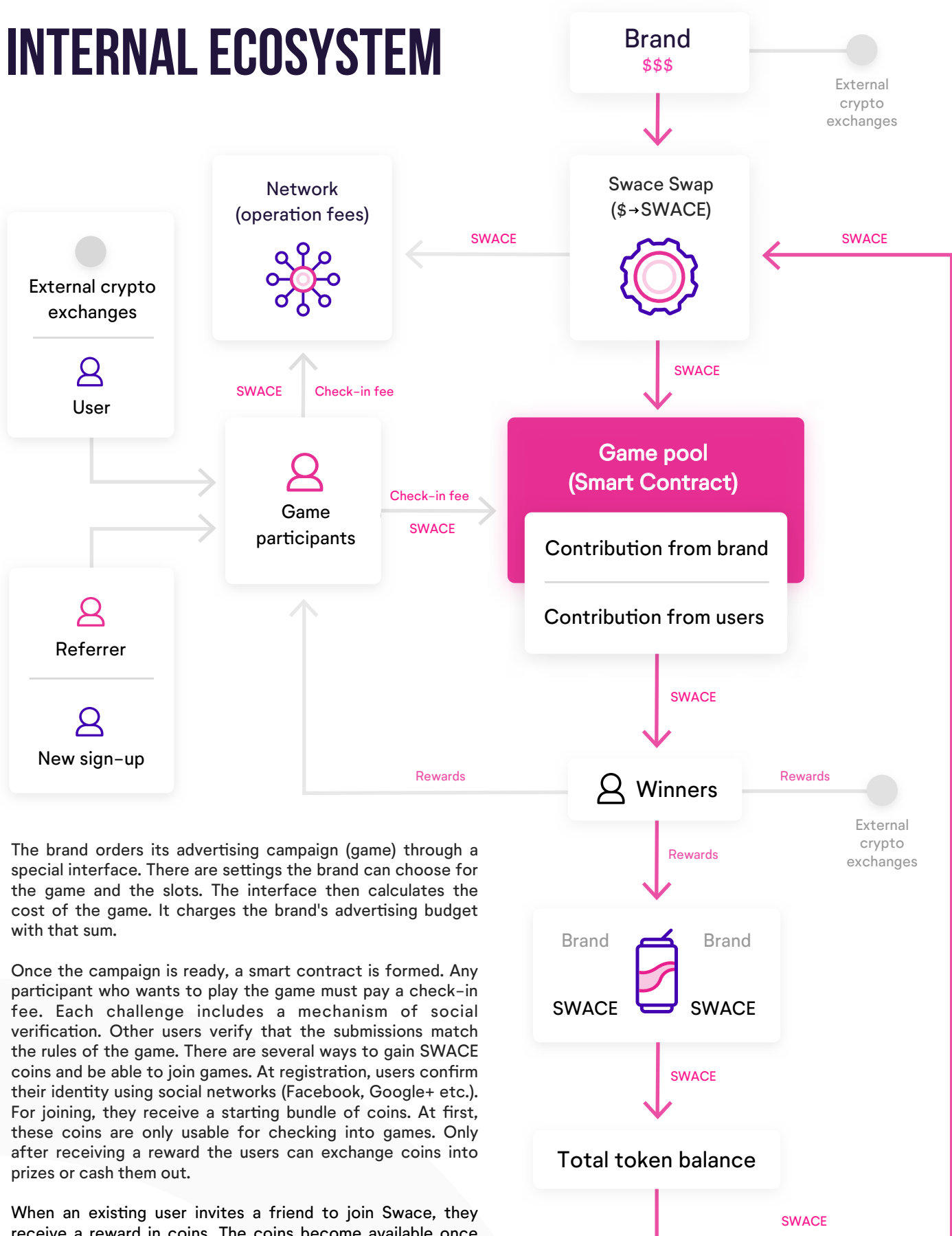
The brand selects a specific audience and gives them a new product to test and get credible feedback. Everyone who participates in the testing gets a gift in advance. For completing the feedback process, user gets extra bonus, such as Honest Tester status, extra Swace tokens etc. The platform becomes a substitute to extremely expensive product testing research, providing an opportunity to get realistic feedback from a credible audience.

Private

In this type of a game a brand can choose to make a game password-protected and/or displayed only to users with invites. This way, the platform can be used for the company's internal needs, such as motivating or rewarding the employees.



INTERNAL ECOSYSTEM



The brand orders its advertising campaign (game) through a special interface. There are settings the brand can choose for the game and the slots. The interface then calculates the cost of the game. It charges the brand's advertising budget with that sum.

Once the campaign is ready, a smart contract is formed. Any participant who wants to play the game must pay a check-in fee. Each challenge includes a mechanism of social verification. Other users verify that the submissions match the rules of the game. There are several ways to gain SWACE coins and be able to join games. At registration, users confirm their identity using social networks (Facebook, Google+ etc.). For joining, they receive a starting bundle of coins. At first, these coins are only usable for checking into games. Only after receiving a reward the users can exchange coins into prizes or cash them out.

When an existing user invites a friend to join Swace, they receive a reward in coins. The coins become available once the invited user joins at least one game.

Another way of getting SWACE coins is by purchasing them from external exchanges. Each user account connects to a wallet address. The user may add the coins they purchased outside the system to this wallet.

Finally, every time a user wins a game, they receive coins as a reward. Some games only have one winner who gets a larger amount of coins. In others, many people who have completed the game all share the reward fund. Users may exchange their coins for goods from Swace's partners. They visit the partner's branch, choose their prize, and pay in SWACE coins to the brand's wallet.

The process from a brand's perspective

1. Once a brand chooses to launch a Swace campaign, it needs to choose its parameters.
2. The provided generator makes designing the game simple and convenient.
3. The brand needs to provide the contents of the campaign: images, logos, brand and product names, descriptions and categories, as well as purchase links if relevant.
4. The content is regulated by the brief the brand provides, for example – posts featuring the product, no adult content, etc.
5. The brand can target the campaign to users by age or gender, where they come from and what their hobbies are.
6. The brand gets a possibility to convert FIAT to SWACE tokens using internal Swace Swap to launch a campaign.

The process from a user's perspective

1. Once logged in, the user sees their feed, displaying currently offered games and content shares by other users they follow.
2. Selecting a game, they are asked whether they wish to accept it. If they do, the buy-in sum of tokens is removed from their Wallet and the game page is displayed.
3. According to the type of game, the user then completes the requirements immediately or over the time allotted by the game. If the game is several days long, a countdown timer is displayed after completion, showing the time remaining until the next day's challenge is available.
4. The user can invite friends to join the same game.
5. The user can view the feed of content submitted to the game, and in some challenges help determine the winner by voting for the submission they like.
6. Once the game is complete, the user receives all the reward tokens due them to their Wallet. They may also receive virtual or real prizes and be informed how to collect them.
7. The user can join several challenges at once.

Upcoming features

- Giphy integration (as GIFs are an extremely popular means of communicating emotions)
- Game leaderboard (to see where they rank and compare to their friends)
- Photo editing (filters, adding text, etc.)
- Simplified profile sharing (to show friends or to invite them and earn tokens)
- Geofilters
- Teaming up with other users to complete games (earning more tokens)
- Facial recognition (earn additional tokens for every additional person in the photo)
- Daily tokens (rewarding users for returning to the app every day)
- Sharing tokens (follow someone to send and receive tokens)
- Reporting users (reporting unsuitable content or behavior)
- Community moderation (earn tokens by helping moderate user content)

TECHNICAL APP DESCRIPTION

SWACE is deployed on the cloud. Its backend is containerized and built using microservices. The use of microservices has lots of benefits, such as faster development cycles, scalability, resilience, cloud friendliness, and high availability (with close to zero downtime). Security is guaranteed by the proper use of cloud infrastructure. Due to the nature of microservices, SWACE is not tied to any language or technology, so we chose the right tools to do the right job. Utilizing the freedom that the use of microservices gives us, we chosen a handful of latest and most secure techstack including, but not limited to PHP 7.2 and Laravel. The SWACE social network is backed by a distributed graph database solution.

Security

Security is one of our main concerns. Correctly configuring cloud services allows us to reach the desired security levels at the infrastructure level. Database encryption guarantees that personal user data is safe and secure. Our production environment will be handled by an automated workflow, meaning that our code is deployed automatically and nobody has (or indeed needs) access to the nodes running that code. The requests made to the public API are encrypted, while internal requests (requests between microservices) fall under a private network which does not have access to the internet.

Elastic API

SWACE anticipates highload, and its API is ready for it. The SWACE team had this in mind from the very beginning, while building an elastic API. Elastic, meaning highly available, easily scalable and extendable. SWACE API has a handful of integratons planned ahead; currently, at the beta preview stage, we will have two APIs integrated – Facebook, Instagram.

Mobile-first approach

While SWACE will have a public self-service website for the end-user, initially it will be mobile first. We have already built native Android & iOS apps. These are already available for testing in a closed beta group and will be available soon in both the iOS App Store and Google Play Store. With a help of our elastic API, push notifications and well-designed UI, these apps will guarantee the best real-time user experience.

BLOCKCHAIN APPLICATION

Blockchain implementation predictions

In the modern world, where digital communication is rapidly becoming as important as live interaction and where people are increasingly wary of centralized power, the natural direction for technology and finance to take is towards a crypto-economy based on blockchain technology, whose main pillars are transparency and decentralization. However, blockchain in its current form is not universally applicable. Its dependence on fees for every transaction makes it practically unscalable to platforms built around micropayments, as users are unprepared to be charged for every action they perform on the platform. Besides, the transaction speeds available now are unacceptable for a micropayment scenario. This means that projects such as Swace, which wish to be decentralized but are based on micropayments, must find third-part solutions for adapting blockchain to their needs.

The first issue to grapple with when launching such a project is whether to create a new blockchain or select an existing one. For Swace, the answer is the latter. We have selected to base our platform on the application layer of the Ethereum blockchain. The reasons for this are centered mainly on resource management. Blockchain is a complex technology and developing one from scratch would require a significant investment of time, work, and funds, whereas Ethereum's blockchain is ready and functioning, with a well-developed infrastructure and a plethora of third-party solutions already supporting its tokens, which enables a variety of integrations. Furthermore, Ethereum has already earned global trust and influence which it lends to the businesses that use it. It is also flexible — its language is easy enough to learn that it can be adapted to smart contracts as complex or straightforward as needed. The bottom line is that Ethereum is well-established and we can rely on it. However, Ethereum, like other blockchains, suffers from limitations in speed and high fees for low-value transactions. This is caused by its running on a proof-of-work (PoW) protocol. It is well-known in the blockchain community that Ethereum's developers are currently at work on two scaling solutions known as Casper and Sharding.

Casper will be a tool designed to convert Ethereum from PoW to proof-of-stake (PoS). This will make the currencies using it vastly more cost effective. As PoS protocols are less protected from malicious miners, Casper will implement additional validation and security measures. This will enable true decentralization, as opposed to the current situation when in fact most of the power is held in the hands of several large mining groups, and collusion is a real danger.

As for Sharding, the notion arises from database technology. In that field, sharding means dividing a database horizontally into smaller, more manageable databases while still retaining the original structure. Translated to blockchain, this will mean that the chain will be partitioned into smaller shards of nodes, where each shard will retain full functionality while carrying its own responsibility. This will mean that the technology will become subject to scaling.

Until these tools are developed, however, Swace will have to use other solutions. We will use Ethereum's ERC20 token standard to create the SWACE token. The ERC20 token interface allows for the deployment of a standard token that is compatible with the existing infrastructure of the Ethereum network like wallets, development tools, and exchanges, and it is supported by the third party solutions we will implement to complete the Swace infrastructure and build a decentralized economy.

With the ERC20 tokens in place, we will launch Swace's beta DApp on the basis of Ethereum blockchain's application layer and implement games created as smart contracts. The verification of these games will be based on crowd votes, and we will seek to achieve full automation of the games. Having analyzed the use case scenarios of up to 100,000 users, we will continue to develop and scale our infrastructure using such tools as Raiden. Raiden's off-chain framework would be a great solution to implement low-fee, fast and private transactions, including micropayments. Although the off-chain solution is not truly decentralized, it will allow us to complete the Swace infrastructure and give added value to our services until Casper PoS and Sharding arrive. In addition, the Plasma framework (in development by the Ethereum team) will ensure that smart contracts are implemented correctly within the infrastructure, and, possibly, Bancor (a decentralized liquidity network supporting ERC20 tokens), or another solution, will provide continuous liquidity for the SWACE token.

With these solutions in place, we will already be able to create a decentralized app with a fully usable, secure, and reliable economy, even while waiting for more advanced technology to become available. We know what technology we intend to create, and we realize the problems and limitations we are facing. True, there is currently no single solution available to satisfy all of our platform's needs; many things will need to be researched, developed and implemented. Yet we believe that even now our goal of delivering a blockchain-based product is achievable through the use of the tools we have identified.

Application on the platform

The actual implementation of blockchain on our platform, as we envision it, will be based on the premise that every participant of the platform has their own Wallet. There is an administrative Wallet for economy balancing purposes (should no tokens be available on offer, the administrative Wallet automatically generates sale offers from its funds); each brand has its Wallet and so does each Swacer.

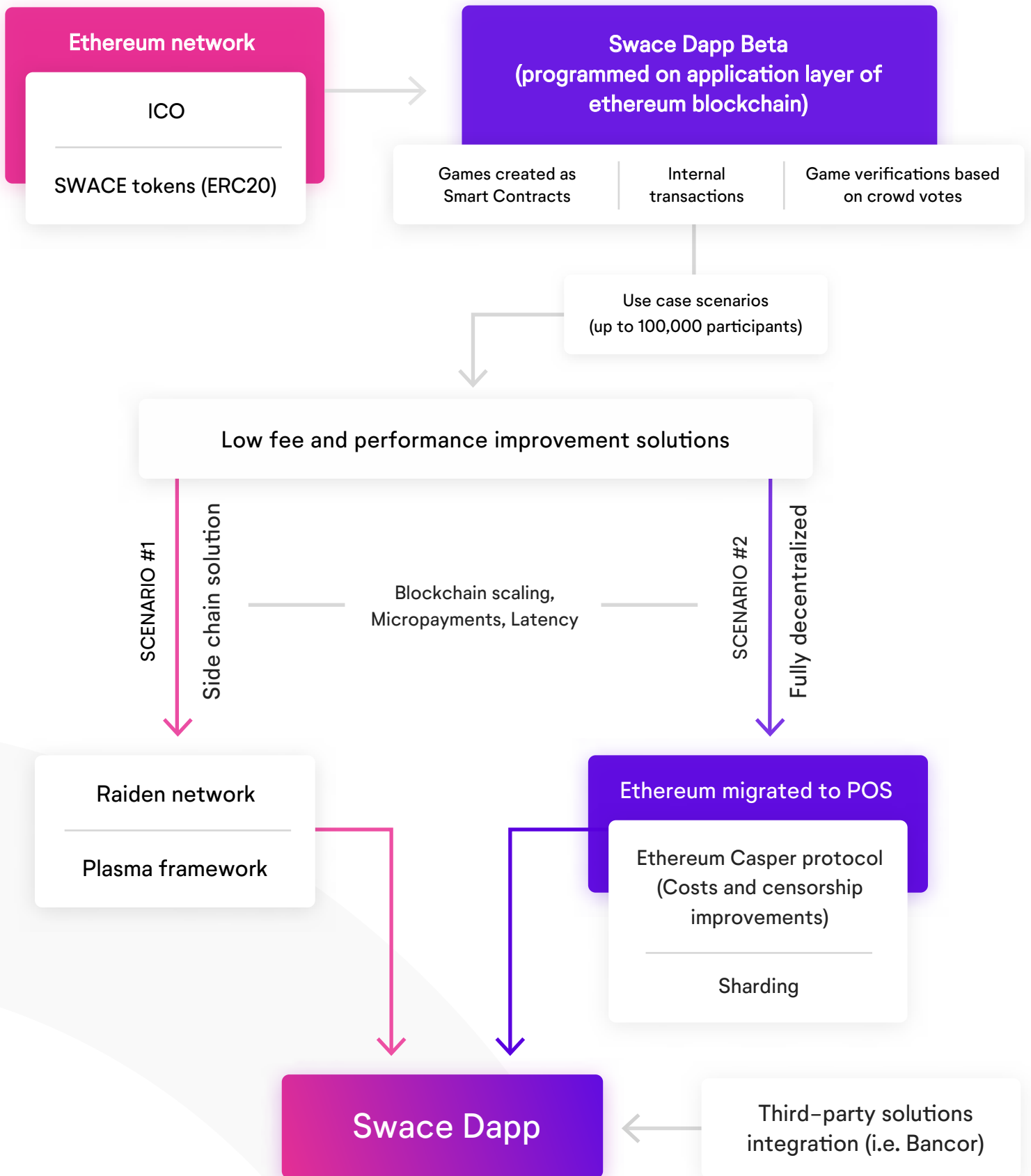
When a brand sets a challenge, a smart contract is created, stipulating conditions for its execution. The brand invests some tokens from its Wallet into the smart contract, where they are sealed. In order to participate, users also contribute to the smart contract from their own Wallets. Together, these form the game's reward fund, with a small part set aside for network costs.

Once a game is set, community moderation comes into play. Moderators are users with additional permissions: they are the ones who ensure that the content submitted by the game participants matches the conditions set by the brand. The moderator's reliability is verified and unreliable behavior sanctioned via their Wallet.

The content having passed the conditions and the community moderation, the game is executed and with it – its smart contract. The reward fund is then distributed among the participants who have matched the conditions set by the brand.

Reasons for creating our own coin:

- To have a stable economy in which the proportion of tokens vs participants and games remains sustainable;
- To ensure a sufficient quantity of tokens for onboarding new users and expanding the community;
- To ensure further development according to our tech roadmap: as our technical goals are quite advanced, there must be room for flexibility in decision-making, such as changing the technologies implemented or migrating to a different blockchain.



Our vision of the journey we will make from App to Dapp is described in the HOW section of this paper.

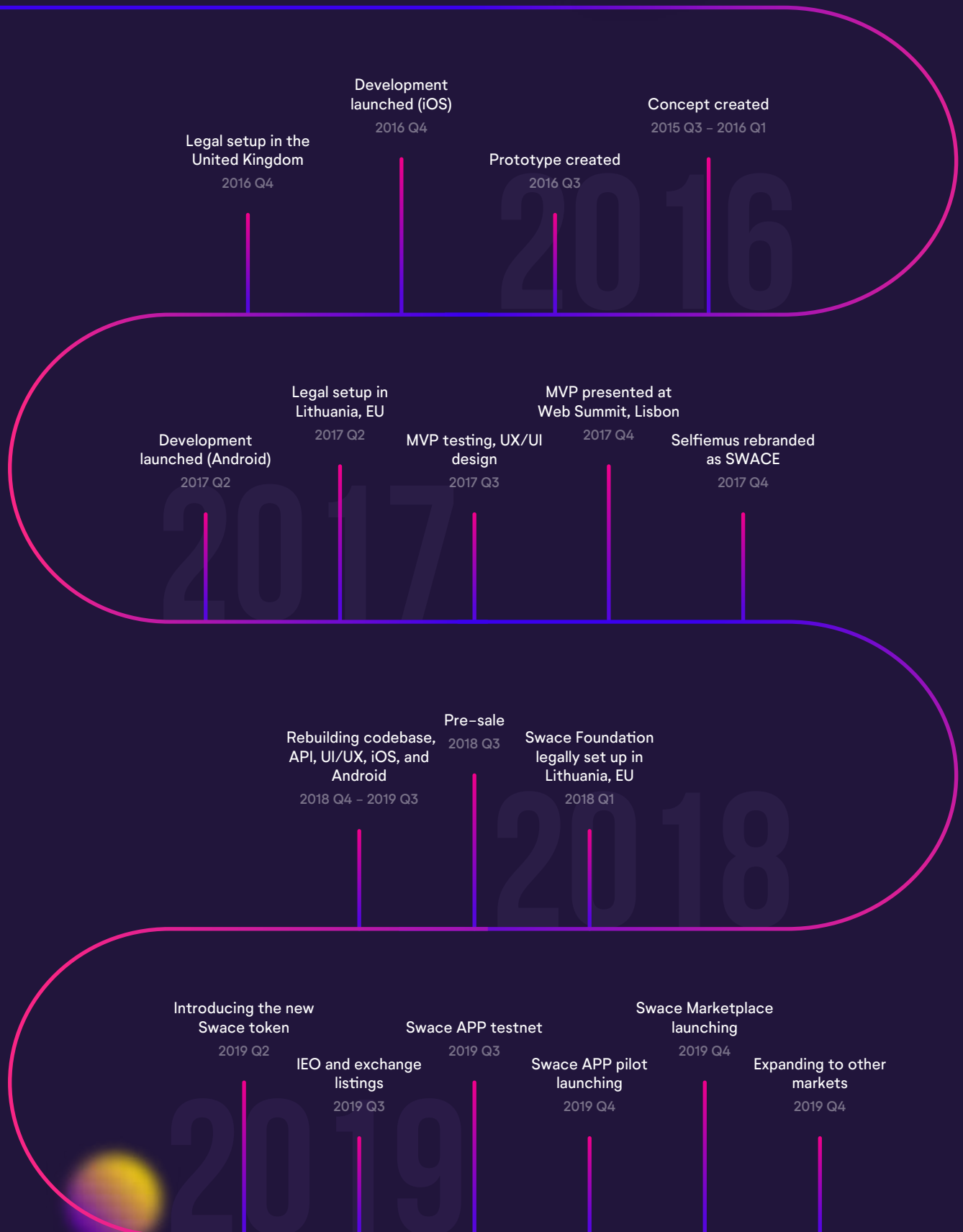
WHEN

Roadmap

Our roadmap is the timeline of the project. It describes the steps we have already taken to get to where we are today, and what we plan to do in the future.

ROADMAP

Our journey since 2015 and into the future



WHY

The problem

Focus group

Social media engagement

Social media trends worldwide

Reward efficiency

Habit formation

Winner effect

The purpose of this section is to show the reasons why we created this app. It tells the story of how we came up with the app, describing the problems we have observed and wish to solve. In addition, we have collected here a review of the psychological factors in play. We believe that these factors will contribute to the success of the app.

THE PROBLEM

Digital engagement does **not** work

- Social media has been a massive worldwide success.
- Social media marketing has not.
- Social media promised brands a lot, but is delivering little.

Impressions have to be bought:

2%

Facebook organic reach for brand pages.

Hubspot, 2016

Yet regular engagement is scarce:

7/1000

of a brand's followers will click a boosted Facebook post

SmartInsights, 2017

Resulting in low ROI:

80%

of CMOs are unable to quantify the value of their social media efforts.

TheCMOSurvey, August 2016, US

Brands are left to rely on low engagement solutions:

- passive content (static and video posts);
- contests (one-off deals for sharing a brand's post).

The alternatives are expensive even for big brands and entirely unreachable for small ones.

The problems of digital engagement can be solved. Swace enables brands to engage their users in a real and meaningful way. The users remain in touch with the brand, keep it in mind for a while, actively interact with it and develop positive associations with it. Unlike passively consumed (and often annoying) advertising, here the brand becomes the source of rewards and exciting pastimes. When the game is long enough, the user can even begin forming a habit of interacting with the brand.

MARKET COMPARISON

Given the problem described above, we turned to the market to see what solutions were available for increasing user/brand engagement, especially those with a focus on social gaming and/or rewards.

	Swace	Geocaching	Swarm	Pokemon	Indahash	Steemit	Appsolutely	SponsorOne	Admine
Main focus	Social gaming platform	Location-based gaming	Location sharing	AR gaming	Influencer marketing	Social media platform	The Blockchain Loyalty Ecosystem	Influencer marketing	Social network of brands
Status	Live from 2018 Q2	Live	Live	Live	Live	Beta	2018 Q2	2018 Q1	2018 June
Token	Swace Coin	—	—	In-game currency	IndaHash Coin	Steem	LoyalCoin	SponsorCoin	MCN
Blockchain technology	Yes	—	—	—	Yes	Yes	Yes	Yes, currently it is not scalable nor does it allow instant trades of currency.	Yes
Rewards to users	Yes	Yes (non-monetary)	Yes (non-monetary)	Yes (non-monetary)	Yes		Yes	Yes	Yes
AR gamification	From 2018 Q3	—	—	Yes	—	—	—	—	—
Location games	Yes	Yes	Yes	Yes	—	—	—	—	—
Internal marketplace	Yes	—	—	Yes (in-game items)	—	NA	NA	Sponsors Cloud E-commerce	NA

Having concluded from this that not all needs were currently answered in any one product, we continued our market research by running a focus group. We wished to see if the potential consumers were aware of the problems we had identified and saw our suggested solution as desirable.

FOCUS GROUP

In order to substantiate the above findings and investigate their applicability to our situation, we ran focus groups with 10 participants aged 20–23. These were young professionals, characterized by their sociability and relatively active lifestyle, who all own smart devices and use social media extensively. We asked them about their social networking habits, their satisfaction with existing networks, and their opinions about a potential new network offering the features we had in mind for Swace.

90 percent of respondents expressed interest in such an app, 60 percent going as far as to state that they “would definitely play, especially if some of my favorite brands were involved”. They were especially excited about the possibility of games involving their favorite sneaker and clothing brands, as well as car sharing and healthy lifestyle games (including team sports).

Only ten percent of respondents expressed uncertainty, expressing the overall sentiment that such an app would only be interesting if the games were updated regularly and not repetitive. Others agreed it was very important to keep the games varied and exciting.

The respondents described their current experience with social networking apps as satisfactory overall with several frustrating factors, such as over-curation (“nothing is genuine anymore”) and the sense of being manipulated and exploited by the larger networks (“everyone is obsessed with likes and shares, so much so that one can feel like just a number”). They felt that they had almost become goods by being exposed to so much advertising, as though corporations were making money simply from their presence, regardless of the content they created or the opinions they expressed. A more personal approach would be welcome, they said.

Why join as a user?

- You receive rewards in the shape of cryptocurrency and other prizes for the things you do and the content you create. And you get the first reward simply for registering!
- You no longer have to put up with the exploitation and censorship of Facebook and other mainstream social networks. You are not a number and you do not need to be bombarded with ads.
- You can engage with brands you like, be rewarded for the interactions, and even become an influencer by sharing with your friends and introducing them to the brand.
- You can have new and exciting things to do, exciting new technologies to try, and fun ways to change up your routine.

Why contribute?

- There will be many ways to use the coin within the ecosystem: to reward others for good photos, to join games, to exchange for partner goods, to give to friends etc.
- The product is ready and will be launched in its first market as soon as July 2019. Contracts have been signed with 17 international companies which all believe in Swace.

Why initiate a game?

- This is an opportunity to truly engage with customers through innovative games that cut through the background noise of overwhelming advertising.
- A possibility to form user habits and positive associations with your brand.
- An excellent way to naturally communicate your brand through influencers and recommendations as users generate content for the branded games and share it with their friends.

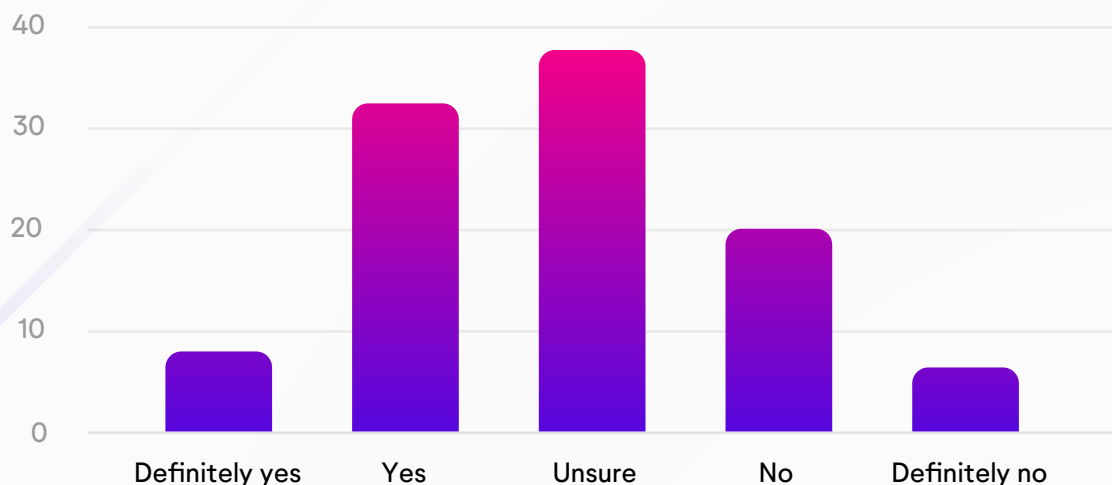
SOCIAL MEDIA ENGAGEMENT STATISTICS

Social media has traditionally been considered a strong tool for brands to grow community engagement and user loyalty. However, the tool is far from perfect and is proving difficult to navigate. With social networks constantly updating their algorithms and users developing mistrust for the information to which they are exposed online, brands find that the efficiency of their social media advertising is no longer satisfactory.

To begin with, according to recent surveys, the percentage of brands that believe they are able to measure the efficiency of their investment into traditional advertising is decreasing every year – from 42 percent in 2015 (already quite a low percentage) to 38 percent in 2017. If the ROI is impossible to measure, it becomes doubtful that the large budgets allocated for social media advertising are justified.

Do brands believe they can measure SM ROI?

According to socialexaminer.com survey



Specifically, the largest player in the field, Facebook, is difficult to quantify in terms of effectiveness, as its latest algorithms prevent most of the content published by brands from being displayed to users, and users are not too delighted with the way information gets filtered and manipulated. When asked whether they believed their Facebook marketing efforts were effective, only 42 percent responded in the positive. This number also decreased (by 4 percent in just one year). Most marketers responded either that they did not know (going back to the issue of ROI measurement), or that they believed their Facebook marketing to be ineffective.

The marketers were further asked whether they had experienced decreased exposure in Facebook news feeds in the past 12 years. An impressive combined number of 95 percent were either certain of a decrease (53%) or unsure either way (42%). Meanwhile, Gallup [reports](#) that social media has no effect on most Americans' purchasing decisions, and it seems that people of all ages and origins overwhelmingly prefer the recommendations of their acquaintances to social media advertising when it comes to making a purchase.

And yet, given the fact that, [per Nielsen reports](#), adults over 18 years of age spend between six and seven hours a week on average using social media, it is unsurprising that companies persist in trying to use social media as an advertising tool, however, they are looking to optimize the experience and improve the ROI they are seeing.

Swace aims to address this need by offering a new way for brands and users to interact: through a new kind of social media which does not leave room for the information to be manipulated, and in which the brand gets its message across by stimulating the users to generate their own content, making it easier for other users to trust it.

Percent of respondents who completely or somewhat trust advertising format by generation and regions.

● Recommendations from people I know ● Branded websites ● Consumer opinions posted online

	Generations					Regions				
	Gen Z (15–20)	Millennials (21–34)	Gen X (35–49)	Boomers (50–64)	Silent gen (65+)	Asia- Pacific	Europe	Africa / Middle East	Latin America	North America
●	83 %	85 %	83 %	80 %	79 %	85 %	78 %	85 %	88 %	82 %
●	72 %	75 %	70 %	59 %	50 %	78 %	54 %	76 %	75 %	61 %
●	63 %	70 %	79 %	58 %	47 %	70 %	60 %	71 %	63 %	66 %

SOCIAL MEDIA TRENDS WORLDWIDE

As far back as 2014, Google [estimated](#) the number of Android users at 1 billion and stated that these users sent 20 billion text messages and uploaded 93 million selfies every day.

At the same time, Time carried out an [interesting experiment](#) ranking the world's top selfie-taking cities. Manhattan took second place with 202 selfie-takers per 100,000 people, but Makati City, the financial capital of the Philippines, was the runaway winner with 258 out of 100,000. The list included cities on every continent, showing the universal appeal of the self-shot photo.

The selfie is especially popular with the millennials, a generation born between the early 1980s and the early 2000s. [Apparently](#), the average millennial may take up to 25,700 selfies in their lifetime. Given that each selfie is estimated to take around seven minutes, that's a lot of time spent shooting and editing self-portraits every week. According to [some statistics](#), the median age of the selfie-taker is 23.7, and most of them are female.

[Most of the selfies](#) are snapped with the intention of being published on social media, and the lion's share of them go directly to Facebook, followed by Whatsapp, Twitter, Instagram and Snapchat. At the same time, the percentages within the networks are different: notably, 74 percent of Snapchat posts are selfies.

The very fact that so much research is dedicated to the selfie these days reflects the increased importance and validation that society grants to this phenomenon. The findings prove the universality of the effect. The self-shot photos may be different in different corners of the world (apparently, in Bangkok and Sao Paulo people tend to smile in selfies, but not in Moscow) — but they are popular everywhere.

REWARD EFFICIENCY

The reason why rewards are effective is that the human brain is wired to seek out rewards and quickly learns behaviors which lead to being rewarded. The reward system in neuroscience is a set of brain structures responsible for positive emotions (especially those involving pleasure) and for reward-related cognition. The latter consists of the ways the brain interprets rewards, the way it can be conditioned to seek out certain experiences as rewarding, and motivations associated with craving rewards.

The three primary functions of rewards are as follows:

- They produce associative learning, i.e., positive reinforcement through rewards can be used to condition people to behave in certain ways. Associations can be formed between certain things or situations and rewards;
- They have an effect on decision-making, as people seek out further rewards and make choices based on their desires;
- They cause pleasure.

Extrinsic rewards (meaning such external things as wealth or appreciation, as opposed to internal needs such as food and water) do not directly affect the brain's pleasure centers by producing dopamine. Rather, they become rewarding as a result of learned association with intrinsic rewards (e.g., money can purchase food). They are linked with the "desire" component of the reward system and cause appetitive (actively seeking out satisfaction for a certain need) and anticipatory (basing current actions on the prediction of future rewards) behavior.

Wolfram Schulz (Department of Physiology, Development and Neuroscience, University of Cambridge) [writes](#): Rewards in operant conditioning are positive reinforcers. ... Operant behavior gives a good definition for rewards. Anything that makes an individual come back for more is a positive reinforcer and therefore a reward. Although it provides a good definition, positive reinforcement is only one of several reward functions. ... Rewards are attractive. They are motivating and make us exert an effort. ... Rewards induce approach behavior, also called appetitive or preparatory behavior, and consummatory behavior. ... Thus any stimulus, object, event, activity, or situation that has the potential to make us approach and consume it is by definition a reward.

Incentive salience — a process in which an attribute of “desire” is conferred to some sort of stimulus — is helpful in establishing associations between extrinsic and intrinsic rewards. In other words, although a certain experience may not be physiologically rewarding in and of itself, yet an individual can be taught to associate it with one or more of the activities that directly affect the brain’s pleasure centers.

Once an association has been established successfully, the individual is then more likely to seek out the experience in order to repeat the rewarding sensations. It is known that once a reward has been attained, it becomes even more desirable in the eyes of the individual, as they already know that they are capable of reaching the reward and the consequent pleasure that it provides.

Professor of Marketing at Wharton and UCLA Xavier Dreze published findings in the Journal of Marketing Research with Joseph Nunes, Professor of Marketing at Marshall School of Business, University of Southern California, where they found that members who successfully attained a reward exhibited increased effort and drive in subsequent attempts to reach a goal, meaning that a reward-based brand interaction is likely to cause positive associations with the brand and therefore increase brand loyalty.

HABIT FORMATION

Although it is common to interpret the word ‘habit’ as simply any behavior that repeats itself frequently, the actual **psychological definition** is: ‘actions that are triggered automatically in response to contextual cues that have been associated with their performance’. In other words, the context of our lives causes us to do things we have been trained to do in certain circumstances. The action of washing our hands is prompted by the contextual cue of using the bathroom — not because we consciously think about it every time, but because we have learned to associate the cue with the action and it has become automatic.

The learning process, according to extensive psychological research, consists of repeating a certain action in the same context several times, until the action becomes dependent on the contextual cues and stops being conscious or requiring motivation. Thus, a child may need a colorful toothbrush and flavored toothpaste to encourage her to brush her teeth, but an adult does it automatically when they get up in the morning or prepare for bedtime (contextual cues).

Unlike conscious intention, which takes up mental resources and requires some cognitive effort, habits are regulated by impulse in the familiar context. Learning a habit, therefore, **frees up mental capacity** for new or more complicated activities. The process of learning involves methodically transferring the beginning of an action from conscious motivated effort to a stable impulsive association with a certain cue.

For marketing purposes, this means that habit formation can be beneficial for brands if consumers can be taught to automatically associate certain circumstances with the brand’s product (for example, reaching for a certain brand of soft drink when they are having lunch, or heading for a certain store when they are in need of something). As the learning process is centered around repetition, Swace’s engagement frames requiring the user to return to a certain place or perform a certain action for several days in sequence contribute to the formation of a habit associated with the brand, accompanied by the positive reinforcement of a reward.

WINNER EFFECT

A well-known phenomenon in biology, “the winner effect” is partially based on the findings of the renowned psychologist David McLelland, who identified three largely unconscious primary motivators of human behavior:

- ✓ The need for achievement
- ✓ The need for affiliation
- ✓ The need for power

These are the drivers that motivate both our personal and professional lives, though if they do not match up with our lifestyle, they can also hinder it. Both the ill effects and the benefits caused by the motivators cause changes in our brains, making us either less or more mentally sharp, susceptible to stress, and prone to repeating certain behaviors.

An example of the benefit of such motivators is known as “the winner effect”. It is known that an animal which defeats an opponent in a confrontation is more likely to continue facing other opponents, and in fact becomes primed to continue coming out of the battles victorious. The animal’s body chemistry undergoes changes, making it able to face increasingly strong enemies.

The changes that happen in the animal’s body have to do with a self-reinforcing osmosis between the key hormones pertaining to success and failure – testosterone (which causes euphoria and a tendency to take risks), and cortisol (which has to do with timidity).

Wall Street trader turned Cambridge University neuroscientist John Coates writes in *The Hour Between Dog and Wolf: Risk Taking, Gut Feelings and the Biology of Boom and Bust*: Biologists studying animals in the field had noticed that an animal winning a fight or a competition for turf was more likely to win its next fight. This phenomenon had been observed in a large number of species. Such a finding raised the possibility that the mere act of winning contributes to further wins. But before biologists could draw such a conclusion they had to consider a number of alternative explanations. For example, maybe an animal keeps winning simply because it is physically larger than its rivals.

To rule out possibilities such as this, biologists constructed controlled experiments in which they pitted animals that were equally matched in size, or rather that were equally matched in what is called ‘resource holding potential,’ in other words the total physical resources — muscular, metabolic, cardiovascular — an animal can draw on in an all-out fight. They also controlled for motivations, because a small, hungry animal eating a carcass can successfully chase off a larger, well-fed animal. Yet even when animals were evenly matched for size (or resources) and motivation, a pure winner effect nonetheless emerged.

For instance, in one study, a database of 630,000 professional tennis matches was examined, showing that the winner of the first set had a 60 percent chance of winning the next one.

This shows the efficiency of a game-based user experience, as when users observe that the games bring them rewards, they will not only be motivated to continue taking part in them (due to the natural competitive nature of most humans and the pleasure of earning a reward), but also unconsciously primed to do well in consecutive tasks, which in turn will lead to habit formation and very likely cause the users to associate the positive sensations that arise from testosterone spikes with the brands setting the games.

HOW

Marketing strategy

3 pillars

Core values

This section is here to explain how Swace works. From our marketing and core values to the way we plan to implement blockchain technologies, this is where we show our work and share our methods.

MARKETING STRATEGY

Unique selling proposition

For users:

- You do not have to feel like a statistic or a number that is for sale when using social networks.
- You can get rewarded for the things that you do and the content you create. You can spend your time with your friends in fun new ways.
- You can become an influencer and be rewarded for engaging with brands.

For businesses:

- This is an opportunity to truly engage with customers through innovative games that cut through the background noise of overwhelming advertising.
- A possibility to form user habits and positive associations with your brand.
- An excellent way to naturally communicate your brand through influencers and recommendations as users generate content for the branded games and share it with their friends.

Let's analyze this from the 5P perspective

Product

Outstanding, innovative, proven to spark interest in potential users. Already developed and working.

Price

Pricing is formed according to market size, platform popularity, and amount of users.

Place

Distribution channels (more brands swapping Swace coins for their goods).

Promotion

Marketing mix of ATL and BTL, with particular emphasis on certain BTL activities, with digital and offline activities based on market formed habits.

People

Three groups of people are involved in the process: 1) our professional team that makes it all happen; 2) a clearly identified target audience; 3) businesses that want to engage this target audience.

During the IEO

Beta mode (releasing alpha product to get feedback and onboard first users);
crowdfunding (used both to raise \$ and get first users)

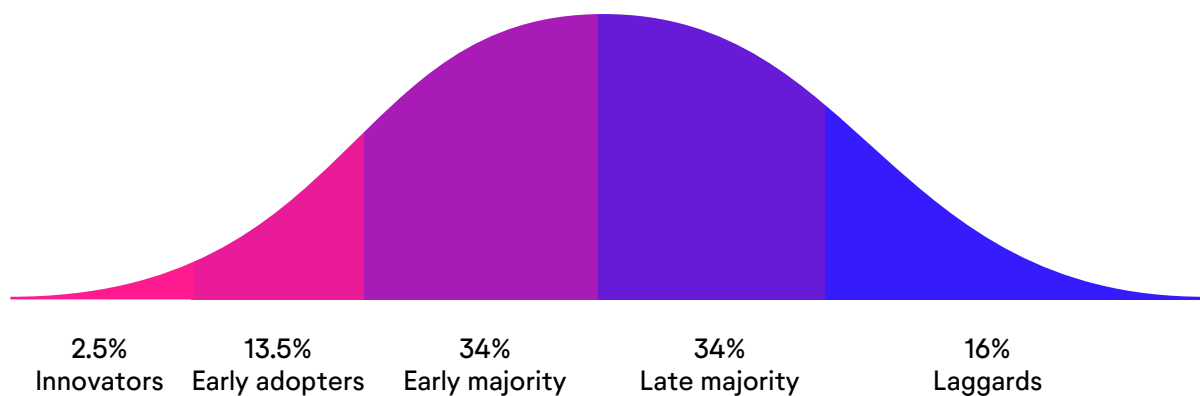
After the IEO

Market acquisition, with the specifics of each market in mind. Some of the marketing tactics we intend to use include: ripples (using influencers), fanfare (big expensive actions), riddles (immersive experience across different platforms where the public has to solve clues in order to reveal the product or win a prize), alienation (presenting the product in an entirely unexpected situation), star prize (once-in-a-lifetime prize to get more people to participate in the launch), zeitgeist (capturing the mood of nation and acting accordingly).

Expectations regarding amount of users onboarding over time

New innovations/technologies usually apply the E. Rogers diffusion process curve in order to predict their diffusion into society. Our innovation is more likely to adapt significantly faster, as most of its features are already well known to the public and even desirable.

Potential to acquire users (timing)



Of course, much depends on market formed habits. Some markets adopt new ideas faster, others reject them outright.

Partnership strategy

We are looking for partnerships that enable us to increase the scale of the project. First deals for challenges have already been reached and signed with world leaders in retail, telecommunications, beverages, technologies et al. The deal is: premium game entrance, where the brand undertakes to promote the game via its existing communication channels, so that its followers are attracted to the app.

Attract users by offering only high-quality content and fun games with attractive rewards – according to the research we have done (starting with most desirable brand games and rewards in each market).

Choose partners for every step of the way out of market leaders in the respective fields, in order to make every action as efficient and effective as possible.

The network effect is key for Swace, as the greater the number of users, the more the value of the product will increase. We will have to work hard on both supply and demand side to onboard more users and make our product more valuable.

3 PILLARS

As a company, Swace stands on three pillars: legality, transparency, and credibility.

Legal

Swace has received an official ruling from the Bank of Lithuania confirming that SWACE token does not constitute a security and also does not fall under the scope of any other regulated activity. Under the respective Laws of Lithuania SWACE tokens would be qualified as a cryptocurrency acting as a store of value and medium of exchange. The confirmation letter from the Bank of Lithuania may be provided upon request.

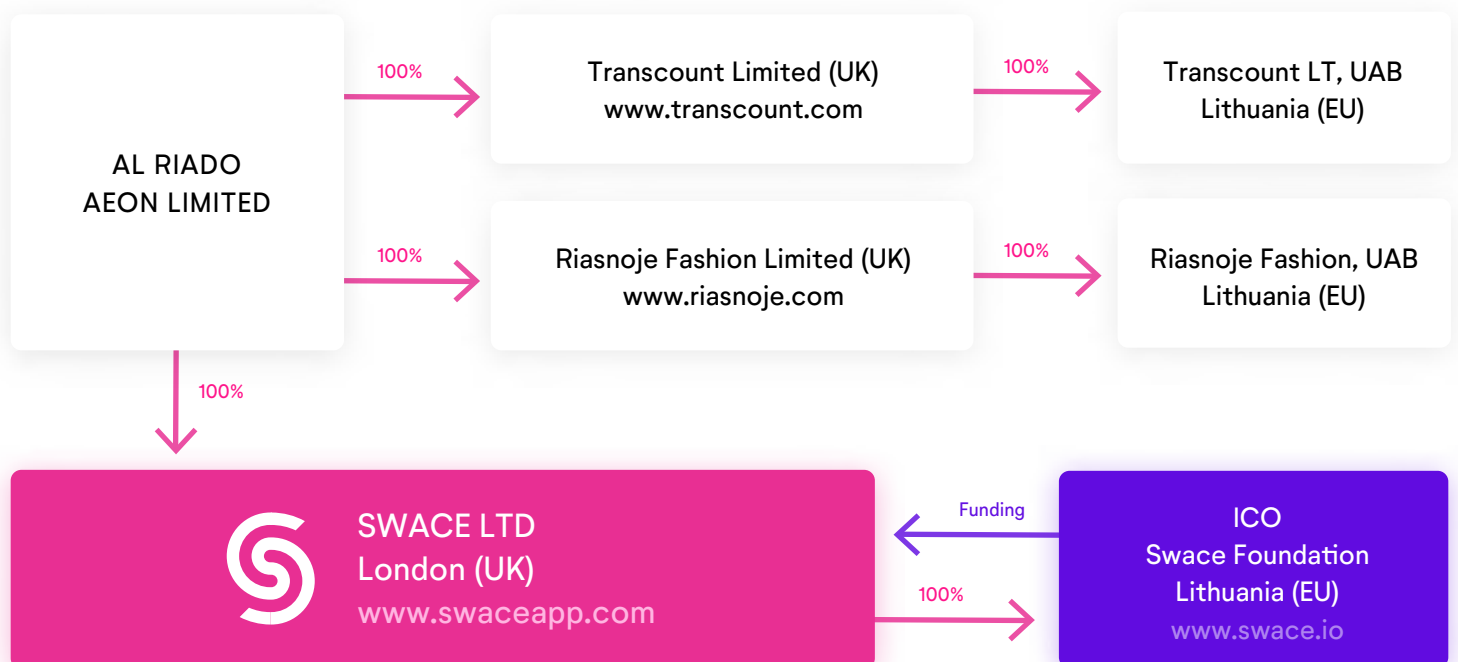
Transparent

Swace's smart contract will be placed on GitHub.

Our smart contract is open source and openly available on Github. There are no hidden terms or conditions. The participants will receive their tokens instantly after payment. The token pools of the team, advisors and foundation will be locked for a period of time to build stronger trust. All statistics: votes, smart contract numbers and amounts – will be available on the blockchain.

Credible

Swace was created by AL RIADO AEON, a privately owned holding company,



CORE VALUES

Swace is dedicated to a number of core values which drive everything from development choices to business decisions.

Enriching the life of users

Swace believes that people have amazing potential which they often fail to realize. We are determined to help this potential blossom by challenging our users to do things they may not have done otherwise, surprising themselves with capabilities they did not know they had. It is vital for us that the games offered on the app encourage users to socialize more, build better connections, become more active and more adventurous. This way, the users are rewarded for living a better life, and form good habits for the future.

Transparency and honesty

Swace wants to provide real worth behind everything it does and makes. We stand behind our words and we show our work. The financial aspects of our business are based on transparency and fair play, and we aim for our partners and consumers to know exactly what they are getting into and what can be gained from it.

Individuality

Swace wants to provide real worth behind everything it does and makes. We stand behind our words and we show our work. The financial aspects of our business are based on transparency and fair play, and we aim for our partners and consumers to know exactly what they are getting into and what can be gained from it.

Friendship

Swace values its partners greatly. We believe that we partner with the best of the best, and once we have extended the hand of friendship we stand behind it fully, making good on our promises and giving credit where credit is due. We feel that we must not lose sight of what really matters in the world, and true friendship and mutual respect are some of those things.

Sharing

Swace places much importance on giving back. We are well aware of the enormous privilege inherent in doing what we love and making a business out of it, and want to share our good fortune with others. To this end, since day one of operations Swace cooperates with charitable organizations, and we now have our own charity.

HOW MUCH

Payment token

Token distribution

Budget allocation

Here we balance the books and show you the bottom line. In this section we present the economy of the app, the tokens and how they work. We have included our projections of the project's budget and explained how we are going to use the money we hope to raise.

PAYMENT TOKEN

Swace token is used for a store of value of means of payment, in other words a unit of account. Payment tokens (synonymous with cryptocurrencies) are tokens which are intended to be used, now or in the future, as a means of payment for acquiring goods or services or as a means of money or value transfer. Cryptocurrencies give rise to no claims on their issuer, which in this case is Swace.

SWACE tokens are not considered securities

Security tokens represent assets such as a debt or equity claim on the issuer. Security tokens promise, for example, a share in future company earnings or future capital flows. In terms of their economic function, therefore, these tokens are analogous to equities, bonds or derivatives.

The individuals purchasing Swace tokens during their distribution will not acquire the right to receive passive income. Swace tokens will be received only for active participation and completion of games. Individuals purchasing Swace tokens during their distribution will obtain the tokens at a discounted price, yet the purchase of greater amounts of tokens at an earlier time should not be considered passive income. Accordingly, the Swace tokens should not be considered securities.

SWACE tokens are not utility tokens

Utility tokens are tokens which are intended to provide access digitally to a service by means of a blockchain-based infrastructure and offer owners a clearly defined utility within a network. It is not the case for Swace either.

We will create an ecosystem where the participant will be able to pay for the participation in the game and purchase Swace partners' goods. It should not be regarded that the token owner has acquired a service from the Swace company and now has a claim, but rather that they have purchased a means of payment for further purchase of goods and services in the ecosystem.

TOKEN DISTRIBUTION

General information

- **65% — Brands, partnerships, ICO pre-sale**
Reserved to the brands to pay the game launching fee and to form rewarding pool.
- **9% — Community (Swacers)**
This quantity will be distributed gradually among users as rewards for registering, for inviting friends, for being active within the app's community, and of course for joining Swace games.
- **12% — Team**
Vested 24 / cliff 6 months.
- **9% — Swace Foundation**
Vested 48 / cliff 6 months.
- **5% — Public sale trough IEO**
The taken sale will include several IEO rounds trough selected launchpads.

Token name: SWACE

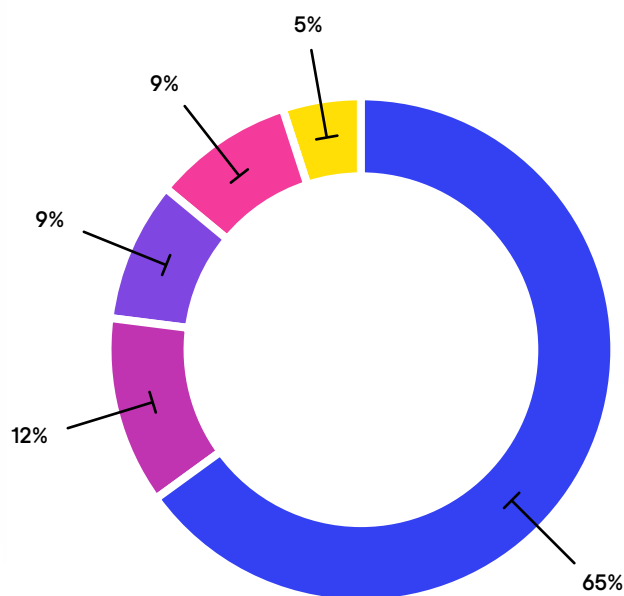
Token amount: 2 700 000 000

Price: \$0.02

IEO Soft Cap : \$500,000

IEO Hard Cap: \$2,457,800

Stages: Pre-sale, IEO in several rounds



Fundraising goals:

IEO Soft Cap : \$500,000

IEO Hard Cap: \$2,457,800

FINAL WORDS

Thank you for joining in our excitement to bring Swace into the world. It answers very real problems in a new and innovative way and brings in technologies that we believe will help bring our vision to life.

By reading this, you are already contributing to the distribution of the Swace idea in the world, but if you want to do more and get on board this project before it gets massive, there are many ways to do this.

You can sign up on our website to be the first to know about our pre-sale. You can become an early adopter of the app (there are rewards for that too). You can share your advice, ideas and expertise with us. We love learning from the wise.

And of course, you can spread the word. Share this paper, share a link to our website, invite everyone you know to get excited. Swace is coming, and it's going to be an adventure!

Follow us on:

Facebook: <https://www.facebook.com/swaceapp/>

LinkedIn: <https://www.linkedin.com/company/swace>

Twitter: <https://www.twitter.com/swaceapp>

Telegram: <https://t.me/swace>

Medium: <https://www.medium.com/swace>

YouTube: <https://youtu.be/UQwema1Zerg>

Foundico: <https://foundico.com/ico/swace.html>

Track ICO: <https://www.trackico.io/ico/swace>

ICO bench: <https://icobench.com/ico/swace>

Official Swace wallets:

SWACE contract

<https://etherscan.io/address/0x03b155af3f4459193a276395dd76e357bb472da1>

Vesting contract

<https://etherscan.io/address/0x8163b28b0e1b8c9b9fcb338e635bf2590d187744>

Main (brands, pre-sale, partners)

<https://etherscan.io/address/0x86bdb6edf1751f93769d1c6faf7efc41e610cad9>

IEO (initial exchange offer and exchange listing)

<https://etherscan.io/address/0x67223041c089f2388e8bcf9444e389e8b8adf67b>

Team (vesting 24/cliff 6 months)

<https://etherscan.io/address/0x1BDaE634B82F48003b04Cacf862ba1E9643dea79>

Vesting agent:

<https://etherscan.io/address/0x502692709132a978b93b254e0e02863b2ae006a2>

Foundation (vesting 48/ cliff 6 months)

<https://etherscan.io/address/0xFE01CA663c66240A3AD6A8720553895B8f582203>

Vesting agent:

<https://etherscan.io/address/0x16c8677f9a7016596d465495abb68f6f43723d9b>

Bounty participants (vesting 6 /cliff 0 months)

<https://etherscan.io/address/0x6d389892dafc83ce50e59a9fbadf4085866bbb42>

Vesting agent:

<https://etherscan.io/address/0xf890b733bd331b5658372bcc10692c5fff240584>

Swace IEO <https://swace.io/>
Swace App <http://swaceapp.com/>

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Swace Foundation Ltd.