The Permission Coin

Permission Coin Economics

January 2021, Version 1.20
Permission Coin Economics

The Permission Coin is designed to provide utility within the Permission Ecosystem and its applications. Individuals earn ASK for their time and data and as applications are developed on the Permission blockchain individuals will be able to not only shop and spend ASK on the Permission Platform by purchasing both tangible and digital goods, but they will also be able to connect with and engage other individuals through various “ask-permission-first” applications. We call this a two-sided marketplace where members earn for granting their permission and can spend ASK by engaging others with their permission.

Dynamic Incentivization Plan

Users: Attracting a large user base in the shortest time possible is critical for the success of Permission given the protocol features a two sided marketplace of users and advertisers. To achieve this, Permission leverages a proprietary model to incentivize users to sign up on the platform and register their data.

The dynamic user incentivization plan leverages a pool of 40B coins (40% of the supply) slated for users and dynamically adjusts the amount of ASK given to a user based on Permission’s market capitalization (higher market capitalization results in less coins and vice versa) and if the user is an earlier signup (more coins given to earlier users to drive adoption).

This allows Permission to reward users with a similar USD value for signups regardless of market capitalization, to ensure the pool has enough coins for ~500M signups and rewards earlier users more to drive uptake. The pool of 40B coins is broken down into three pools;

- 38B tokens for signups overall
- 1B additional tokens granted to the first 5M users
- 1B additional tokens given to users between 5M and 20M
The amount of coins granted to users is dynamically adjusted based on the market capitalization of ASK. At the base level, 60 coins are granted to new users and this decreases as ASK’s market capitalization increases to adjust the dollar value of coins granted to users to ensure the pool has enough coins to incentivize 500M users to signup, but also as an incentivization method to reward early adopters with more ASK awarded to drive signups.
On top of this, users who within the first 5M signups will receive a bonus of 175% of the baseline coins for registering and users within the 5M-20M base will receive a bonus of 100% of baseline coins for signing up. Since the baseline number of coins is dynamically adjusted based upon market capitalization, these bonus coins are also dynamically adjusted as well.

This model is set to end once 500M users are reached. At this time, it’s logical to believe users will have other strong reasons to adopt ASK within the platform outside of a registration reward.

While user projections are helpful, most are ultimately impossible to accurately predict given the number of inputs, extended timelines and changes to the models and platform. Instead, the team has focused on optimizing the internal dynamics of our coin model to help drive users to signup on the platform which we believe is more tangible.

**Referral Program:** To further drive the user incentivization plan, Permission will also feature a bonus reward to users who refer other users. Referral coin rewards are also dynamic, and are equal to 35% of the baseline coins at the corresponding market capitalization. This ensures that referral coins rewarded are fair based on a varying ASK market capitalization. To ensure the pool of coins won’t exhaust before 500M users are reached, we assume 75% of the coin pool will be for referral rewards as it is a key driving factor for signups.

**Network Effects and User Growth**

Understanding network effects and the impact of our referral platform is critical in understanding
the potential growth of our platform and how many users may ultimately be on the protocol. Below we share two different user extrapolations, one driven from comparables and the other from our referral platform.

**Comparables:** While the protocol is earlier in its life than its comparables, our team leveraged real user growth rates from comparable platforms (Facebook, Twitter, Snap, and Pinterest) to ascertain a potential number of users on the protocol.

<table>
<thead>
<tr>
<th>User Growth Projections Based On Comps</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
</tr>
</thead>
<tbody>
<tr>
<td>End of Year MAU (in millions) - Comps</td>
<td>0.2</td>
<td>7.06</td>
<td>23.07</td>
<td>46.11</td>
<td>109.04</td>
<td>184.4</td>
<td>281.84</td>
<td>388.36</td>
</tr>
<tr>
<td>Change (in millions)</td>
<td>6.86</td>
<td>16.01</td>
<td>23.04</td>
<td>62.33</td>
<td>75.37</td>
<td>97.43</td>
<td>106.53</td>
<td></td>
</tr>
<tr>
<td>YYY User Growth Rate</td>
<td>3429%</td>
<td>227%</td>
<td>100%</td>
<td>136%</td>
<td>69%</td>
<td>53%</td>
<td>38%</td>
<td></td>
</tr>
</tbody>
</table>

Based on an analysis of comparables, Permission could reach 5-25M users by the end of FY22. This is subject to numerous other factors, including attracting users and virality and usage of the platform itself.

**Referral Program:** While starting with a base of 350K users (Permission currently has 350k+ registered wallets), the team has built an extrapolation of our referral program to better understand how fast the program could attract users under optimal conditions. This again is simply an educational extrapolation.

We begin our referral mode with a base of 350k users, expect 30% of users to engage with the platform, expect each user to refer 4 other users (driven by past internal estimates) and assume it will take 15 days for a user to refer 4 other users. Users who refer 4 users are then taken out of the program as exhausted users. We also assume a 4.5% churn rate within the platform as well to account for users who leave the referral program or no longer engage with it.
While the dynamics and user psychology of the referral program will change over time, the program has the potential to drive users to the platform over time. Under our initial model inputs, Permission could have between 10M-30M users by the end of the second year.

These two examples, comparables and an extrapolation of our referral program, are simply informational as we are optimizing for our internal coin dynamics over projections, but nonetheless demonstrate the potential speed users could join the protocol.

**Coin Supply**

There is a hard cap of 100B ASK for the protocol. Of this 100B, 40% are allocated to users and the ecosystem (namely the user incentivization and referral program), 15% are allocated to the team to ensure management is aligned, 25% are allocated to purchasers and supporters who intend to participate and render supports to the ongoing development of the Permission network and ecosystem, and 20% are allocated for developer incentives to build on top of the platform and for advisors to help drive adoption.
Given the supply of coins slated for the dynamic user incentivization program is a significant portion of ASK’s total supply at 40% of coins, the supply schedule for ASK will vary based upon how fast these coins are allocated to users. The team believes it will take 120 months, or ten years for these coins to be fully allocated to users. With this in mind, ASK’s coin schedule for the next ten years is shown below.

ASK will not reach its 100B hard cap over the next ten years as there are still coins to allocate.
Over the next ten years, the total committed supply of ASK will grow from ~15B to ~60B given unlock schedules and our incentivization plan (above chart) although a small fraction of these coins will actually be unlocked and in the circulating supply (3.4B at the initial exchange listing).

(Year 0 indicates the initial exchange listing date)

Of the remaining coins, 5% or 5B, in total coins allocated to Permission’s team coins can still be allocated in the future to incentivize new and existing team members.

Additionally, 15% of total coins or 15B are still free to be allocated or sold to purchasers and supporters and the team has 20% of coins to allocate to developers. The rate at which these two remaining coin supplies are allocated will change the above coin supply schedule.
A viral developer ecosystem is crucial to the success of Permission, as such the Permission Foundation has allocated 20% of its coin supply to incentivize developers to build on the platform. The Permission Token Foundation believes its 20% allocation to developers is significant and will help drive usage and next gen uses cases of the platform.

**AD Spending Projections and Demand for ASK**

Understanding the demand for ASK by advertisers and other stakeholders is important for the success of the platform.

To better understand demand for ASK, the team has generated an informational model, that comprises the following:

- Using estimates on user growth from our referral program, since users are the backbone of demand for ASK.
- Projections on the number of advertisers that will join the platform based on the number of users, driven from comparables, and estimates on the total number of AD campaigns these advertisers will run based on the number of users on the platform to derive a total number of AD campaigns.
- Real world data from Statista on the breakdown of AD spending by channel and the average spent per AD on each channel. Our estimate of the number of AD campaigns on Permission are then multiplied against this breakdown to achieve an estimate of AD spending on the platform.
- AD prices per channel are driven from Statista, but a discount is applied which decreases each year as the platform grows.
- From here we are able to derive an estimate of total AD spend on the network. When supply is pulled in from our supply estimates (the largest driver being the speed at which the 40B coins slated for users are granted) and on market capitalization of ASK, we can derive the number of ASK which may be demanded in the market.
- While this is strictly informational and not a solicitation to purchase ASK, our goal is to better visualize and understand the demand for ASK as the number of users and advertisers on the platform grows.

**Model Walk Through**

While our referral program is sensitive to changes in the model, it allows us to project the number of potential users on the platform, who are incentivized to join through our dynamic incentivization program which rewards users to sign up and share their data.
Now that we have a top line estimate on users, we leveraged data from comparable advertising platforms (Facebook has 357 users per advertiser), to estimate the total number of advertisers per user Permission could have as users grow and the number of AD campaigns these advertisers will run each year.

As users grow, the number of advertisers per user and the number of ad campaigns these advertisers run increases.
Now that we have an estimate on total ad campaigns (driven by users, ad campaigns per user and total advertisers for users) we are able to input real world data on the breakdown of AD spending by channel (classifieds, video, social media, banners and search) to get a better understanding of total potential AD spend on the Permission network.

We leveraged the breakdown of spending per channel, and the cost of spending per AD within each channel from Statista. We also applied a discount given Permission’s platform will be cheaper to incentivize advertisers to switch to the platform. The discount per ad type begins with an 80% discount in year 1 and the discount decreases 10% each year until it reaches 30% for this model. This leads to a superior ROI for advertisers versus other platforms, both traditional and blockchain based.
Since we estimated total AD campaigns earlier, we can apply these campaigns to the channel buckets based on the real world breakdown of AD spending by category and against the price per AD within each channel (with the discount applied) to reach a projection on the potential AD spending within the Permission Protocol.

Once we have total AD spend, we are able to make estimates on the total demand for ASK. We admittedly understand this is a complex formula given velocity is hard to quantify, and the demand for ASK is derived from total AD spend divided by a projected ASK price. To reach an ASK price, we estimate ASK’s circulating market cap to be $300M in year 1 and increase each year, while the denominator (supply) is driven from our projections on supply which are most influenced by our the user incentivization program (40B coins) that we expect to exhaust over 10 years.
With these assumptions in mind, we are able to back into a demand for ASK on an annual basis, which can further be broken down into more granular estimates.

Understanding velocity is a complex topic fraught with opposing views. We prefer to take the position that directionally ASK will be kept within the Permission ecosystem at an increasing rate as the utility and use cases for ASK for users, advertisers and stakeholders increase over time.

Once we have an idea of velocity, we are able to apply these breakdowns to the demand for ASK we found earlier. Given our assumptions, we believe there will be a positive net daily demand for ASK.
Disclaimer

Permission Token Foundation is a private interest foundation incorporated under the laws of Panama. Permission Token Foundation has contracted with Permission.io Inc., a Delaware corporation, to develop the Permission Platform. Nothing in this Whitepaper constitutes legal, financial, business or tax advice and you should consult your own legal, financial, tax or other professional advisor(s) before engaging in any activity in connection herewith. This whitepaper (the “Whitepaper”) is not intended to be an offer to sell, or a solicitation of any offer to buy, any security or other financial instrument or to purchase ASK and are for informational, illustration and discussion purposes only. This Information may not be complete or final, may be estimated, based on predictions and assumptions, subject to change and does not identify all material risks. The offering of ASK has not been registered or approved under any securities, commodity, futures, financial instruments, capital markets legislation, regulation, or ordinance of any jurisdiction. This Whitepaper does not constitute an offer, solicitation, or marketing to the retail public in any jurisdiction where such offering is unlawful. Opinions, assumptions, assessments, statements or the like regarding future events are forward-looking statements. These forward-looking statements are expressed in good faith and based upon a reasonable basis when made, but there can be no assurance that these expectations will be achieved or accomplished. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that may affect actual results of the Permission Platform such as audience growth, user experience, speed of payments to the viewer of advertisements, or achievements expressed or implied by such forward-looking statements. In some cases you can identify forward-looking statements by terminology such as “may”, “should”, “could”, “would”, “expect”, “plan”, “anticipate”, “believe”, “estimate”. The Permission Platform and ASK have inherent risks and uncertainties, both general and specific, many of which cannot be predicted or quantified and are beyond the control of Permission.io Inc. or Permission Token Foundation. Permission.io Inc. and Permission Token Foundation does not make any representation or warranty as to the accuracy or completeness of the information contained in this Whitepaper. Permission.io Inc. and Permission Token Foundation has no obligation to update or keep current any material or projections contained in this Whitepaper. Permission.io Inc. and Permission Token Foundation may be subject to complex and evolving laws and regulations, both foreign and domestic; the Permission Platform may not successfully develop, market and launch the Permission Platform and, even if launched the Permission Platform may not be widely adopted and may have limited users and could be subject to significant competition. Nothing contained in the Whitepaper is or may be relied upon as a promise, representation or undertaking as to the future performance of the Permission Platform or ASK.