



# **ELITESHIPPER PROJECT**

Revolutionizing the Legacy Processes  
of Global Shipping Industry

**WHITE PAPER**

Token Sale

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## 1. EXECUTIVE SUMMARY

EliteShipper is a blockchain-based project that intends to fundamentally change the container shipping industry through the development of industry-driven token called EliteShipperToken (ESHIP) supported by an EliteShipper Ecosystem.

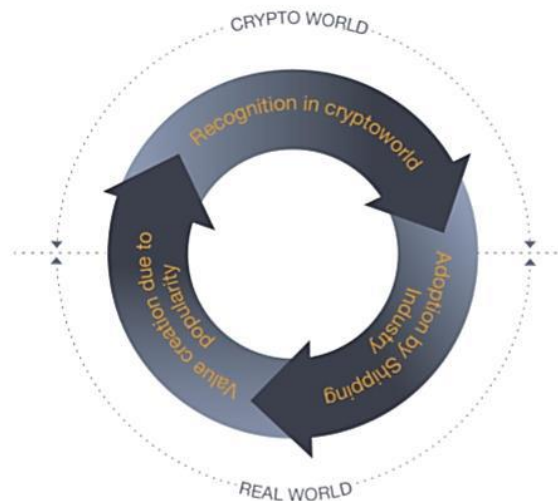
EliteShipperToken (ESHIP) is an ERC20 compliant digital token distributed through the Ethereum network and will be tradeable in various cryptocurrency exchanges globally.

In the near term, both the customers and carriers can transact using the EliteShipperToken. During the booking process, EliteShipperToken will be provided by both parties which will then act as a booking deposit, or collateral, payable by the defaulting party, e.g. no-show customers or carrier cancellations. Our organization believe that a booking deposit in the form of cryptocurrency is the solution to one of the biggest dilemmas of the shipping industry – trust, or the lack thereof.

In the long run, we visualize the EliteShipperToken being adopted as a native currency for the container shipping industry, which could move the whole industry's transactions, and eventually including the entire logistics industry's transactions, onto the blockchain. Through this development, participants in the shipping cycle could move away from traditional intermediaries such as banks and insurance companies. Likewise, the industry can finally eliminate the legacy processes which cost liner companies a fortune maintaining and put a lot of complexities to the customers who just want to ship their products. To put some perspective, the container liner shipping industry alone generates about USD 150 billion in revenue annually.

The introduction of EliteShipperToken could revolutionize the container shipping industry, and in due course the entire logistics industry.

Figure 1. EliteShipperToken's Value Creation: The crypto world will create value first while industry's use of the token will feedback to the crypto world, which will result to a cycle of value creation.



Source: EliteShipperToken

Note that the functionality and industrial benefits of the EliteShipperToken does not depend on the price level, price movement or liquidity of the tokens themselves. The EliteShipper organization has no assumption, expectation, or interest in the market value of the tokens. Certainly, the success of blockchain adoption by the shipping industry will be driven primarily by the motivation and efforts of shipping industry participants to utilize the tokens to solve their supply chain issues. The role of EliteShipper will be to introduce the token and educate industry

participants about blockchain and cryptocurrencies to assist them in making their own development and integration plans to adopt EliteShipperToken in their business operations.

## 2. INDUSTRY PREDICAMENTS

Liner shipping could lay claim to being the world's first truly global industry. In the same way it could claim to be the industry which, more than any other makes it possible for a truly global economy to work. It connects countries, cultures, markets, businesses and people, allowing them to buy and sell goods on a scale not previously possible. And as consumers, we have become used to seeing goods from all parts of the globe readily available in the stores we visit.

Unfortunately, in the past decade, container shipping lines have been incurring chronic losses. This led to some of the largest bankruptcies the world has ever seen. The industry has been suffering from chronic overcapacity which leads to price wars which in turn results in more revenue loss for all the industry players. It's a vicious cycle which affects not only the liner companies but the world economy as a whole.

Despite the fact that the shipping industry has immensely evolved through the centuries and undoubtedly shaped the human civilization; with the launch of bigger and more efficient vessel ships, opening of new terminals, hubs, and ports in all corners of the globe, the shipping industry is also the slowest to adapt and evolve when it comes to improvements in its core processes. The digital age has disrupted nearly every major industry on the planet but the shipping industry has always had difficulty in keeping up with the changing times. Manifests are still written in paper, customers still rely on paper records and spoken words to get their cargo from point A to point B.

## 3. ELITESHIPPER'S SOLUTION

With the advent of cryptocurrency and blockchain technology, there is great opportunity to revolutionize the way we conduct and participate in the shipping business. To put it simply, blockchain has the power to disrupt shipping in the same way email disrupted the snail mail. When applied correctly, a blockchain can facilitate the digitization of record-keeping processes, from quoting, contracting, to booking, and from manifest creation, cargo tracking, to payment and customer invoicing.

"Ethereum is a decentralized platform that runs smart contracts – applications that run exactly as programmed without any possibility of downtime, censorship, fraud or third-party interference. These apps run on a custom built Blockchain, an enormously powerful shared global infrastructure that can move value around and represents the ownership of property. This enables developers to create markets, store registries of debts or promises, move funds in accordance with instructions given long in the past (like a will or a future contract) and many other things that have not been invented yet, all without a middle man or counterparty risk." (Source: [www.ethereum.org](http://www.ethereum.org)).

We will issue ERC20 compliant EliteShipperToken (ESHIP) in the Ethereum network and promote them as the de facto cryptocurrency for the container shipping industry. We believe the EliteShipperToken is what the industry needs to ensure smooth and transparent transaction where shipment agreements get honored, where carriers and customer can both track the progress of the shipment with a few clicks of a button.

### Use of EliteShipperToken as booking deposit

Unlike the existing service contracts used in the container shipping industry, the smart contracts governing the transactions of the EliteShipperToken are coded with a set of immutable conditions. Once committed, neither party can alter what has been agreed. Both the container

liners and their customers will be given valuable EliteShipperToken (ESHIP) that will be held as deposits with conditions and paid out later upon transacting the shipment booking. The container liners will be compensated with the EliteShipperToken if the customers do not turn up with cargoes. Likewise, the customers will be compensated with the EliteShipperToken if their cargoes are rolled or cancelled by the carrier. The smart contracts that govern the payout of EliteShippertoken simply execute according to the coded conditions based on the actual outcome, i.e. whether a shipment booking is fulfilled or not. So regardless of whether there is trust or not, the contract mechanism of the token will incentivize counterparties to honor their commitments.

### **A host of applications to make the usage of EliteShipperToken seamless**

Our organization believes that the functionality and availability of EliteShipperToken will attract a community of IT resources which we refer to as the EliteShipper Ecosystem. This community will be composed of interested industry participants, application developers etc., to establish the EliteShipperToken as the de facto cryptocurrency for the container shipping industry. The EliteShipper Ecosystem will include Smart Contract Builder Module, EBooking Module, Market Exchange Module, and Good Credit Module.

- The **Smart Contract Builder Module** is a web-based Dapp (decentralized application) that allows corporations or persons without any prior blockchain or smart contract coding knowledge to tailor a smart contract using the EliteShipperToken according to the commercial terms of each shipment booking.
- The **EBooking Module** is a web and mobile based Dapp platform, much like the existing online services of the container liners but will be an aggregator website that collects all schedules, quotations and shipment status from the container liners who use the EliteShipperToken. The module will become an industry booking aggregator, much like Trivago for vacation travellers, for container shipping. Customers can look up schedules and quotations, either based on existing contract agreements or walk-in requests, choose and book the best quoted routes.

Counterparties will use EliteShipperToken in this module. Smart contracts governing the token transactions will be based on the actual outcome, such as booking confirmation, cargo receipt and cargo loading, to decide whether a shipment booking has failed or not.

- The **Market Exchange Module** is a web and mobile based Dapp platform that provides a market place for the users to trade the EliteShipperToken against Ethereum (ETH) as well as their confirmed bookings using EliteShipperToken. Unexpected incidents may still happen even with the booking deposits. Ships could miss a port call while factory could miss its production schedule due to unforeseeable events. The Market Exchange Module would allow users to recover their potentially lost tokens once a confirmed shipment booking is traded with other users. This facility will be a true peer-to-peer and trust-proof trading environment where smart contracts provide a far more certain way of settlement than clearing houses in the conventional markets.
- The **Positive Credit Agency Module** will be a web-based research database Dapp, containing all the past transaction records stored in the smart contracts which are publicly auditable. This searchable history is a feature of the blockchain. The module will automatically distinguish the more credit-worthy customers from the lesser ones. Moreover, the customers embracing the EliteShipperToken will most likely honor a booking – a signaling effect, similar to the fact that more credit-worthy companies are usually more willing to invite credit agencies to issue a publicly available credit assessment.

More details of our EliteShipper Ecosystem will be set out in the EliteShipper Ecosystem section.

## Open-sourced consulting services for users who wish to remain independent

Container liners and their customers could also use our EliteShipperToken in their existing IT infrastructure, i.e. independent of EliteShipper Ecosystem. We will make our source code, blueprint etc., available to the container liners who intend to develop their own blockchain based systems to use the EliteShipperToken. When needed, we could provide programming and consulting services to help develop these liners' proprietary systems so that these systems could be linked with Ethereum to monetize the EliteShipperToken.

## 4. TOKEN MECHANISM

### 1. Distribution

The tokens sold during the Initial Coin Offering (ICO) is called EliteShipperToken (ESHIP).

The EliteShipperToken (ESHIP) is ERC20 compliant. The EliteShipperToken Total Supply is limited and fixed at 10,000,000,000, which ensures the long-term value of the tokens. These tokens are created during execution of EliteShipperToken smart contract, are transferrable, can be minted and can be burned when the EliteShipper Organization deems necessary.

Seventy-five percent (75%) of the EliteShipperToken will be sold to the public during different Phases of the Token Sale. The proceeds from the Token Sale will be used primarily to develop the EliteShipper Ecosystem and to make the EliteShipperToken marketable in the container shipping industry.

Five percent (5%) of the EliteShipperToken will be given out for free to people who will sign up for the airdrop and as bounty to those who will help EliteShipperToken be listed to certain cryptocurrency exchange as stipulated by the EliteShipper Organization, and for generic use as the de facto industry cryptocurrency.

Twenty percent (20%) of the tokens will be reserved for the founding team with a disposal restriction or lock-up period of two years starting on 13 June 2018.

Table 1. Token Distribution

Airdrop and Bounty	500,000,000 ESHIP	5%
ICO / Token Sale	7,500,000,000 ESHIP	75%
Founding Team	2,000,000,000 ESHIP	20%

### 2. EliteShipperToken Price Discovery and Supply

The number of EliteShipperToken to be given out to the industry users will be based on the market value of the tokens discovered after the Token Sale is complete, as well as their trading activities on cryptocurrency exchanges. The price of the EliteShipperToken as expressed in crypto exchanges will establish the collateral value of each industry user's token allocation, and thereby enable it to negotiate the conditions to guarantee confirmed cargo shipments. The ability of the shipping industry to utilize the EliteShipperToken in their supply chain efforts does not depend on the price level or liquidity of the tokens themselves, but rather on their ability to apportion and negotiate the tokens efficiently to the highest priority shipments as demanded by counterparties.

We will also take into consideration global container shipping capacity when deciding how many EliteShipperToken should be live in the market. Today globally, total container shipping capacity is about 20 million TEUs on 5,129 container ships. Annual container shipment volume amounts to about 190 million TEUs (source: Clarksons). In other words, every container shipping slot

turns over about 10 times per year. Eighty percent (80%) issuance during the airdrop and public sales amounts to 8 billion EliteShipperToken. We estimate that the market may need EliteShipperToken to cover about 12 million TEUs or 3 weeks equivalent of shipment volume, if EliteShipperToken are used for every single shipment booking.

### 3. Operating Costs of EliteShipperToken

The use of EliteShipperToken is nearly free except for the gas payment in ETH for miners in the network who ensure the integrity of the public ledger.

EliteShipper will operate on fees generated from the use of EliteShipper Ecosystem, namely the Smart Contract Builder Module, EBooking Module, Market Exchange Module and Positive Credit Agency Module. Except for the Positive Credit Agency Module, all modules must be deployed to execute smart contracts at different stages of the booking cycle, during which some EliteShipperToken will automatically be exchanged into ETH to cover the gas fees.

### 4. Usage of the EliteShipperToken

In general, like ETH, the EliteShipperToken is freely transferable on Ethereum or any other user interface, from one user's wallet to another's based on the smart contracts governing the transactions.

The EliteShipperToken will also be listed on all the cryptocurrency exchanges. The primary purpose of listing EliteShipperToken on exchanges will be two-fold:

A. Create a pricing source by which shipping industry participants can value their tokens for purposes of securing confirmed cargo shipments as collateral.

B. Enable shipping industry participants to buy and sell tokens according to their container booking commitment activity. For example, a surplus of tokens relative to booking activity may translate into a sale of tokens by the industry user.

The detailed mechanism for use of the EliteShipperToken as a long-term pledge for new ship investment is still to be formulated. The usage of EliteShipperToken as a booking deposit are set out in the following section.

#### **The shipment booking process with EliteShipperToken**

When using EliteShipperToken as deposits for shipment booking, shippers and container liners will have to agree, in their service contracts, on how many EliteShipperToken will be needed as booking deposits in addition to the other commercial terms, such as origin/destination ports, commodity, volume, period, freight rates, etc. Service contracts usually only specify a period when the cargoes will be shipped without identifying the specific ship name and sailing, which are provided later at the actual booking stage.

When a shipper (i.e. customer) enters a shipment booking request either through a container liner's proprietary booking website or our EBooking Module, he/she will have to input all the agreed commercial terms, including the EliteShipperToken to be pledged, into a specific smart contract that governs the service contract. The agreed number of EliteShipperToken serves as a kind of digital escrow account.

Upon receiving the booking request, the liner would cross-match with their service contact database to identify the agreed commercial terms as well as the EliteShipperToken being pledged. Once matching is established, the container liner would confirm the booking by way of providing a booking number and EliteShipperToken in the same quantity as the customer as a

guarantee for the shipping slot. If the container liner cannot confirm the booking, the smart contract would allow the shipper to take back the deposit EliteShipperToken provided by the shipper himself.

Once the cargo has been sent into the loading port or any container liner's cargo receiving facilities, i.e. under the custody of the container liner, the shipper will be allowed to take back the EliteShipperToken provided by itself. If the cargo does not arrive ahead of the cut-off time for the sailing booked, the container liner will take the EliteShipperToken provided by the shipper, which have been held by the smart contract.

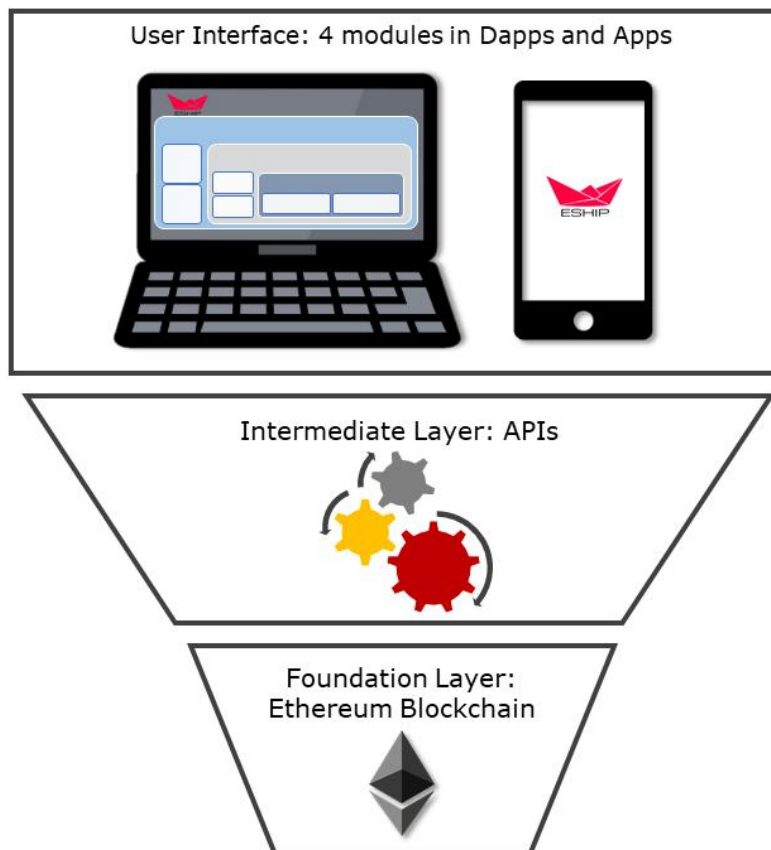
If the container liner fails to load the cargo on the ship booked either through rolling or cancellation, the shipper will receive the deposit EliteShipperToken provided by the liner. Once the cargo is loaded onboard, the container liner would have fulfilled its obligation and hence will be allowed to take back the EliteShipperToken provided by the liner.

## 5. EliteShipper Ecosystem

The EliteShipper Organization intends to cultivate a community of both token users and the EliteShipper Ecosystem itself for the EliteShipperToken to thrive.

The EliteShipper Ecosystem will be composed of three primary layers namely; Application Layer that hosts the applications, an Intermediate Layer that performs the translation function, and Ethereum as the Foundation Layer that executes the smart contracts. Outside of the EliteShipper Ecosystem, we will also provide support for container liners that wish to apply EliteShipperToken on their proprietary platforms, i.e. outside of the EliteShipper system.

Figure 2. System Architecture



Source: EliteShipperToken



## 5.1 Foundation Layer: Ethereum

Ethereum is an open-source, public, blockchain-based distributed computing platform featuring smart contracts developed either by us to facilitate EliteShipperToken usage or by other independent developers. Ethereum is and always will be free and open for all to use and has proven to be robust and secure. EliteShipperToken transactions could be done on or near zero marginal cost i.e., except for the gas payment in ETH to the miners. All shipment bookings are deployed through smart contracts in the Ethereum network. Smart contracts enforce the terms and conditions of shipment bookings and each smart contract is secured, publicly examinable and auditable. The underlying smart contracts also function as escrow digital wallets that hold the deposit EliteShippertoken. These EliteShipperToken will be released to either the container liner or the shipper according to the outcome of a shipment booking, e.g. cargo received and loaded, as defined in the smart contract and deployed in the Ethereum Virtual Machine (EVM).

## 5.2 Intermediate Layer

Smart contracts are based on a programming language called Solidity developed by the Ethereum network under open source license. Application modules in the Application Layer use a different language other than Solidity. The purpose of the Intermediate Layer is to transform the real-world business logic captured in the Application Layer into smart contracts with proper coding under Solidity and to deploy the smart contracts into the Ethereum network. This layer should be organized in the form of modular Web3 JavaScript Application Programming Interface (API) in communication between the Foundation Layer and User Application Layer. We will develop the API in the form of open source license available in GitHub.

## 5.3 Application Layer

The Application Layer essentially provides the EliteShipper Ecosystem to enable EliteShipperToken to become the de facto cryptocurrency for the container shipping industry. This layer provides user-friendly front-end interfaces to shipping industry participants. There is no difference in user experience when using other shipping applications most users are familiar with and the deployment of blockchain technology is transparent to them. The Roadmap section will outline the development plan of each module. At this stage, we envision four main modules that could form the core foundation of the EliteShipper Ecosystem for EliteShipperToken.

### 5.3.1 Smart Contract Builder Module

This Module will be delivered in the form of a web-based Dapp.

This module allows corporations and persons without any prior blockchain and smart contract coding knowledge to tailor smart contracts according to the commercial terms of a shipment booking request. The users can specify, add or remove fields and enter parameters to ensure all the conditions of a booking are fully reflected. For example, users can specify under what conditions the EliteShipperToken held by the smart contract may be released. Those tailored conditions could be in addition to the common conditions, such as the cargo being delivered to the loading port or the cargo getting onboard.

### 5.3.2 EBooking Module

This Module will be delivered in the form of a web and mobile based Dapp.

This module contains the common functionalities of shipping service websites, such as booking, schedule searching/selection, quotation and shipment status tracking. This interface would allow users to send the EliteShipperToken to Ethereum, take back the EliteShipperToken once a user's obligation has been performed, or receive EliteShipperToken as compensation when a booking

agreement is breached. Adding EliteShipperToken in the booking process is an extra step compared to the current industry process but the application shall populate default token values in the system based on historical entries, which would save one step for the user when submitting a similar booking request next time. Otherwise, the user experience on our EBooking Module should be similar to the experience on most liners' proprietary booking websites except that the users would get an additional pledge of booking fulfilment based on the EliteShipperToken. The process is simply a click on "booked by EliteShipperToken" at the bottom of the screen before final confirmation of the booking.

### 5.3.3 Market Exchange Module

This Module will be delivered in the form of a web and mobile based Dapp.

First, this module would allow users holding a confirmed but un-used shipment booking to trade in a marketplace for EliteShipperToken. For example, if a shipper knows the factory will miss the booked sailing, the shipper may risk losing its EliteShipperToken in deposit to the liner. The shipper could sell this booking in the Market Exchange Module for EliteShipperToken in order to cover the token loss. Since the booking will be traded on EliteShipperToken governed by the smart contract in the Ethereum network, the transaction will be an immutable peer-to-peer process that does not have any counterparty risk or require a clearing house to ensure the completion of the transaction.

Second, users could trade EliteShipperToken in the Market Exchange Module. The transaction would come with functionality and user experience similar to any other cryptocurrency exchange.

### 5.3.4 Good Credit Module

This Module will be delivered in the form of a web-based Dapp.

All the smart contracts for shipment bookings are immutable, publicly examinable, and auditable, due to the attributes of blockchain technology. We aim to develop a user-friendly and intuitive credit record database; and a credit rating system based on past performance. For example, the scoring system could use grades A to F where grade A would constitute best credit risk, suggesting that the percentage of honored contracts exceeds 95% or, based on statistical modelling, scores in the 95% percentile.

Over time, we would have collected a set of performance records for each Ethereum wallet address in our system. We can construct the database with the wallet address' frequency of performing or defaulting on the bookings. Due to the pseudonymous attributes of the blockchain, we would only see a user's address but not their actual identity. But the liners dealing with such user would know the actual user's identity based on the address. This module therefore can rank or give scores on the creditworthiness of a counterparty, which would help the container liners to deal with those counterparties.

While a customer with a great credit record naturally would not change its Ethereum address, one with a poor credit record could potentially change its Ethereum address to disguise its identity. Because of that, this Module is primarily good at identifying those with positive credit records and rewarding trust-worthy shippers and liners.

## 6. Roadmap

### 6.1 Current State

The concept of EliteShipper has been under development since December 2017 when the founders teamed up to seek technological solutions for pain points experienced in their

respective careers. Extensive research has been done on various technological solutions available for shipping, artificial intelligence and blockchain technologies in general over the past 6 months. Our evaluation concludes that distributed ledger technology ("DLT") or blockchain technology, and specifically the Ethereum network, provides the best solution to deal with some commonly known pain points in the container shipping industry. The founders believe the project has reached the implementation stage that requires funding to move ahead.

Steps accomplished so far include:

- Selected Ethereum network as the Foundation Layer of the solution
- Completed coding of a set of core smart contracts using Solidity, including the ITS, ERC20 compliant EliteShipperToken and various shipping prototype smart contracts, etc.
- Started to test the smart contracts in a testnet environment and live chain of the Ethereum.
- Formulated the IT infrastructure, which is called EliteShipper Ecosystem, for EliteShipperToken.
- Completed concept development of various application modules.

## 6.2 Token Sale

### **June 2018:** EliteShipperToken Sale Begins

We intend to start issuing our EliteShipperToken on 13 June 2018. The Initial Token Sale (ITS) will be held over a period starting on 13 June 2018 and closing on 31 August 2018. The Second Token Sale will be held tentatively in September 2018. More details of the issuance terms are set out in the following Token Sale section.

Token Name: EliteShipperToken

Token Symbol: ESHIP

Total Supply: 10,000,000,000 ESHIP

Decimal:8

Smart Contract Address: 0x06bead2ead661b51307b646f7419d5284330c135

Note: Make sure that you are using the smart contract address indicated in our white paper and website. This will be the only contract address we will use in the duration of the token sale.

Interested parties could subscribe to EliteShipperToken through our website:

<https://eliteshippertoken.org>

## 6.3 Token Promotion and Early Adoption

June 2018: Marketing campaign initiates once whitepaper is published

**Target:** Industry users

Once the whitepaper is published, we will reach out to the entire shipping community to promote the EliteShipperToken. We aim to complete all our one-on-one marketing campaigns targeting the largest container liners, freight forwarders and beneficiary cargo owners before our EliteShipper Ecosystem launch in the beginning of 2018. However, the marketing campaign targeting the industry users will be an on-going process that goes beyond our EliteShipper Ecosystem launch.

One of the founders has extensive experience with the container shipping industry. Through him, we will be able to make direct contact with senior executives inside the container shipping industry. The EliteShipper token will be a novel idea but likely very well received since it requires minimal process change and application of the EliteShipperToken will generate value for the

industry users. How? A percentage of EliteShipperToken will be given for free to the industry users. Once these tokens are received, the industry users will be incentivized to use these tokens because their usage will enhance their value. In other words, we are effectively injecting capital into an industry in distress.

#### 6.4 Cryptocurrency Exchange Listing

Jun - Sep 2018: Phase I of Cryptocurrency Exchange Listing

Oct - Jan 2019: Phase II of Cryptocurrency Exchange Listing

Our organization will have EliteShipperToken in all well-established cryptocurrency exchanges globally. Once EliteShipperToken achieves enough volume, EliteShipperToken will be listed in Coinmarketcap.

#### 6.5 Product Development

Oct 2018: Recruitment of programmers, marketing executives and engagement of additional third-party solution providers.

Jan 2019: EBooking / Smart Contract Builder Module Alpha launch

Mar 2019: EBooking / Smart Contract Builder Module Beta launch

Apr 2019: EBooking / Smart Contract Builder Module live launch

Jun 2019: Market Exchange Module Alpha launch

Sep 2019: Market Exchange Module Beta launch

Oct 2019: Market Exchange Module live launch

Jan 2020: Good Credit Module Alpha launch

Mar 2020: Good Credit Module Beta launch

Apr 2020: Good Credit Module live launch

The EliteShipper Organization will recruit programmers to develop the EliteShipper Ecosystem and container shipping industry executives to provide business logic as well as to lead and promote our EliteShipperToken.

### 7. Use of Token Sale Proceeds

Likely over a third of our proceeds will be spent on product development such as programming, which includes all the technological and programming outsourced work, computer systems, hardware procurements, etc. A significant portion of our proceeds will be used in marketing to the key industry players through company visits, industry conferences, and various social media tools. Operating expenses will be another area to deploy our ITS proceeds. Our EliteShipper Ecosystem will launch in the beginning of 2020. It will take time for the usage of our application modules and fees to build up as we encourage users to switch from using our EliteShipperToken on their proprietary channels to our application modules. We will need capital to maintain offices, payrolls, travel and utilities etc., for the first two years of our operation during the build-up phase.

### 8. Token Sale

The Token Sale is based on a free market valuation methodology which is equitable, transparent and low impact to the Ethereum network.

## Disclaimer

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Official website: <https://eliteshippertoken.org>

## References

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